

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

Commission File Number: 001-14965

The Goldman Sachs Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-4019460
(I.R.S. Employer
Identification No.)

200 West Street
New York, N.Y.
(Address of principal executive offices)

10282
(Zip Code)

(212) 902-1000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered:
Common stock, par value \$.01 per share	New York Stock Exchange
Depository Shares, Each Representing 1/1,000th Interest in a Share of Floating Rate Non-Cumulative Preferred Stock, Series A	New York Stock Exchange
Depository Shares, Each Representing 1/1,000th Interest in a Share of 6.20% Non-Cumulative Preferred Stock, Series B	New York Stock Exchange
Depository Shares, Each Representing 1/1,000th Interest in a Share of Floating Rate Non-Cumulative Preferred Stock, Series C	New York Stock Exchange
Depository Shares, Each Representing 1/1,000th Interest in a Share of Floating Rate Non-Cumulative Preferred Stock, Series D	New York Stock Exchange
Depository Shares, Each Representing 1/1,000th Interest in a Share of Floating Rate Non-Cumulative Preferred Stock, Series I	New York Stock Exchange
Depository Shares, Each Representing 1/1,000th Interest in a Share of 5.50% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series J	New York Stock Exchange
Depository Shares, Each Representing 1/1,000th Interest in a Share of 6.375% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K	New York Stock Exchange

See Exhibit 99.2 for debt and trust securities registered under Section 12(b) of the Act

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Annual Report on Form 10-K or any amendment to the Annual Report on Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2015, the aggregate market value of the common stock of the registrant held by non-affiliates of the registrant was approximately \$88.6 billion.

As of February 5, 2016, there were 422,349,543 shares of the registrant's common stock outstanding.

Documents incorporated by reference: Portions of The Goldman Sachs Group, Inc.'s Proxy Statement for its 2016 Annual Meeting of Shareholders are incorporated by reference in the Annual Report on Form 10-K in response to Part III, Items 10, 11, 12, 13 and 14.

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PART I

Item 1. Business

Introduction

Goldman Sachs is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals.

When we use the terms “Goldman Sachs,” “the firm,” “we,” “us” and “our,” we mean The Goldman Sachs Group, Inc. (Group Inc. or parent company), a Delaware corporation, and its consolidated subsidiaries.

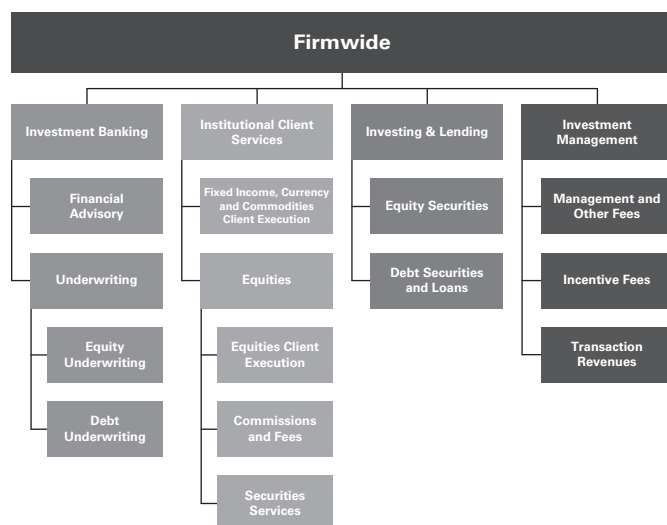
References to “the 2015 Form 10-K” are to our Annual Report on Form 10-K for the year ended December 31, 2015. All references to 2015, 2014 and 2013 refer to our years ended, or the dates, as the context requires, December 31, 2015, December 31, 2014 and December 31, 2013, respectively.

Group Inc. is a bank holding company and a financial holding company regulated by the Board of Governors of the Federal Reserve System (Federal Reserve Board). Our U.S. depository institution subsidiary, Goldman Sachs Bank USA (GS Bank USA), is a New York State-chartered bank.

As of December 2015, we had offices in over 30 countries and 48% of our total staff was based outside the Americas. Our clients are located worldwide, and we are an active participant in financial markets around the world. In 2015, we generated 44% of our net revenues outside the Americas. For more information about our geographic results, see Note 25 to the consolidated financial statements in Part II, Item 8 of the 2015 Form 10-K.

Our Business Segments and Segment Operating Results

We report our activities in four business segments: Investment Banking, Institutional Client Services, Investing & Lending and Investment Management. The chart below presents our four business segments.



The table below presents our segment operating results.

\$ in millions	Year Ended December ¹			% of 2015 Net Revenues
	2015	2014	2013	
Investment Banking				
Net revenues	\$ 7,027	\$ 6,464	\$ 6,004	21%
Operating expenses	3,713	3,688	3,479	
Pre-tax earnings	\$ 3,314	\$ 2,776	\$ 2,525	
Institutional Client Services				
Net revenues	\$15,151	\$15,197	\$15,721	45%
Operating expenses ²	13,938	10,880	11,792	
Pre-tax earnings	\$ 1,213	\$ 4,317	\$ 3,929	
Investing & Lending				
Net revenues	\$ 5,436	\$ 6,825	\$ 7,018	16%
Operating expenses	2,402	2,819	2,686	
Pre-tax earnings	\$ 3,034	\$ 4,006	\$ 4,332	
Investment Management				
Net revenues	\$ 6,206	\$ 6,042	\$ 5,463	18%
Operating expenses	4,841	4,647	4,357	
Pre-tax earnings	\$ 1,365	\$ 1,395	\$ 1,106	
Total net revenues	\$33,820	\$34,528	\$34,206	
Total operating expenses ³	25,042	22,171	22,469	
Total pre-tax earnings	\$ 8,778	\$12,357	\$11,737	

1. Financial information concerning our business segments for 2015, 2014 and 2013 is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the "Financial Statements and Supplementary Data," which are in Part II, Items 7 and 8, respectively, of the 2015 Form 10-K. See Note 25 to the consolidated financial statements in Part II, Item 8 of the 2015 Form 10-K for a summary of our total net revenues, pre-tax earnings and net earnings by geographic region.

2. Includes provisions of \$3.37 billion recorded during 2015 for the agreement in principle with the Residential Mortgage-Backed Securities Working Group of the U.S. Financial Fraud Enforcement Task Force (RMBS Working Group). See Note 27 to the consolidated financial statements in Part II, Item 8 of the 2015 Form 10-K for further information about this agreement in principle.

3. Includes charitable contributions that have not been allocated to our segments of \$148 million for 2015, \$137 million for 2014 and \$155 million for 2013.

Investment Banking

Investment Banking serves public and private sector clients around the world. We provide financial advisory services and help companies raise capital to strengthen and grow their businesses. We seek to develop and maintain long-term relationships with a diverse global group of institutional clients, including governments, states and municipalities. Our goal is to deliver to our institutional clients the entire resources of the firm in a seamless fashion, with investment banking serving as the main initial point of contact with Goldman Sachs.

Financial Advisory. Financial Advisory includes strategic advisory assignments with respect to mergers and acquisitions, divestitures, corporate defense activities, restructurings, spin-offs and risk management. In particular, we help clients execute large, complex transactions for which we provide multiple services, including cross-border structuring expertise. Financial Advisory also includes revenues from derivative transactions directly related to these client advisory assignments.

We also assist our clients in managing their asset and liability exposures and their capital.

Underwriting. The other core activity of Investment Banking is helping companies raise capital to fund their businesses. As a financial intermediary, our job is to match the capital of our investing clients — who aim to grow the savings of millions of people — with the needs of our public and private sector clients — who need financing to generate growth, create jobs and deliver products and services. Our underwriting activities include public offerings and private placements, including local and cross-border transactions and acquisition financing, of a wide range of securities and other financial instruments. Underwriting also includes revenues from derivative transactions entered into with public and private sector clients in connection with our underwriting activities.

Equity Underwriting. We underwrite common and preferred stock and convertible and exchangeable securities. We regularly receive mandates for large, complex transactions and have held a leading position in worldwide public common stock offerings and worldwide initial public offerings for many years.

Debt Underwriting. We underwrite and originate various types of debt instruments, including investment-grade and high-yield debt, bank loans and bridge loans, including in connection with acquisition financing, and emerging- and growth-market debt, which may be issued by, among others, corporate, sovereign, municipal and agency issuers. In addition, we underwrite and originate structured securities, which include mortgage-related securities and other asset-backed securities.

Institutional Client Services

Institutional Client Services serves our clients who come to the firm to buy and sell financial products, raise funding and manage risk. We do this by acting as a market maker and offering market expertise on a global basis. Institutional Client Services makes markets and facilitates client transactions in fixed income, equity, currency and commodity products. In addition, we make markets in and clear client transactions on major stock, options and futures exchanges worldwide. Market makers provide liquidity and play a critical role in price discovery, which contributes to the overall efficiency of the capital markets. Our willingness to make markets, commit capital and take risk in a broad range of products is crucial to our client relationships.

Our clients are primarily institutions that are professional market participants, including investment entities whose ultimate customers include individual investors investing for their retirement, buying insurance or putting aside surplus cash in a deposit account.

Through our global sales force, we maintain relationships with our clients, receiving orders and distributing investment research, trading ideas, market information and analysis. As a market maker, we provide prices to clients globally across thousands of products in all major asset classes and markets. At times we take the other side of transactions ourselves if a buyer or seller is not readily available and at other times we connect our clients to other parties who want to transact. Much of this connectivity between the firm and its clients is maintained on technology platforms and operates globally wherever and whenever markets are open for trading.

Institutional Client Services and our other businesses are supported by our Global Investment Research division, which, as of December 2015, provided fundamental research on more than 3,400 companies worldwide and more than 40 national economies, as well as on industries, currencies and commodities.

Institutional Client Services generates revenues in four ways:

- In large, highly liquid markets (such as markets for U.S. Treasury bills, large capitalization S&P 500 stocks or certain mortgage pass-through securities), we execute a high volume of transactions for our clients;
- In less liquid markets (such as mid-cap corporate bonds, growth market currencies or certain non-agency mortgage-backed securities), we execute transactions for our clients for spreads and fees that are generally somewhat larger than those charged in more liquid markets;
- We also structure and execute transactions involving customized or tailor-made products that address our clients' risk exposures, investment objectives or other complex needs (such as a jet fuel hedge for an airline); and
- We provide financing to our clients for their securities trading activities, as well as securities lending and other prime brokerage services.

Institutional Client Services activities are organized by asset class and include both "cash" and "derivative" instruments. "Cash" refers to trading the underlying instrument (such as a stock, bond or barrel of oil). "Derivative" refers to instruments that derive their value from underlying asset prices, indices, reference rates and other inputs, or a combination of these factors (such as an option, which is the right or obligation to buy or sell a certain bond or stock index on a specified date in the future at a certain price, or an interest rate swap, which is the agreement to convert a fixed rate of interest into a floating rate or vice versa).

Fixed Income, Currency and Commodities Client Execution. Includes interest rate products, credit products, mortgages, currencies and commodities.

- **Interest Rate Products.** Government bonds, money market instruments, treasury bills, repurchase agreements and other highly liquid securities and instruments, as well as interest rate swaps, options and other derivatives.
- **Credit Products.** Investment-grade corporate securities, high-yield securities, credit derivatives, bank and bridge loans, municipal securities, emerging market and distressed debt, and trade claims.
- **Mortgages.** Commercial mortgage-related securities, loans and derivatives, residential mortgage-related securities, loans and derivatives (including U.S. government agency-issued collateralized mortgage obligations, other prime, subprime and Alt-A securities and loans), and other asset-backed securities, loans and derivatives.
- **Currencies.** Most currencies, including growth-market currencies.
- **Commodities.** Crude oil and petroleum products, natural gas, base, precious and other metals, electricity, coal, agricultural and other commodity products.

Equities. Includes equities client execution, commissions and fees, and securities services.

Equities Client Execution. We make markets in equity securities and equity-related products, including convertible securities, options, futures and over-the-counter (OTC) derivative instruments, on a global basis. As a principal, we facilitate client transactions by providing liquidity to our clients with large blocks of stocks or derivatives, requiring the commitment of our capital.

We also structure and make markets in derivatives on indices, industry groups, financial measures and individual company stocks. We develop strategies and provide information about portfolio hedging and restructuring and asset allocation transactions for our clients. We also work with our clients to create specially tailored instruments to enable sophisticated investors to establish or liquidate investment positions or undertake hedging strategies. We are one of the leading participants in the trading and development of equity derivative instruments.

Our exchange-based market-making activities include making markets in stocks and exchange-traded funds, futures and options on major exchanges worldwide.

Commissions and Fees. We generate commissions and fees from executing and clearing institutional client transactions on major stock, options and futures exchanges worldwide, as well as OTC transactions. We provide our clients with access to a broad spectrum of equity execution services, including electronic “low-touch” access and more complex “high-touch” execution through both traditional and electronic platforms.

Securities Services. Includes financing, securities lending and other prime brokerage services.

- **Financing Services.** We provide financing to our clients for their securities trading activities through margin loans that are collateralized by securities, cash or other acceptable collateral. We earn a spread equal to the difference between the amount we pay for funds and the amount we receive from our client.
- **Securities Lending Services.** We provide services that principally involve borrowing and lending securities to cover institutional clients’ short sales and borrowing securities to cover our short sales and otherwise to make deliveries into the market. In addition, we are an active participant in broker-to-broker securities lending and third-party agency lending activities.
- **Other Prime Brokerage Services.** We earn fees by providing clearing, settlement and custody services globally. In addition, we provide our hedge fund and other clients with a technology platform and reporting which enables them to monitor their security portfolios and manage risk exposures.

Investing & Lending

Our investing and lending activities, which are typically longer-term, include the firm's investing and relationship lending activities across various asset classes, primarily debt securities and loans, public and private equity securities, and real estate. These activities include investing directly in publicly and privately traded securities and in loans, and also through certain investment funds and separate accounts that we manage and through funds managed by external parties. We also provide financing to our clients.

Equity Securities. We make corporate, real estate and infrastructure equity-related investments.

Debt Securities and Loans. We make corporate, real estate, infrastructure and other debt investments. In addition, we provide credit to corporate clients through loan facilities and to individuals primarily through secured loans.

Investment Management

Investment Management provides investment and wealth advisory services to help clients preserve and grow their financial assets. Our clients include institutions and high-net-worth individuals, as well as retail investors who primarily access our products through a network of third-party distributors around the world.

We manage client assets across a broad range of asset classes and investment strategies, including equity, fixed income and alternative investments. Alternative investments primarily include hedge funds, credit funds, private equity, real estate, currencies, commodities, and asset allocation strategies. Our investment offerings include those managed on a fiduciary basis by our portfolio managers as well as strategies managed by third-party managers. We offer our investments in a variety of structures, including separately managed accounts, mutual funds, private partnerships, and other commingled vehicles.

We also provide customized investment advisory solutions designed to address our clients' investment needs. These solutions begin with identifying clients' objectives and continue through portfolio construction, ongoing asset allocation and risk management and investment realization. We draw from a variety of third-party managers as well as our proprietary offerings to implement solutions for clients.

We supplement our investment advisory solutions for high-net-worth clients with wealth advisory services that include income and liability management, trust and estate planning, philanthropic giving and tax planning. We also use the firm's global securities and derivatives market-making capabilities to address clients' specific investment needs.

Management and Other Fees. The majority of revenues in management and other fees is comprised of asset-based fees on client assets. The fees that we charge vary by asset class and are affected by investment performance as well as asset inflows and redemptions. Other fees we receive include financial counseling fees generated through our wealth advisory services and fees related to the administration of real estate assets.

Assets under supervision include assets under management and other client assets. Assets under management include client assets where we earn a fee for managing assets on a discretionary basis. This includes net assets in our mutual funds, hedge funds, credit funds and private equity funds (including real estate funds), and separately managed accounts for institutional and individual investors. Other client assets include client assets invested with third-party managers, bank deposits and advisory relationships where we earn a fee for advisory and other services, but do not have investment discretion. Assets under supervision do not include the self-directed brokerage assets of our clients. Long-term assets under supervision represent assets under supervision excluding liquidity products. Liquidity products represent money market and bank deposit assets.

Incentive Fees. In certain circumstances, we are also entitled to receive incentive fees based on a percentage of a fund's or a separately managed account's return, or when the return exceeds a specified benchmark or other performance targets. Such fees include overrides, which consist of the increased share of the income and gains derived primarily from our private equity funds when the return on a fund's investments over the life of the fund exceeds certain threshold returns. Incentive fees are recognized only when all material contingencies are resolved.

Transaction Revenues. We receive commissions and net spreads for facilitating transactional activity in high-net-worth client accounts. In addition, we earn net interest income primarily associated with client deposits and margin lending activity undertaken by such clients.

Business Continuity and Information Security

Business continuity and information security, including cyber security, are high priorities for Goldman Sachs. Their importance has been highlighted by numerous highly publicized cyber attacks against financial institutions and large consumer-based companies in recent years that resulted in the unauthorized disclosure of personal information of clients and customers and the theft and destruction of corporate information, as well as extreme weather events, such as Hurricane Sandy.

Our Business Continuity Program has been developed to provide reasonable assurance of business continuity in the event of disruptions at the firm's critical facilities and to comply with regulatory requirements, including those of FINRA. Because we are a bank holding company, our Business Continuity Program is also subject to review by the Federal Reserve Board. The key elements of the program are crisis planning and management, people recovery, business recovery, systems and data recovery, and process improvement. In the area of information security, we have developed and implemented a framework of principles, policies and technology to protect the information provided to us by our clients and that of the firm from cyber attacks and other misappropriation, corruption or loss. Safeguards are applied to maintain the confidentiality, integrity and availability of information.

Employees

Management believes that a major strength and principal reason for the success of Goldman Sachs is the quality and dedication of our people and the shared sense of being part of a team. We strive to maintain a work environment that fosters professionalism, excellence, diversity, cooperation among our employees worldwide and high standards of business ethics.

Instilling the Goldman Sachs culture in all employees is a continuous process, in which training plays an important part. All employees are offered the opportunity to participate in education and periodic seminars that we sponsor at various locations throughout the world. Another important part of instilling the Goldman Sachs culture is our employee review process. Employees are reviewed by supervisors, co-workers and employees they supervise in a 360-degree review process that is integral to our team approach, and includes an evaluation of an employee's performance with respect to risk management, compliance and diversity. As of December 2015, we had 36,800 total staff.

Competition

The financial services industry — and all of our businesses — are intensely competitive, and we expect them to remain so. Our competitors are other entities that provide investment banking, securities and investment management services, as well as those entities that make investments in securities, commodities, derivatives, real estate, loans and other financial assets. These entities include brokers and dealers, investment banking firms, commercial banks, insurance companies, investment advisers, mutual funds, hedge funds, private equity funds and merchant banks. We compete with some entities globally and with others on a regional, product or niche basis. Our competition is based on a number of factors, including transaction execution, products and services, innovation, reputation and price.

There has been substantial consolidation and convergence among companies in the financial services industry. Moreover, we have faced, and expect to continue to face, pressure to retain market share by committing capital to businesses or transactions on terms that offer returns that may not be commensurate with their risks. In particular, corporate clients seek such commitments (such as agreements to participate in their loan facilities) from financial services firms in connection with investment banking and other assignments.

Consolidation and convergence have significantly increased the capital base and geographic reach of some of our competitors, and have also hastened the globalization of the securities and other financial services markets. As a result, we have had to commit capital to support our international operations and to execute large global transactions. To take advantage of some of our most significant opportunities, we will have to compete successfully with financial institutions that are larger and have more capital and that may have a stronger local presence and longer operating history outside the United States. We also compete with smaller institutions that offer more targeted services, such as independent advisory firms. Some clients may perceive these firms to be less susceptible to potential conflicts of interest than we are, and, as described below, our ability to effectively compete with them could be affected by regulations and limitations on activities that apply to us but may not apply to them.

A number of our businesses are subject to intense price competition. Efforts by our competitors to gain market share have resulted in pricing pressure in our investment banking and client execution businesses and could result in pricing pressure in other of our businesses. For example, the increasing volume of trades executed electronically, through the internet and through alternative trading systems, has increased the pressure on trading commissions, in that commissions for electronic trading are generally lower than for non-electronic trading. It appears that this trend toward low-commission trading will continue. In addition, we believe that we will continue to experience competitive pressures in these and other areas in the future as some of our competitors seek to obtain market share by further reducing prices, and as we enter into or expand our presence in markets that may rely more heavily on electronic trading and execution, such as consumer-oriented deposit-taking activities.

The provisions of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the requirements promulgated by the Basel Committee on Banking Supervision (Basel Committee) and other financial regulation could affect our competitive position to the extent that limitations on activities, increased fees and compliance costs or other regulatory requirements do not apply, or do not apply equally, to all of our competitors or are not implemented uniformly across different jurisdictions. For example, the provisions of the Dodd-Frank Act that prohibit proprietary trading and restrict investments in certain hedge and private equity funds differentiate between U.S.-based and non-U.S.-based banking organizations and give non-U.S.-based banking organizations greater flexibility to trade outside of the United States and to form and invest in funds outside the United States. Likewise, the obligations with respect to derivative transactions under Title VII of the Dodd-Frank Act depend, in part, on the location of the counterparties to the transaction. The impact of the Dodd-Frank Act and other regulatory developments on our competitive position will depend to a large extent on the manner in which the required rulemaking and regulatory guidance evolve, the extent of international convergence, and the development of market practice and structures under the new regulatory regimes as described further under “Regulation” below.

We also face intense competition in attracting and retaining qualified employees. Our ability to continue to compete effectively will depend upon our ability to attract new employees, retain and motivate our existing employees and to continue to compensate employees competitively amid intense public and regulatory scrutiny on the compensation practices of large financial institutions. Our pay practices and those of certain of our competitors are subject to review by, and the standards of, the Federal Reserve Board and other regulators inside and outside the United States, including the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) in the United Kingdom. We also compete for employees with institutions whose pay practices are not subject to regulatory oversight. See “Regulation — Compensation Practices” below and “Risk Factors — Our businesses may be adversely affected if we are unable to hire and retain qualified employees” in Part I, Item 1A of the 2015 Form 10-K for more information about the regulation of our compensation practices.

Regulation

As a participant in the financial services industry, we are subject to extensive regulation worldwide. Our businesses have been subject to increasing regulation and supervision in the United States and other countries, and we expect this trend to continue in the future.

In particular, the Dodd-Frank Act, and the rules thereunder, significantly altered the financial regulatory regime within which we operate. The capital, liquidity and leverage ratios based on the Basel Committee's final capital framework for strengthening international capital standards (Basel III), as implemented by the Federal Reserve, the PRA and FCA and other national regulators have also had a significant impact on our businesses. The implications of such regulations for our businesses continue to depend to a large extent on their implementation by the relevant regulators globally, as well as the development of market practices and structures under the regime established by such regulations. Other reforms have been adopted or are being considered by regulators and policy makers worldwide, as described further throughout this section.

Banking Supervision and Regulation

Group Inc. is a bank holding company under the Bank Holding Company Act of 1956 (BHC Act), a financial holding company under amendments to the BHC Act effected by the U.S. Gramm-Leach-Bliley Act of 1999 (GLB Act) and is subject to supervision and examination by the Federal Reserve Board.

Under the system of "functional regulation" established under the BHC Act, the Federal Reserve Board serves as the primary regulator of our consolidated organization. The primary regulators of our U.S. non-bank subsidiaries directly regulate the activities of those subsidiaries, with the Federal Reserve Board exercising a supervisory role. Such "functionally regulated" U.S. non-bank subsidiaries include broker-dealers registered with the SEC, such as our principal U.S. broker-dealer, Goldman, Sachs & Co. (GS&Co.), entities registered with or regulated by the U.S. Commodity Futures Trading Commission (CFTC) with respect to futures-related and swaps-related activities and investment advisers registered with the SEC with respect to their investment advisory activities.

Various of our subsidiaries are regulated by the banking and securities regulatory authorities of the countries in which they operate.

Our principal U.S. bank subsidiary, GS Bank USA, is supervised and regulated by the Federal Reserve Board, the FDIC, the New York State Department of Financial Services and the Consumer Financial Protection Bureau (CFPB). A number of our activities are conducted partially or entirely through GS Bank USA and its subsidiaries, including: origination of bank loans; interest rate, credit, currency and other derivatives; leveraged finance; mortgage origination; structured finance; deposit-taking; and agency lending.

In addition, Group Inc. has two limited purpose trust company subsidiaries that are not permitted to accept deposits or make loans (other than as incidental to their trust activities) and are not insured by the FDIC. The Goldman Sachs Trust Company, N.A., a national banking association that is limited to fiduciary activities, is regulated by the Office of the Comptroller of the Currency and is a member bank of the Federal Reserve System. The Goldman Sachs Trust Company of Delaware, a Delaware limited purpose trust company, is regulated by the Office of the Delaware State Bank Commissioner.

Goldman Sachs International Bank (GSIB), our regulated U.K. bank and principal non-U.S. bank subsidiary, is regulated by the PRA and the FCA. GSIB acts as a primary dealer for European government bonds and is involved in market making in European government bonds, lending (including securities lending) and deposit-taking activities.

In November 2014, a new Single Supervisory Mechanism became effective, under which the European Central Bank and national supervisors both have certain regulatory responsibilities for banks in participating EU member states. While the U.K. does not participate in this new mechanism, it gives new powers to the European Central Bank to take regulatory action with regard to the firm's banks in Germany and France.

Capital, Leverage and Liquidity Requirements. We are subject to consolidated regulatory capital and leverage requirements set forth by the Federal Reserve Board, and GS Bank USA is subject to capital and leverage requirements that are calculated in substantially the same manner as those applicable to Group Inc., also set forth by the Federal Reserve Board.

Under the Federal Reserve Board's capital adequacy requirements, Group Inc. must meet specific regulatory capital requirements that involve quantitative measures of assets, liabilities and certain off-balance-sheet items. The sufficiency of our capital levels is also subject to qualitative judgments by regulators. We are also subject to liquidity requirements established by the U.S. federal bank regulatory agencies.

Capital Ratios. We are subject to the Federal Reserve Board's revised risk-based capital and leverage ratio regulations, inclusive of certain transitional provisions (Revised Capital Framework). These regulations are largely based on Basel III, and also implement certain provisions of the Dodd-Frank Act. Under the Revised Capital Framework, we are an "Advanced approach" banking organization. The Revised Capital Framework provides for capital buffers (including surcharges) that phase in over time, including a capital conservation buffer, and a global systemically important bank (G-SIB) surcharge described below, as well as a counter-cyclical capital buffer.

In July 2015, the Federal Reserve Board approved final rules establishing a capital surcharge for U.S. G-SIBs. For these institutions, the final rules implement the framework developed by the Basel Committee for assessing the global systemic importance of banking institutions and determining the range of additional Common Equity Tier 1 (CET1) that should be maintained by those deemed to be G-SIBs.

The Federal Reserve Board's framework results in surcharges initially ranging from 1% to 4.5%. The final rules treat the Basel Committee's methodology as a floor (Method One) and introduce an alternative calculation to determine the applicable surcharge (Method Two), which includes a significantly higher surcharge for systemic risk and, as part of the calculation of the applicable surcharge, replaces the Basel Committee's indicator for substitutability with a new indicator based on a U.S. G-SIB's use of short-term wholesale funding. Under the Federal Reserve Board's final rules, G-SIBs are required to meet the capital surcharges on a phased-in basis beginning in 2016 through January 1, 2019.

The Revised Capital Framework also provides a counter-cyclical capital buffer of up to 2.5% (and also consisting entirely of CET1), to be imposed in the event that national supervisors deem it necessary in order to counteract excessive credit growth. The Federal Reserve Board has proposed, but not yet finalized, its policy for setting the counter-cyclical capital buffer, and several other national supervisors have started to implement this counter-cyclical buffer. The buffer applicable to us could change in the future and, as a result, the minimum ratios we are subject to could increase.

GS Bank USA computes its capital ratios in accordance with the Revised Capital Framework as an "Advanced approach" banking organization.

The Basel Committee has published final guidelines for calculating incremental capital requirements for domestic systemically important banking institutions (D-SIBs). These guidelines are complementary to the framework outlined above for G-SIBs, but are more principles-based in order to provide an appropriate degree of national discretion. The impact of these guidelines on the regulatory capital requirements of GS Bank USA and other subsidiaries will depend on how they are implemented by the banking and non-banking regulators in the United States and other jurisdictions.

In January 2016, the Basel Committee finalized a revised framework for calculating minimum capital requirements for market risk, which is expected to increase market risk capital requirements for most banking organizations. The revised framework, among other things: modifies the boundary between the trading book and banking book; replaces value at risk (VaR) and stressed VaR measurements in the internal models approach with an expected shortfall measure that is intended to reflect tail and liquidity risks not captured by VaR; revises the model review and approval process; limits the capital-reducing effects of hedging and portfolio diversification in the internal models approach; provides that securitization exposures will be measured using only the Standardized approach; and makes significant revisions to the methodology for capital requirements under the Standardized approach. The effective date for first reporting under the revised framework is December 31, 2019. The U.S. federal bank regulatory agencies have not yet proposed regulations implementing the revised requirements for U.S. banking organizations.

The Basel Committee has issued a series of updates which propose other changes to capital regulations. In particular, it has finalized a revised standard approach for calculating RWAs for counterparty credit risk on derivatives exposures (“Standardized Approach for measuring Counterparty Credit Risk exposures,” known as “SA-CCR”). In addition, it has published guidelines for measuring and controlling large exposures (“Supervisory Framework for measuring and controlling Large Exposures”), and issued an updated framework for regulatory capital treatment of banking book securitizations.

The Basel Committee has also issued consultation papers on, among other matters, a “Review of Interest Rate Risk in the Banking Book,” a “Review of the Credit Valuation Adjustment Risk Framework,” revisions to the Basel Standardized approach for credit risk and operational risk capital, and the design of a capital floor framework based on the revised Standardized approach.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Equity Capital Management and Regulatory Capital” in Part II, Item 7 of the 2015 Form 10-K and Note 20 to the consolidated financial statements in Part II, Item 8 of the 2015 Form 10-K for information about CET1, CET1 ratio, Tier 1 capital, Tier 1 capital ratio, Total capital, Total capital ratio, risk-weighted assets (RWAs), and for information about minimum required ratios, as well as applicable capital buffers and surcharges.

Leverage Ratios. Under the Revised Capital Framework, we and GS Bank USA are subject to Tier 1 leverage requirements established by the Federal Reserve Board. The Revised Capital Framework also introduced a supplementary leverage ratio for Advanced approach banking organizations effective January 1, 2018.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Equity Capital Management and Regulatory Capital” in Part II, Item 7 of the 2015 Form 10-K and Note 20 to the consolidated financial statements in Part II, Item 8 of the 2015 Form 10-K for information about our Tier 1 leverage ratio and supplementary leverage ratio.

Liquidity Ratios. The Basel Committee’s international framework for liquidity risk measurement, standards and monitoring requires banking organizations to measure their liquidity against two specific liquidity tests.

The liquidity coverage ratio (LCR) is designed to ensure that the entity maintains an adequate level of unencumbered high-quality liquid assets based on expected net cash outflows under an acute short-term liquidity stress scenario. The U.S. federal bank regulatory agencies’ rules implementing the LCR for Advanced approach banking organizations are generally consistent with the Basel Committee’s framework, but include accelerated transitional provisions and more stringent requirements related to both the range of assets that qualify as high-quality liquid assets and cash outflow assumptions for certain types of funding and other liquidity risks.

Under the accelerated transition timeline, the LCR became effective in the United States on January 1, 2015, with a phase-in period whereby firms, including Group Inc. and GS Bank USA, must have an 80% and 90% minimum ratio in 2015 and 2016, respectively, and a 100% minimum ratio commencing in 2017. In November 2015, the Federal Reserve Board proposed a rule that would require bank holding companies to disclose their LCR on a quarterly basis beginning in the quarter ended September 2016. These requirements include LCR averages over the prior quarter, detailed information on certain components of the LCR calculation and projected net cash outflows. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risk Management — Liquidity Risk Management” in Part II, Item 7 of the 2015 Form 10-K for information about the LCR.

The LCR rule issued by the U.K. regulatory authorities became effective in the United Kingdom on October 1, 2015, with a phase-in period whereby certain financial institutions, including Goldman Sachs International (GSI), our regulated U.K. broker-dealer subsidiary, must have an 80% minimum ratio initially, increasing to 90% on January 1, 2017 and 100% on January 1, 2018.

The net stable funding ratio (NSFR) is designed to promote more medium- and long-term stable funding of the assets and off-balance-sheet activities of banking organizations over a one-year time horizon. Under the Basel Committee framework, the NSFR will be effective on January 1, 2018. The U.S. federal bank regulatory agencies and the U.K. regulatory authorities have not yet proposed rules implementing the NSFR for U.S. banks and bank holding companies, and U.K. financial institutions, respectively.

Since January 1, 2015, the enhanced prudential standards implemented by the Federal Reserve Board under the Dodd-Frank Act have required bank holding companies with \$50 billion or more in total consolidated assets to comply with enhanced liquidity and overall risk management standards, including a buffer of highly liquid assets based on projected funding needs for 30 days, and increased involvement by boards of directors in liquidity and overall risk management. Although the liquidity buffer under these rules has some similarities to the LCR (and is described by the agencies as complementary to the LCR), it is a separate requirement that is in addition to the LCR. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risk Management — Overview and Structure of Risk Management” and “— Liquidity Risk Management” in Part II, Item 7 of the 2015 Form 10-K for information about our risk management practices and liquidity.

Stress Tests. Bank holding companies with total consolidated assets of \$50 billion or more are subject to Dodd-Frank Act supervisory stress tests conducted by the Federal Reserve Board and semi-annual company-run stress tests. The stress test rules require increased involvement by boards of directors in stress testing and public disclosure of the results of both the Federal Reserve Board’s annual stress tests and a bank holding company’s annual supervisory stress tests, and semi-annual internal stress tests.

We publish summaries of our annual and mid-cycle stress tests results on our web site as described under “Available Information” below. Our annual Dodd-Frank Act stress test submission is incorporated into the annual capital plans that we are required to submit to the Federal Reserve Board as part of the Comprehensive Capital Analysis and Review (CCAR). The purpose of CCAR is to ensure that large bank holding companies have robust, forward-looking capital planning processes that account for each institution’s unique risks and that permit continued operations during times of economic and financial stress. As part of CCAR, the Federal Reserve Board evaluates an institution’s plan to make capital distributions, such as repurchasing or redeeming stock or increasing dividend payments, across a range of macroeconomic and firm-specific assumptions.

Similar to Group Inc., GS Bank USA is required to conduct stress tests on an annual basis, to submit the results to the Federal Reserve Board, and to make a summary of those results public. The rules require that the board of directors of GS Bank USA, among other things, consider the results of the stress tests in the normal course of the bank’s business including, but not limited to, its capital planning, assessment of capital adequacy and risk management practices.

Dividends and Stock Repurchases. Federal and state laws impose limitations on the payment of dividends by our U.S. depository institution subsidiaries to Group Inc. In general, the amount of dividends that may be paid by GS Bank USA or our national bank trust company subsidiary is limited to the lesser of the amounts calculated under a “recent earnings” test and an “undivided profits” test. Under the recent earnings test, a dividend may not be paid if the total of all dividends declared by the entity in any calendar year is in excess of the current year’s net income combined with the retained net income of the two preceding years, unless the entity obtains prior regulatory approval. Under the undivided profits test, a dividend may not be paid in excess of the entity’s “undivided profits” (generally, accumulated net profits that have not been paid out as dividends or transferred to surplus).

The banking regulators have authority to prohibit or limit the payment of dividends if, in the banking regulator’s opinion, payment of a dividend would constitute an unsafe or unsound practice in light of the financial condition of the banking organization. The BHC Act prohibits the Federal Reserve Board from requiring a payment by a holding company subsidiary to a depository institution if the functional regulator of that subsidiary objects to such payment. In such a case, the Federal Reserve Board could instead require the divestiture of the depository institution and impose operating restrictions pending the divestiture.

Dividend payments by Group Inc. to its shareholders and stock repurchases by Group Inc. are subject to the oversight of the Federal Reserve Board. The dividend and share repurchase policies of large bank holding companies, such as Group Inc., are reviewed by the Federal Reserve Board through the CCAR process, based on capital plans and stress tests submitted by the bank holding company, and are assessed against, among other things, the bank holding company’s ability to meet and exceed minimum regulatory capital ratios under stressed scenarios, its expected sources and uses of capital over the planning horizon under baseline and stressed scenarios, and any potential impact of changes to its business plan and activities on its capital adequacy and liquidity.

The Federal Reserve Board’s capital planning rule includes a limitation on capital distributions to the extent that actual capital issuances are less than the amount indicated in the capital plan submission.

Source of Strength. The Dodd-Frank Act requires bank holding companies to act as a source of strength to their bank subsidiaries and to commit capital and financial resources to support those subsidiaries. This support may be required by the Federal Reserve Board at times when we might otherwise determine not to provide it. Capital loans by a bank holding company to a subsidiary bank are subordinate in right of payment to deposits and to certain other indebtedness of the subsidiary bank. In addition, if a bank holding company commits to a federal bank regulator that it will maintain the capital of its bank subsidiary, whether in response to the Federal Reserve Board's invoking its source-of-strength authority or in response to other regulatory measures, that commitment will be assumed by the bankruptcy trustee for the holding company and the bank will be entitled to priority payment in respect of that commitment, ahead of other creditors of the bank holding company.

Transactions between Affiliates. Transactions between GS Bank USA or its subsidiaries, on the one hand, and Group Inc. or its other subsidiaries and affiliates, on the other hand, are regulated by the Federal Reserve Board. These regulations generally limit the types and amounts of transactions (including credit extensions from GS Bank USA or its subsidiaries to Group Inc. or its other subsidiaries and affiliates) that may take place and generally require those transactions to be on market terms or better to GS Bank USA or its subsidiaries. These regulations generally do not apply to transactions between GS Bank USA and its subsidiaries. The Dodd-Frank Act expanded the coverage and scope of these regulations, including by applying them to the credit exposure arising under derivative transactions, repurchase and reverse repurchase agreements, and securities borrowing and lending transactions.

Total Loss-Absorbing Capacity. In October 2015, the Federal Reserve Board issued a proposed rule that would establish loss-absorbency and related requirements for U.S. G-SIBs. The proposed rule would address U.S. implementation of the Financial Stability Board's total loss-absorbing capacity (TLAC) principles and term sheet described below. The proposed rule would require U.S. G-SIBs, such as Group Inc., to maintain minimum external TLAC, consisting of Tier 1 capital and eligible senior and subordinated long-term debt (i.e., debt that is unsecured, has a maturity greater than one year from issuance and satisfies certain additional criteria), equal to the greater of (i) 16% of risk-weighted assets (RWAs) and (ii) 9.5% of total leverage exposure (the denominator of the supplementary leverage ratio) commencing January 1, 2019. The RWA component would increase to 18% of RWAs on January 1, 2022. The proposed rule would also require a buffer of CET1 in an amount equal to the sum of (i) the capital conservation buffer (2.5% of RWAs), (ii) the G-SIB surcharge calculated in accordance with the Method One calculation and (iii) any applicable counter-cyclical capital buffer.

In addition, beginning in 2019, U.S. G-SIBs would also be required to maintain minimum eligible long-term debt equal to the greater of (i) 6% plus the G-SIB surcharge of RWAs and (ii) 4.5% of total leverage exposure. The proposed rule would disqualify from eligible long-term debt, among other instruments, debt securities that permit acceleration for reasons other than insolvency or payment default, as well as structured notes and debt securities not governed by U.S. law. The senior long-term debt of U.S. G-SIBs, including Group Inc., typically permits acceleration for reasons other than insolvency or payment default, and therefore would not qualify as eligible long-term debt under the proposed rule.

The proposed rule would also prohibit Group Inc., as a U.S. G-SIB, from (i) guaranteeing liabilities of subsidiaries that are subject to early termination provisions if the parent company of a U.S. G-SIB enters into an insolvency or receivership proceeding, (ii) incurring liabilities guaranteed by subsidiaries, (iii) issuing short-term debt, or (iv) entering into derivatives and certain other financial contracts with external counterparties. Additionally, the proposed rule would cap, at 5% of the value of the U.S. G-SIB's eligible TLAC, the amount of a U.S. G-SIB's unsecured non-contingent third-party liabilities that are not eligible long-term debt that could rank equally with or junior to eligible long-term debt. Finally, the proposed rule would require U.S. G-SIBs and other large banking entities to deduct from their own Tier 2 capital certain holdings in unsecured debt of other U.S. G-SIBs, as well as holdings of their own unsecured debt securities. The Federal Reserve Board has also indicated that it is considering imposing subsidiary TLAC requirements on material operating subsidiaries of U.S. G-SIBs.

In November 2015, the Financial Stability Board issued a set of final principles and a final term sheet on a new minimum standard for TLAC of G-SIBs. The Financial Stability Board's final standard also requires certain material subsidiaries of a G-SIB organized outside of the G-SIB's home country, such as GSI, to maintain amounts of TLAC to facilitate the transfer of losses from operating subsidiaries to the parent company.

Also, in November 2015, the Basel Committee issued a proposal to implement internationally the capital deductions for G-SIBs' holdings of the TLAC of other G-SIBs and their own, which will inform how the deductions are implemented by other national regulators.

In December 2015, the Bank of England published a consultation paper on its approach for setting a "minimum requirement for own funds and eligible liabilities" (MREL) under which certain U.K. financial institutions, including GSI, would need to maintain equity and liabilities sufficient to credibly bear losses in resolution. MREL is generally consistent with the Financial Stability Board's TLAC standard.

The proposed MREL is the sum of a loss absorption amount and a recapitalization amount. The loss absorption amount is based on a firm's minimum going-concern capital requirement, which currently consists of Pillar 1 (the minimum capital requirement under the fourth EU Capital Requirements Directive and EU Capital Requirements Regulation, collectively known as CRD IV), plus Pillar 2A (an additional amount to cover risks not adequately captured in Pillar 1). The recapitalization amount is based on a firm's recapitalization needs post-resolution and any additional requirements to be determined by the Bank of England as necessary to maintain market confidence.

Resolution and Recovery. Each bank holding company with over \$50 billion in assets and each designated systemically important financial institution is required by the Federal Reserve Board and the FDIC to provide an annual plan for its rapid and orderly resolution in the event of material financial distress or failure (resolution plan). Our resolution plan must, among other things, demonstrate that GS Bank USA is adequately protected from risks arising from our other entities. The regulators' joint rule sets specific standards for the resolution plans, including requiring a detailed resolution strategy and analyses of the company's material entities, organizational structure, interconnections and interdependencies, and management information systems, among other elements. If the regulators jointly determine that an institution has failed to cure identified shortcomings in its resolution plan and that its resolution plan, after any permitted resubmission, is not credible, the regulators may jointly impose more stringent capital, leverage or liquidity requirements or restrictions on growth, activities or operations or may jointly order the institutions to divest assets or operations in order to facilitate orderly resolution in the event of failure.

We are also required by the Federal Reserve Board to submit, on an annual basis, a global recovery plan that outlines the steps that management could take to reduce risk, maintain sufficient liquidity, and conserve capital in times of prolonged stress.

The FDIC has issued a rule requiring each insured depository institution with \$50 billion or more in assets, such as GS Bank USA, to provide a resolution plan. Similar to our resolution plan for Group Inc., our resolution plan for GS Bank USA must, among other things, demonstrate that it is adequately protected from risks arising from our other entities.

The EU Bank Recovery and Resolution Directive (the BRRD) required EU member states to grant, by January 1, 2016, “bail-in” powers to EU resolution authorities to recapitalize a failing entity by writing down its unsecured debt or converting its unsecured debt into equity. Financial institutions in the EU (including GSI) must provide that new contracts entered into after January 1, 2016 enable such actions and also amend pre-existing contracts governed by non-EU law to enable such actions, when the financial institutions could incur liabilities under such pre-existing contracts after January 1, 2016.

Separately, under the BRRD, financial contracts not governed by EU law are required to be amended so that the resolution authorities can impose a temporary stay of termination in resolution. These requirements must be implemented over 2016 and 2017, with the timing depending on the category of the counterparty of the financial institution. The BRRD also subjects investment firms to MREL so that they can be resolved without causing financial instability and without recourse to public funds in the event of a failure. In July 2015, the European Banking Authority published final draft Regulatory Technical Standards on MREL, which specify the common criteria under the BRRD. The Bank of England’s proposal on MREL is described above under “Total Loss-Absorbing Capacity.”

Insolvency of an Insured Depository Institution or a Bank Holding Company. Under the Federal Deposit Insurance Act of 1950, if the FDIC is appointed as conservator or receiver for an insured depository institution such as GS Bank USA, upon its insolvency or in certain other events, the FDIC has broad powers, including the power:

- To transfer any of the depository institution’s assets and liabilities to a new obligor, including a newly formed “bridge” bank, without the approval of the depository institution’s creditors;
- To enforce the depository institution’s contracts pursuant to their terms without regard to any provisions triggered by the appointment of the FDIC in that capacity; or
- To repudiate or disaffirm any contract or lease to which the depository institution is a party, the performance of which is determined by the FDIC to be burdensome and the disaffirmance or repudiation of which is determined by the FDIC to promote the orderly administration of the depository institution.

In addition, under federal law, the claims of holders of domestic deposit liabilities and certain claims for administrative expenses against an insured depository institution would be afforded a priority over other general unsecured claims, including deposits at non-U.S. branches and claims of debt holders of the institution, in the “liquidation or other resolution” of such an institution by any receiver. As a result, whether or not the FDIC ever sought to repudiate any debt obligations of GS Bank USA, the debt holders (other than depositors) would be treated differently from, and could receive, if anything, substantially less than, the depositors of GS Bank USA.

The Dodd-Frank Act created a new resolution regime (known as “orderly liquidation authority”) for bank holding companies and their affiliates that are systemically important and certain non-bank financial companies. Under the orderly liquidation authority, the FDIC may be appointed as receiver for the systemically important institution and its failed non-bank subsidiaries if, upon the recommendation of applicable regulators, the Secretary of the Treasury determines, among other things, that the institution is in default or in danger of default, that the institution’s failure would have serious adverse effects on the U.S. financial system and that resolution under the orderly liquidation authority would avoid or mitigate those effects.

If the FDIC is appointed as receiver under the orderly liquidation authority, then the powers of the receiver, and the rights and obligations of creditors and other parties who have dealt with the institution, would be determined under the orderly liquidation authority, and not under the bankruptcy or insolvency law that would otherwise apply. The powers of the receiver under the orderly liquidation authority were generally based on the powers of the FDIC as receiver for depository institutions under the Federal Deposit Insurance Act. Substantial differences in the rights of creditors exist between the orderly liquidation authority and the U.S. Bankruptcy Code, including the right of the FDIC under the orderly liquidation authority to disregard the strict priority of creditor claims in some circumstances, the use of an administrative claims procedure to determine creditors’ claims (as opposed to the judicial procedure utilized in bankruptcy proceedings), and the right of the FDIC to transfer claims to a “bridge” entity. In addition, the orderly liquidation authority limits the ability of creditors to enforce certain contractual cross-defaults against affiliates of the institution in receivership.

The orderly liquidation authority provisions of the Dodd-Frank Act became effective upon enactment. The FDIC has completed several rulemakings and taken other actions under the orderly liquidation authority, including the issuance of a notice describing some elements of its “single point of entry” or “SPOE” strategy pursuant to the orderly liquidation authority provisions of the Dodd-Frank Act. Under this strategy, the FDIC would, among other things, resolve a failed financial holding company by transferring its assets to a “bridge” holding company.

In November 2015, we, along with a number of other major global banking organizations, adhered to an updated version of the International Swaps and Derivatives Association Resolution Stay Protocol (the ISDA Protocol) that was developed in coordination with the Financial Stability Board. The ISDA Protocol imposes a stay on certain cross-default and early termination rights within standard ISDA derivatives contracts and securities financing transactions between adhering parties in the event that one of them is subject to resolution in its home jurisdiction, including a resolution under the orderly liquidation authority in the United States. The initial version, which addressed ISDA derivatives contracts, took effect in January 2015, and the updated version, which was revised to also cover securities financing transactions, took effect in January 2016. The ISDA Protocol is expected to be adopted more broadly in the future, following the adoption of regulations by banking regulators, and expanded to include instances where a U.S. financial holding company becomes subject to proceedings under the U.S. bankruptcy code.

FDIC Insurance. GS Bank USA accepts deposits, and those deposits have the benefit of FDIC insurance up to the applicable limits. The FDIC’s Deposit Insurance Fund is funded by assessments on insured depository institutions, such as GS Bank USA. The amounts of these assessments for larger depository institutions (generally those that have \$10 billion in assets or more), such as GS Bank USA, are currently based on the average total consolidated assets less the average tangible equity of the insured depository institution during the assessment period, the supervisory ratings of the insured depository institution and specified forward-looking financial measures used to calculate the assessment rate. The assessment rate is subject to adjustment by the FDIC.

In October 2015, the FDIC issued a proposed rule that would increase the reserve ratio for the Deposit Insurance Fund to 1.35% of total insured deposits. The proposed rule would impose a surcharge on the assessments of larger depository institutions, beginning the quarter after the reserve ratio first reaches or exceeds 1.15% and continuing through the earlier of the quarter that the reserve ratio first reaches or exceeds 1.35% and December 31, 2018. Under the proposed rule, if the reserve ratio does not reach 1.35% by December 31, 2018, the FDIC would impose a shortfall assessment on larger depository institutions, including GS Bank USA.

Prompt Corrective Action. The U.S. Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), among other things, requires the federal bank regulatory agencies to take “prompt corrective action” in respect of depository institutions that do not meet specified capital requirements. FDICIA establishes five capital categories for FDIC-insured banks: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized.

An institution may be downgraded to, or deemed to be in, a capital category that is lower than is indicated by its capital ratios if it is determined to be in an unsafe or unsound condition or if it receives an unsatisfactory examination rating with respect to certain matters. FDICIA imposes progressively more restrictive constraints on operations, management and capital distributions, as the capital category of an institution declines. Failure to meet the capital requirements could also require a depository institution to raise capital. Ultimately, critically undercapitalized institutions are subject to the appointment of a receiver or conservator, as described under “Resolution and Recovery, and Insolvency — Insolvency of an Insured Depository Institution or a Bank Holding Company” above.

The prompt corrective action regulations apply only to depository institutions and not to bank holding companies such as Group Inc. However, the Federal Reserve Board is authorized to take appropriate action at the holding company level, based upon the undercapitalized status of the holding company’s depository institution subsidiaries. In certain instances relating to an undercapitalized depository institution subsidiary, the bank holding company would be required to guarantee the performance of the undercapitalized subsidiary’s capital restoration plan and might be liable for civil money damages for failure to fulfill its commitments on that guarantee. Furthermore, in the event of the bankruptcy of the holding company, the guarantee would take priority over the holding company’s general unsecured creditors, as described under “Source of Strength” above.

Activities. The Dodd-Frank Act and the BHC Act generally restrict bank holding companies from engaging in business activities other than the business of banking and certain closely related activities.

Volcker Rule. The provisions of the Dodd-Frank Act referred to as the “Volcker Rule” became effective in July 2015. The Volcker Rule prohibits “proprietary trading,” but permits activities such as underwriting, market making and risk-mitigation hedging, requires an extensive compliance program and includes additional reporting and record keeping requirements. The reporting requirements include calculating daily quantitative metrics on covered trading activities (as defined in the rule) and providing these metrics to regulators on a monthly basis.

In addition, the Volcker Rule limits the sponsorship of, and investment in, “covered funds” (as defined in the rule) by banking entities, including Group Inc. and its subsidiaries. It also limits certain types of transactions between us and our sponsored funds, similar to the limitations on transactions between depository institutions and their affiliates. Covered funds include our private equity funds, certain of our credit and real estate funds, our hedge funds and certain other investment structures. The limitation on investments in covered funds requires us to reduce our investment in each such fund to 3% or less of the fund’s net asset value, and to reduce our aggregate investment in all such funds to 3% or less of our Tier 1 capital.

In December 2014, the Federal Reserve Board extended the conformance period through July 2016 for investments in, and relationships with, covered funds that were in place prior to December 31, 2013, and indicated that it intends to further extend the conformance period through July 2017.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Regulatory Developments — Volcker Rule” in Part II, Item 7 of the 2015 Form 10-K for information about our investments in covered funds.

Other Restrictions. Financial holding companies generally can engage in a broader range of financial and related activities than are otherwise permissible for bank holding companies as long as they continue to meet the eligibility requirements for financial holding companies. The broader range of permissible activities for financial holding companies includes underwriting, dealing and making markets in securities and making investments in non-financial companies. In addition, financial holding companies are permitted under the GLB Act to engage in certain commodities activities in the United States that may otherwise be impermissible for bank holding companies, so long as the assets held pursuant to these activities do not equal 5% or more of their consolidated assets.

The Federal Reserve Board, however, has the authority to limit a financial holding company’s ability to conduct activities that would otherwise be permissible, and will likely do so if the financial holding company does not satisfactorily meet certain requirements of the Federal Reserve Board. For example, if a financial holding company or any of its U.S. depository institution subsidiaries ceases to maintain its status as well-capitalized or well-managed, the Federal Reserve Board may impose corrective capital and/or managerial requirements, as well as additional limitations or conditions. If the deficiencies persist, the financial holding company may be required to divest its U.S. depository institution subsidiaries or to cease engaging in activities other than the business of banking and certain closely related activities.

In addition, we are required to obtain prior Federal Reserve Board approval before engaging in certain banking and other financial activities both within and outside the United States.

Single-counterparty credit limits and early remediation requirements have been proposed but are still under consideration by the Federal Reserve Board. The proposed single-counterparty credit limits impose more stringent requirements for credit exposure among major financial institutions, which (together with other provisions incorporated into the Basel III capital rules) may affect our ability to transact or hedge with other financial institutions. The proposed early remediation rules are modeled on the prompt corrective action regime, described under “U.S. Deposit Insurance and Prompt Corrective Action”, but are designed to require action to begin in earlier stages of a company’s financial distress, based on a range of triggers, including capital and leverage, stress test results, liquidity and risk management.

If any insured depository institution subsidiary of a financial holding company fails to maintain at least a “satisfactory” rating under the Community Reinvestment Act, the financial holding company would be subject to similar restrictions on activities.

In addition, New York State banking law imposes lending limits (which take into account credit exposure from derivative transactions) and other requirements that could impact the manner and scope of GS Bank USA’s activities.

During the past several years, the U.S. federal bank regulatory agencies have raised concerns over origination and other practices in leveraged lending markets. The agencies have issued guidance that focuses on transaction structures and risk management frameworks and outlines high-level principles for safe-and-sound leveraged lending, including underwriting standards, valuation and stress testing.

Broker-Dealer and Securities Regulation

Our broker-dealer subsidiaries are subject to regulations that cover all aspects of the securities business, including sales methods, trade practices, use and safekeeping of clients’ funds and securities, capital structure, recordkeeping, the financing of clients’ purchases, and the conduct of directors, officers and employees. In the United States, the SEC is the federal agency responsible for the administration of the federal securities laws. GS&Co. is registered as a broker-dealer, a municipal advisor and an investment adviser with the SEC and as a broker-dealer in all 50 states and the District of Columbia. Self-regulatory organizations, such as FINRA and the NYSE, adopt rules that apply to, and examine, broker-dealers such as GS&Co.

In addition, state securities and other regulators also have regulatory or oversight authority over GS&Co. Similarly, our businesses are also subject to regulation by various non-U.S. governmental and regulatory bodies and self-regulatory authorities in virtually all countries where we have offices, as described further below, as well as under “Other Regulation.” GSEC is a registered U.S. broker-dealer and is regulated by the SEC, the NYSE and FINRA. For a description of net capital requirements applicable to GS&Co. and GSEC, see Note 20 to the consolidated financial statements in Part II, Item 8 of the 2015 Form 10-K.

In Europe, we provide broker-dealer services that are subject to oversight by national regulators as well as EU regulators. These services are regulated in accordance with national laws, many of which implement EU directives, and increasingly by directly applicable EU regulations. These national and EU laws require, among other things, compliance with certain capital adequacy standards, customer protection requirements and market conduct and trade reporting rules.

We provide broker-dealer services in and from the United Kingdom under the regulation of the PRA and the FCA. GSI, our regulated U.K. broker-dealer subsidiary, is subject to capital requirements imposed by the PRA. GSI also has its own capital planning and stress testing process, which incorporates internally designed stress tests and those required under the PRA’s Internal Capital Adequacy Assessment Process. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Equity Capital Management and Regulatory Capital — Subsidiary Capital Requirements” in Part II, Item 7 of the 2015 Form 10-K for information about GSI’s capital ratios.

Goldman Sachs Japan Co., Ltd. (GSJCL), our regulated Japanese broker-dealer, is subject to capital requirements imposed by Japan’s Financial Services Agency. GSJCL is also regulated by the Tokyo Stock Exchange, the Osaka Exchange, the Tokyo Financial Exchange, the Japan Securities Dealers Association, the Tokyo Commodity Exchange, Securities and Exchange Surveillance Commission, Bank of Japan, the Ministry of Finance and the Ministry of Economy, Trade and Industry, among others.

Also, the Securities and Futures Commission in Hong Kong, the Monetary Authority of Singapore, the China Securities Regulatory Commission, the Korean Financial Supervisory Service, the Reserve Bank of India, the Securities and Exchange Board of India, the Australian Securities and Investments Commission and the Australian Securities Exchange, among others, regulate various of our subsidiaries and also have capital standards and other requirements comparable to the rules of the SEC. Various of our other subsidiaries are regulated by the banking and regulatory authorities in jurisdictions in which we operate, including, among others, Brazil and Dubai.

Our exchange-based market-making activities are subject to extensive regulation by a number of securities exchanges. As a market maker on exchanges, we are required to maintain orderly markets in the securities to which we are assigned.

The Dodd-Frank Act will result in additional regulation by the SEC, the CFTC and other regulators of our broker-dealer and regulated subsidiaries in a number of respects. The legislation calls for the imposition of expanded standards of care by market participants in dealing with clients and customers, including by providing the SEC with authority to adopt rules establishing fiduciary duties for broker-dealers and directing the SEC to examine and improve sales practices and disclosure by broker-dealers and investment advisers. In addition, the U.S. Department of Labor has issued proposed rules defining the circumstances in which a person would be treated as a fiduciary under the Employee Retirement Income Security Act of 1974 by reason of providing investment advice to retirement plans and individual retirement accounts, as well as proposed exemptions.

Our broker-dealer and other subsidiaries are also subject to rules adopted by federal agencies pursuant to the Dodd-Frank Act that require any person who organizes or initiates an asset-backed security transaction to retain a portion (generally, at least five percent) of any credit risk that the person conveys to a third party. Securitizations would also be affected by rules proposed by the SEC to implement the Dodd-Frank Act's prohibition against securitization participants engaging in any transaction that would involve or result in any material conflict of interest with an investor in a securitization transaction. The proposed rules would exempt bona fide market-making activities and risk-mitigating hedging activities in connection with securitization activities from the general prohibition.

The SEC, FINRA and regulators in various non-U.S. jurisdictions have imposed both conduct-based and disclosure-based requirements with respect to research reports and research analysts and may impose additional regulations.

Swaps, Derivatives and Commodities Regulation

The commodity futures, commodity options and swaps industry in the United States is subject to regulation under the U.S. Commodity Exchange Act. The CFTC is the federal agency charged with the administration of the CEA. In addition, the SEC is the federal agency charged with the regulation of security-based swaps. Several of our subsidiaries, including GS&Co. and GSEC, are registered with the CFTC and act as futures commission merchants, commodity pool operators, commodity trading advisors or (as described below) swap dealers, and are subject to CFTC regulations. The rules and regulations of various self-regulatory organizations, such as the Chicago Board of Trade and the Chicago Mercantile Exchange, other futures exchanges and the National Futures Association, also govern the commodity futures, commodity options and swaps activities of these entities. In addition, Goldman Sachs Financial Markets, L.P. is registered with the SEC as an OTC derivatives dealer and conducts certain OTC derivatives activities.

The Dodd-Frank Act provides for significantly increased regulation of, and restrictions on, derivative markets and transactions. In particular, the Dodd-Frank Act imposes the following requirements relating to swaps and security-based swaps:

- Real-time public and regulatory reporting of trade information for swaps and security-based swaps and large trader reporting for swaps;
- Registration of swap dealers and major swap participants with the CFTC and of security-based swap dealers and major security-based swap participants with the SEC;
- Position limits, aggregated generally across commonly controlled accounts and commonly controlled affiliates, that cap exposure to derivatives on certain physical commodities;
- Mandated clearing through central counterparties and execution through regulated exchanges or electronic facilities for certain swaps and security-based swaps;
- New business conduct standards and other requirements for swap dealers, major swap participants, security-based swap dealers and major security-based swap participants, covering their relationships with counterparties, internal oversight and compliance structures, conflict of interest rules, internal information barriers, general and trade-specific record-keeping and risk management;

- Margin requirements for trades that are not cleared through a central counterparty; and
- Entity-level capital requirements for swap dealers, major swap participants, security-based swap dealers, and major security-based swap participants.

The terms “swaps” and “security-based swaps” are generally defined broadly for purposes of these requirements, and can include a wide variety of derivative instruments in addition to those conventionally called swaps. The definition includes certain forward contracts, options, certain loan participations and guarantees of swaps, subject to certain exceptions, and relates to a wide variety of underlying assets or obligations, including currencies, commodities, interest or other monetary rates, yields, indices, securities, credit events, loans and other financial obligations.

The CFTC is responsible for issuing rules relating to swaps, swap dealers and major swap participants, and the SEC is responsible for issuing rules relating to security-based swaps, security-based swap dealers and major security-based swap participants. The U.S. federal bank regulatory agencies (acting jointly) adopted final rules in October 2015 and the CFTC adopted final margin rules for uncleared swaps in December 2015 that will phase in variation margin requirements from September 1, 2016 through March 1, 2017 and initial margin requirements from September 1, 2016 through September 1, 2020, depending on the level of swaps and foreign exchange forward transaction activity of the swap dealer and the relevant counterparty. The final rules of the U.S. federal bank regulatory agencies would generally apply to inter-affiliate transactions, with limited relief available from the initial margin requirements for affiliates that have registered with the CFTC as swap dealers. Under the CFTC final rules, inter-affiliate transactions would be exempt from initial margin requirements with certain exceptions, but variation margin requirements would still apply. We expect the SEC to adopt margin regulations as well in 2016.

The CFTC has not yet finalized its capital regulations for swap dealers. However, many of the requirements, including registration of swap dealers, mandatory clearing and execution of certain swaps, business conduct standards and real-time public trade reporting, have taken effect already under CFTC rules, and the SEC and the CFTC have finalized the definitions of a number of key terms. Finally, the CFTC has begun to decide which swaps must be cleared through central counterparties and executed on swap execution facilities or exchanges. In particular, certain interest rate swaps and credit default swaps are now subject to these clearing and trade-execution requirements. The CFTC is expected to continue to make such determinations during 2016.

The SEC has adopted rules relating to trade reporting and real-time reporting requirements for security-based swap dealers and major security-based swap participants. The SEC has also adopted final rules relating to the registration of security-based swap dealers, but such registration is not currently required. The SEC has proposed, but not yet finalized, rules to impose margin, capital, segregation and business conduct requirements for security-based swap dealers and major security-based swap participants. The SEC has also proposed rules that would govern the design of new trading venues for security-based swaps and establish the process for determining which products must be traded on these venues.

We have registered certain subsidiaries as “swap dealers” under the CFTC rules, including GS&Co., GS Bank USA, GSI and J. Aron & Company. We also expect to register certain subsidiaries as security-based swap dealers. We expect that these subsidiaries, and our businesses more broadly, will continue to be subject to significant and developing regulation and regulatory oversight in connection with swap-related activities.

Similar regulations have been proposed or adopted in jurisdictions outside the United States, including the adoption of standardized execution and clearing, margining and reporting requirements for OTC derivatives. For instance, the EU has established regulatory requirements for OTC derivatives activities under the European Market Infrastructure Regulation, including requirements relating to portfolio reconciliation and reporting, which have already taken effect, as well as requirements relating to clearing and margining for uncleared derivatives, which are currently expected to be finalized during 2016.

The CFTC and SEC have issued guidance and rules relating to swap activities. The CFTC has provided guidance and timing on the cross-border regulation of swaps and announced that it had reached an understanding with the European Commission regarding the cross-border regulation of derivatives and the common goals underlying their respective regulations. The CFTC also approved certain comparability determinations that would permit substituted compliance with non-U.S. regulatory regimes for certain swap regulations related to certain business conduct requirements, including chief compliance officer duties, conflict of interest rules, monitoring of position limits, record-keeping and risk management. The SEC issued rules and guidance on cross-border security-based swap activities and the CFTC issued proposed rules that would determine the circumstances under which registered swap dealers would be subject to the CFTC's rules regarding margin in connection with uncleared swaps in cross-border transactions. In particular, under the proposal, certain non-U.S. swap dealers would generally be required to comply with the CFTC's rules but, with respect to the requirement to post margin, these non-U.S. swap dealers would be permitted to comply with comparable margin requirements in a foreign jurisdiction, subject to the CFTC's approval of the particular jurisdiction. Substituted compliance would also be available with respect to the collection of margin in certain circumstances. The CFTC's rules will only be applicable to those swap dealers that are not subject to the margin requirements of a prudential regulator.

The application of new derivatives rules across different national and regulatory jurisdictions has not yet been fully established and specific determinations of the extent to which regulators in each of the relevant jurisdictions will defer to regulations in other jurisdictions have not yet been completed. The full impact of the various U.S. and non-U.S. regulatory developments in this area will not be known with certainty until all the rules are finalized and implemented and market practices and structures develop under the final rules.

J. Aron & Company is authorized by the U.S. Federal Energy Regulatory Commission (FERC) to sell wholesale physical power at market-based rates. As a FERC-authorized power marketer, J. Aron & Company is subject to regulation under the U.S. Federal Power Act and FERC regulations and to the oversight of FERC. As a result of our investing activities, Group Inc. is also an "exempt holding company" under the U.S. Public Utility Holding Company Act of 2005 and applicable FERC rules.

In addition, as a result of our power-related and commodities activities, we are subject to energy, environmental and other governmental laws and regulations, as described under "Risk Factors — Our commodities activities, particularly our physical commodities activities, subject us to extensive regulation and involve certain potential risks, including environmental, reputational and other risks that may expose us to significant liabilities and costs" in Part I, Item 1A of the 2015 Form 10-K.

Investment Management Regulation

Our investment management business is subject to significant regulation in numerous jurisdictions around the world relating to, among other things, the safeguarding of client assets, offerings of funds, marketing activities, transactions among affiliates and our management of client funds.

Certain of our subsidiaries are registered with, and subject to oversight by, the SEC as investment advisers. The SEC recently adopted amendments to the rules that govern SEC-registered money market mutual funds. The new rules require institutional prime money market funds to value their portfolio securities using market-based factors and to sell and redeem their shares based on a floating net asset value. In addition, the rules allow, in certain circumstances, for the board of directors of money market mutual funds to impose liquidity fees and redemption gates and also require additional disclosure, reporting and stress testing. Certain reporting requirements became effective during 2015, and the firm's money market mutual funds will be required to comply with the amendments relating to floating net asset value, fees and redemption gates and stress testing in 2016.

In September 2015, the SEC also proposed rules that would require registered funds to adopt and implement liquidity risk management programs, including establishing a minimum percentage of net assets that could be invested only in assets offering three-day liquidity and classifying and reviewing the liquidity of fund portfolio assets; permit funds to employ "swing pricing," under which the net asset value of a fund's shares may be adjusted in order to pass the cost of trading in such shares to purchasing or redeeming shareholders; and require related disclosures.

In December 2015, the SEC also proposed a new rule regulating the use of derivatives by registered funds. Under the proposed rule, a registered fund would be required to, among other things, comply with one of two alternative portfolio limitations designed to impose a limit on the total amount of leverage the fund can obtain through derivatives transactions; maintain a minimum amount of “qualifying coverage assets” (generally limited to cash and cash equivalents) to support payment obligations for each derivative transaction; establish a derivatives risk management program if derivative use meets specified thresholds; and comply with new recordkeeping, disclosure and reporting requirements related to its use of derivatives.

Certain of our European subsidiaries are subject to the Alternative Investment Fund Managers Directive and related regulations, which govern the approval, organizational, marketing and reporting requirements of EU-based alternative investment managers and the ability of alternative investment fund managers located outside the EU to access the EU market.

The European Commission has published a proposal relating to money market funds, including provisions prescribing minimum levels of daily and weekly liquidity, clear labeling of money market funds, a 3% capital buffer for constant net asset value funds and internal credit risk assessments.

Compensation Practices

Our compensation practices are subject to oversight by the Federal Reserve Board and, with respect to some of our subsidiaries and employees, by other financial regulatory bodies worldwide. The scope and content of compensation regulation in the financial industry are continuing to develop, and we expect that these regulations and resulting market practices will evolve over a number of years.

The U.S. federal bank regulatory agencies have provided guidance designed to ensure that incentive compensation arrangements at banking organizations take into account risk and are consistent with safe and sound practices. The guidance sets forth the following three key principles with respect to incentive compensation arrangements: (i) the arrangements should provide employees with incentives that appropriately balance risk and financial results in a manner that does not encourage employees to expose their organizations to imprudent risk; (ii) the arrangements should be compatible with effective controls and risk management; and (iii) the arrangements should be supported by strong corporate governance. The guidance provides that supervisory findings with respect to incentive compensation will be incorporated, as appropriate, into the organization’s supervisory ratings, which can affect its ability to make acquisitions or perform other actions. The guidance also provides that enforcement actions may be taken against a banking organization if its incentive compensation arrangements or related risk management, control or governance processes pose a risk to the organization’s safety and soundness.

The Financial Stability Board has released standards for implementing certain compensation principles for banks and other financial companies designed to encourage sound compensation practices. These standards are to be implemented by local regulators. In the EU, CRD IV includes compensation provisions designed to implement the Financial Stability Board’s compensation standards. These rules have been implemented by EU member states and, among other things, limit the ratio of variable to fixed compensation of certain employees, including those identified as having a material impact on the risk profile of EU-regulated entities, including GSI.

The EU has also introduced rules regulating compensation for certain persons providing services to certain investment funds. These requirements are in addition to the guidance issued by U.S. financial regulators described above and the Dodd-Frank Act provision described below.

The Dodd-Frank Act requires the U.S. financial regulators, including the Federal Reserve Board, to establish joint regulations or guidelines prohibiting incentive-based payment arrangements at specified regulated entities having at least \$1 billion in total assets (which would include Group Inc. and some of its depository institution, broker-dealer and investment adviser subsidiaries) that encourage inappropriate risks by providing an executive officer, employee, director or principal shareholder with excessive compensation, fees, or benefits or that could lead to material financial loss to the entity. In addition, these regulators must establish regulations or guidelines requiring enhanced disclosure to regulators of incentive-based compensation arrangements. The initial version of these regulations was proposed by the U.S. financial regulators in early 2011 but the regulations have not yet been finalized. The proposed regulations incorporate the three key principles from the regulatory guidance described above. If the regulations are adopted in the form proposed, they may restrict our flexibility with respect to the manner in which we structure compensation.

Anti-Money Laundering and Anti-Bribery Rules and Regulations

The U.S. Bank Secrecy Act (BSA), as amended by the USA PATRIOT Act of 2001 (PATRIOT Act), contains anti-money laundering and financial transparency laws and mandated the implementation of various regulations applicable to all financial institutions, including standards for verifying client identification at account opening, and obligations to monitor client transactions and report suspicious activities. Through these and other provisions, the BSA and the PATRIOT Act seek to promote the identification of parties that may be involved in terrorism, money laundering or other suspicious activities. Anti-money laundering laws outside the United States contain some similar provisions.

In addition, we are subject to laws and regulations worldwide, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, relating to corrupt and illegal payments to, and hiring practices with regard to, government officials and others. The obligation of financial institutions, including Goldman Sachs, to identify their clients, to monitor for and report suspicious transactions, to monitor direct and indirect payments to government officials, to respond to requests for information by regulatory authorities and law enforcement agencies, and to share information with other financial institutions, has required the implementation and maintenance of internal practices, procedures and controls.

Other Regulation

The U.S. and non-U.S. government agencies, regulatory bodies and self-regulatory organizations, as well as state securities commissions and other state regulators in the United States, are empowered to conduct administrative proceedings that can result in censure, fine, the issuance of cease-and-desist orders, or the suspension or expulsion of a regulated entity or its directors, officers or employees. In addition, a number of our other activities require us to obtain licenses, adhere to applicable regulations and be subject to the oversight of various regulators in the jurisdictions in which we conduct these activities.

The EU finalized the Markets in Financial Instruments Regulation and a revision of the Markets in Financial Instruments Directive (collectively, MiFID II). These include new extensive market structure reforms, such as the establishment of new trading venue categories for the purposes of discharging the obligation to trade OTC derivatives on a trading platform, enhanced pre- and post-trade transparency covering a wider range of financial instruments and a reform of the equities markets. Commodities trading firms will be required to calculate their positions and adhere to specific limits. Other reforms introduce enhanced transaction reporting, the publication of best execution data by investment firms and trading venues, investor protection-related and organizational requirements. Other requirements may affect the way investment managers can pay for the receipt of investment research. On February 10, 2016, the European Commission proposed delaying the effectiveness of MiFID II until January 2018.

The EU and national financial legislators and regulators have proposed or adopted numerous further market reforms that may impact our businesses, including heightened corporate governance standards for financial institutions and rules on indices that are used as benchmarks for financial instruments or funds. In addition, the European Commission, the European Securities Market Authority and the European Banking Authority have announced or are formulating regulatory standards and other measures which will impact our European operations. Certain of our subsidiaries are also regulated by the European securities, derivatives and commodities exchanges of which they are members.

The European Commission has published a proposal for a common system of financial transactions tax which would be implemented in certain EU member states willing to engage in enhanced cooperation in this area. The proposed financial transactions tax is broad in scope and would apply to transactions in a wide variety of financial instruments and derivatives. The European Commission has also published a draft proposal for structural reform of EU banks, which would prohibit certain banks from proprietary trading and would require separating certain trading activities from deposit-taking entities.

As described above, many of our subsidiaries are subject to regulatory capital requirements in jurisdictions throughout the world. Subsidiaries not subject to separate regulation may hold capital to satisfy local tax guidelines, rating agency requirements or internal policies, including policies concerning the minimum amount of capital a subsidiary should hold based upon its underlying risk.

Certain of our businesses are subject to laws and regulations enacted by U.S. federal and state governments, the EU or other jurisdictions and/or enacted by various regulatory organizations or exchanges relating to the privacy of the information of clients, employees or others, including the GLB Act, the EU Data Protection Directive, the Japanese Personal Information Protection Act, the Hong Kong Personal Data (Privacy) Ordinance, the Australian Privacy Act and the Brazilian Bank Secrecy Law.

Available Information

Our internet address is www.gs.com and the investor relations section of our web site is located at www.gs.com/shareholders. We make available free of charge through the investor relations section of our web site, annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934 (Exchange Act), as well as proxy statements, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

Also posted on our web site, and available in print upon request of any shareholder to our Investor Relations Department, are our certificate of incorporation and by-laws, charters for our Audit Committee, Risk Committee, Compensation Committee, Corporate Governance and Nominating Committee, and Public Responsibilities Committee, our Policy Regarding Director Independence Determinations, our Policy on Reporting of Concerns Regarding Accounting and Other Matters, our Corporate Governance Guidelines and our Code of Business Conduct and Ethics governing our directors, officers and employees. Within the time period required by the SEC, we will post on our web site any amendment to the Code of Business Conduct and Ethics and any waiver applicable to any executive officer, director or senior financial officer.

In addition, our web site includes information concerning:

- Purchases and sales of our equity securities by our executive officers and directors;
- Disclosure relating to certain non-GAAP financial measures (as defined in the SEC's Regulation G) that we may make public orally, telephonically, by webcast, by broadcast or by similar means from time to time;
- Dodd-Frank Act stress test results; and
- The firm's risk management practices and regulatory capital ratios, as required under the disclosure-related provisions of the Revised Capital Framework, which are based on the third pillar of Basel III.

Our Investor Relations Department can be contacted at The Goldman Sachs Group, Inc., 200 West Street, 29th Floor, New York, New York 10282, Attn: Investor Relations, telephone: 212-902-0300, e-mail: gs-investor-relations@gs.com.

From time to time, we use our website, our Twitter account (twitter.com/GoldmanSachs) and other social media channels as additional means of disclosing public information to investors, the media and others interested in Goldman Sachs. It is possible that certain information we post on our website and on social media could be deemed to be material information, and we encourage investors, the media and others interested in Goldman Sachs to review the business and financial information we post on our website and on the social media channels identified above. The information on our website and the firm's social media channels is not incorporated by reference into the 2015 Form 10-K.

Cautionary Statement Pursuant to the U.S. Private Securities Litigation Reform Act of 1995

We have included or incorporated by reference in the 2015 Form 10-K, and from time to time our management may make, statements that may constitute “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts, but instead represent only our beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside our control. These statements include statements other than historical information or statements of current condition and may relate to our future plans and objectives and results, among other things, and may also include statements about the effect of changes to the capital, leverage, liquidity, long-term debt and total loss-absorbing capacity rules applicable to banks and bank holding companies, the impact of the Dodd-Frank Act on our businesses and operations, and various legal proceedings or mortgage-related contingencies as set forth in Notes 27 and 18, respectively, to the consolidated financial statements in Part II, Item 8 of the 2015 Form 10-K, as well as statements about the results of our Dodd-Frank Act and firm stress tests, statements about the objectives and effectiveness of our business continuity plan, information security program, risk management and liquidity policies, statements about trends in or growth opportunities for our businesses, statements about our future status, activities or reporting under U.S. or non-U.S. banking and financial regulation, and statements about our investment banking transaction backlog. By identifying these statements for you in this manner, we are alerting you to the possibility that our actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Important factors that could cause our actual results and financial condition to differ from those indicated in the forward-looking statements include, among others, those described below and under “Risk Factors” in Part I, Item 1A of the 2015 Form 10-K.

Statements about the agreement in principle to resolve the RMBS Working Group investigation and its impact on the firm’s results of operations, financial condition and cash flows are based on the firm’s current expectations regarding the ultimate terms of the definitive settlement documentation. The agreement in principle is subject to the negotiation of definitive documentation, and there can be no assurance that the firm, the U.S. Department of Justice and the other applicable governmental authorities will agree on the definitive documentation. Accordingly, the effects of the definitive settlement, as well as the firm’s ability to negotiate definitive documentation for the settlement, may change materially from what is currently expected.

Statements about our investment banking transaction backlog are subject to the risk that the terms of these transactions may be modified or that they may not be completed at all; therefore, the net revenues, if any, that we actually earn from these transactions may differ, possibly materially, from those currently expected. Important factors that could result in a modification of the terms of a transaction or a transaction not being completed include, in the case of underwriting transactions, a decline or continued weakness in general economic conditions, outbreak of hostilities, volatility in the securities markets generally or an adverse development with respect to the issuer of the securities and, in the case of financial advisory transactions, a decline in the securities markets, an inability to obtain adequate financing, an adverse development with respect to a party to the transaction or a failure to obtain a required regulatory approval. For information about other important factors that could adversely affect our investment banking transactions, see “Risk Factors” in Part I, Item 1A of the 2015 Form 10-K.

We have provided in this filing information regarding the firm’s capital ratios, including the CET1 ratios under the Advanced and Standardized approaches on a fully phased-in basis, as well as the LCR and the supplementary leverage ratios for the firm and GS Bank USA. The statements with respect to these ratios are forward-looking statements, based on our current interpretation, expectations and understandings of the relevant regulatory rules and guidance, and reflect significant assumptions concerning the treatment of various assets and liabilities and the manner in which the ratios are calculated. As a result, the methods used to calculate these ratios may differ, possibly materially, from those used in calculating the firm’s capital, liquidity and leverage ratios for any future disclosures. The ultimate methods of calculating the ratios will depend on, among other things, implementation guidance or further rulemaking from the U.S. federal bank regulatory agencies and the development of market practices and standards.

Item 1A. Risk Factors

We face a variety of risks that are substantial and inherent in our businesses, including market, liquidity, credit, operational, legal, regulatory and reputational risks. The following are some of the more important factors that could affect our businesses.

Our businesses have been and may continue to be adversely affected by conditions in the global financial markets and economic conditions generally.

Our businesses, by their nature, do not produce predictable earnings, and all of our businesses are materially affected by conditions in the global financial markets and economic conditions generally, both directly and through their impact on client activity levels. These conditions can change suddenly and negatively.

Our financial performance is highly dependent on the environment in which our businesses operate. A favorable business environment is generally characterized by, among other factors, high global gross domestic product growth, regulatory and market conditions which result in transparent, liquid and efficient capital markets, low inflation, high business and investor confidence, stable geopolitical conditions, clear regulations and strong business earnings. Unfavorable or uncertain economic and market conditions can be caused by: concerns about sovereign defaults; uncertainty in U.S. federal fiscal or monetary policy, the U.S. federal debt ceiling and the continued funding of the U.S. government; the extent of and uncertainty about the timing and nature of regulatory reforms; declines in economic growth, business activity or investor or business confidence; limitations on the availability or increases in the cost of credit and capital; illiquid markets; increases in inflation, interest rates, exchange rate or basic commodity price volatility or default rates; outbreaks of hostilities or other geopolitical instability; corporate, political or other scandals that reduce investor confidence in capital markets; extreme weather events or other natural disasters or pandemics; or a combination of these or other factors.

In 2008 and through early 2009, the financial services industry and the securities markets generally were materially and adversely affected by significant declines in the values of nearly all asset classes and by a serious lack of liquidity. Since 2011, concerns about European sovereign debt risk and its impact on the European banking system, and about changes in interest rates and other market conditions or actual changes in interest rates and other market conditions, including market conditions in China, have resulted, at times, in significant volatility while negatively impacting the levels of client activity.

General uncertainty about economic, political and market activities, and the scope, timing and final implementation of regulatory reform, as well as weak consumer, investor and CEO confidence resulting in large part from such uncertainty, continues to negatively impact client activity, which adversely affects many of our businesses. Periods of low volatility and periods of high volatility combined with a lack of liquidity, have at times had an unfavorable impact on our market-making businesses.

Our revenues and profitability and those of our competitors have been and will continue to be impacted by requirements relating to capital, additional loss-absorbing capacity, leverage, minimum liquidity and long-term funding levels, requirements related to resolution and recovery planning, derivatives clearing and margin rules and levels of regulatory oversight, as well as limitations on whether and how certain business activities may be carried out by financial institutions. Although interest rates are at or near historically low levels, financial institution returns have also been negatively impacted by increased funding costs due in part to the withdrawal of perceived government support of such institutions in the event of future financial crises. In addition, liquidity in the financial markets has also been negatively impacted as market participants and market practices and structures adjust to new regulations.

The degree to which these and other changes resulting from the financial crisis will have a long-term impact on the profitability of financial institutions will depend on the final interpretation and implementation of new regulations, the manner in which markets, market participants and financial institutions adapt to the new landscape, and the prevailing economic and financial market conditions. However, there is a significant risk that such changes will, at least in the near term, continue to negatively impact the absolute level of revenues, profitability and return on equity at our firm and at other financial institutions.

Our businesses and those of our clients are subject to extensive and pervasive regulation around the world.

As a participant in the financial services industry and a systemically important financial institution, we are subject to extensive regulation in jurisdictions around the world. We face the risk of significant intervention by regulatory and taxing authorities in all jurisdictions in which we conduct our businesses. In many cases, our activities may be subject to overlapping and divergent regulation in different jurisdictions. Among other things, as a result of regulators or private parties challenging our compliance with existing laws and regulations, we could be fined, prohibited from engaging in some of our business activities, subject to limitations or conditions on our business activities or subjected to new or substantially higher taxes or other governmental charges in connection with the conduct of our businesses or with respect to our employees. Such limitations or conditions may negatively impact our profitability.

Separate and apart from the impact on the scope and profitability of our business activities, day-to-day compliance with existing laws and regulations, in particular those laws and regulations adopted since 2008, has involved and will continue to involve significant amounts of time, including that of our senior leaders and that of an increasing number of dedicated compliance and other reporting and operational personnel, all of which may negatively impact our profitability.

If there are new laws or regulations or changes in the enforcement of existing laws or regulations applicable to our businesses or those of our clients, including capital, liquidity, leverage, long-term debt, total loss-absorbing capacity and margin requirements, restrictions on leveraged lending or other business practices, reporting requirements, requirements relating to recovery and resolution planning, tax burdens and compensation restrictions, that are imposed on a limited subset of financial institutions (either based on size, activities, geography or other criteria), compliance with these new laws or regulations, or changes in the enforcement of existing laws or regulations, could adversely affect our ability to compete effectively with other institutions that are not affected in the same way. In addition, regulation imposed on financial institutions or market participants generally, such as taxes on financial transactions, could adversely impact levels of market activity more broadly, and thus impact our businesses.

These developments could impact our profitability in the affected jurisdictions, or even make it uneconomic for us to continue to conduct all or certain of our businesses in such jurisdictions, or could cause us to incur significant costs associated with changing our business practices, restructuring our businesses, moving all or certain of our businesses and our employees to other locations or complying with applicable capital requirements, including liquidating assets or raising capital in a manner that adversely increases our funding costs or otherwise adversely affects our shareholders and creditors.

U.S. and non-U.S. regulatory developments, in particular the Dodd-Frank Act and Basel III, have significantly altered the regulatory framework within which we operate and may adversely affect our competitive position and profitability.

Among the aspects of the Dodd-Frank Act that have affected or may in the future affect our businesses are: increased capital, liquidity and reporting requirements; limitations on activities in which we may engage; increased regulation of and restrictions on OTC derivatives markets and transactions; limitations on incentive compensation; limitations on affiliate transactions; requirements to reorganize or limit activities in connection with recovery and resolution planning; increased deposit insurance assessments; and increased standards of care for broker-dealers and investment advisers in dealing with clients. The implementation of higher capital requirements, the liquidity coverage ratio, the net stable funding ratio, requirements relating to long-term debt and total loss-absorbing capacity and the prohibition on proprietary trading and the sponsorship of, or investment in, covered funds by the Volcker Rule may adversely affect our profitability and competitive position, particularly if these requirements do not apply, or do not apply equally, to our competitors or are not implemented uniformly across jurisdictions.

As described under “Business — Regulation — Capital and Liquidity Requirements — Payment of Dividends and Stock Repurchases” in Part I, Item 1 of the 2015 Form 10-K, Group Inc.’s proposed capital actions and capital plan are reviewed by the Federal Reserve Board as part of the CCAR process. If the Federal Reserve Board objects to our proposed capital actions in our capital plan, Group Inc. could be prohibited from taking some or all of the proposed capital actions, including increasing or paying dividends on common or preferred stock or repurchasing common stock or other capital securities. Our inability to carry out our proposed capital actions could, among other things, prevent us from returning capital to our shareholders and impact our return on equity.

We are also subject to laws and regulations relating to the privacy of the information of clients, employees or others, and any failure to comply with these regulations could expose us to liability and/or reputational damage. In addition, our businesses are increasingly subject to laws and regulations relating to surveillance, encryption and data on-shoring in the jurisdictions in which we operate. Compliance with these laws and regulations may require us to change our policies, procedures and technology for information security, which could, among other things, make us more vulnerable to cyber attacks and misappropriation, corruption or loss of information or technology.

Increasingly, regulators and courts have sought to hold financial institutions liable for the misconduct of their clients where such regulators and courts have determined that the financial institution should have detected that the client was engaged in wrongdoing, even though the financial institution had no direct knowledge of the activities engaged in by its client. Regulators and courts have also increasingly found liability as a “control person” for activities of entities in which financial institutions or funds controlled by financial institutions have an investment, but which they do not actively manage. In addition, regulators and courts continue to seek to establish “fiduciary” obligations to counterparties to which no such duty had been assumed to exist. To the extent that such efforts are successful, the cost of, and liabilities associated with, engaging in brokerage, clearing, market-making, prime brokerage, investing and other similar activities could increase significantly. To the extent that we have fiduciary obligations in connection with acting as a financial adviser, investment adviser or in other roles for individual, institutional, sovereign or investment fund clients, any breach, or even an alleged breach, of such obligations could have materially negative legal, regulatory and reputational consequences.

For information about the extensive regulation to which our businesses are subject, see “Business — Regulation” in Part I, Item 1 of the 2015 Form 10-K.

Our businesses have been and may be adversely affected by declining asset values. This is particularly true for those businesses in which we have net “long” positions, receive fees based on the value of assets managed, or receive or post collateral.

Many of our businesses have net “long” positions in debt securities, loans, derivatives, mortgages, equities (including private equity and real estate) and most other asset classes. These include positions we take when we act as a principal to facilitate our clients’ activities, including our exchange-based market-making activities, or commit large amounts of capital to maintain positions in interest rate and credit products, as well as through our currencies, commodities, equities and mortgage-related activities. Because substantially all of these investing, lending and market-making positions are marked-to-market on a daily basis, declines in asset values directly and immediately impact our earnings, unless we have effectively “hedged” our exposures to such declines.

In certain circumstances (particularly in the case of credit products, including leveraged loans, and private equities or other securities that are not freely tradable or lack established and liquid trading markets), it may not be possible or economic to hedge such exposures and to the extent that we do so the hedge may be ineffective or may greatly reduce our ability to profit from increases in the values of the assets. Sudden declines and significant volatility in the prices of assets may substantially curtail or eliminate the trading markets for certain assets, which may make it difficult to sell, hedge or value such assets. The inability to sell or effectively hedge assets reduces our ability to limit losses in such positions and the difficulty in valuing assets may negatively affect our capital, liquidity or leverage ratios, increase our funding costs and generally require us to maintain additional capital.

In our exchange-based market-making activities, we are obligated by stock exchange rules to maintain an orderly market, including by purchasing securities in a declining market. In markets where asset values are declining and in volatile markets, this results in losses and an increased need for liquidity.

We receive asset-based management fees based on the value of our clients' portfolios or investment in funds managed by us and, in some cases, we also receive incentive fees based on increases in the value of such investments. Declines in asset values reduce the value of our clients' portfolios or fund assets, which in turn reduce the fees we earn for managing such assets.

We post collateral to support our obligations and receive collateral to support the obligations of our clients and counterparties in connection with our client execution businesses. When the value of the assets posted as collateral or the credit ratings of the party posting collateral decline, the party posting the collateral may need to provide additional collateral or, if possible, reduce its trading position. A classic example of such a situation is a "margin call" in connection with a brokerage account. Therefore, declines in the value of asset classes used as collateral mean that either the cost of funding positions is increased or the size of positions is decreased. If we are the party providing collateral, this can increase our costs and reduce our profitability and if we are the party receiving collateral, this can also reduce our profitability by reducing the level of business done with our clients and counterparties. In addition, volatile or less liquid markets increase the difficulty of valuing assets which can lead to costly and time-consuming disputes over asset values and the level of required collateral, as well as increased credit risk to the recipient of the collateral due to delays in receiving adequate collateral.

Our businesses have been and may be adversely affected by disruptions in the credit markets, including reduced access to credit and higher costs of obtaining credit.

Widening credit spreads, as well as significant declines in the availability of credit, have in the past adversely affected our ability to borrow on a secured and unsecured basis and may do so in the future. We fund ourselves on an unsecured basis by issuing long-term debt, by accepting deposits at our bank subsidiaries, by issuing hybrid financial instruments, or by obtaining bank loans or lines of credit. We seek to finance many of our assets on a secured basis. Any disruptions in the credit markets may make it harder and more expensive to obtain funding for our businesses. If our available funding is limited or we are forced to fund our operations at a higher cost, these conditions may require us to curtail our business activities and increase our cost of funding, both of which could reduce our profitability, particularly in our businesses that involve investing, lending and market making.

Our clients engaging in mergers and acquisitions often rely on access to the secured and unsecured credit markets to finance their transactions. A lack of available credit or an increased cost of credit can adversely affect the size, volume and timing of our clients' merger and acquisition transactions — particularly large transactions — and adversely affect our financial advisory and underwriting businesses.

Our credit businesses have been and may in the future be negatively affected by a lack of liquidity in credit markets. A lack of liquidity reduces price transparency, increases price volatility and decreases transaction volumes and size, all of which can increase transaction risk or decrease the profitability of such businesses.

To the extent that the final rules related to TLAC require us to issue material amounts of additional qualified loss-absorbing debt or to refinance material amounts of our existing debt, such requirements, at least in the near term, could increase our borrowing costs, perhaps materially, and negatively impact the debt capital markets. See "Business — Regulation — Banking Supervision and Regulation — Total Loss-Absorbing Capacity" in Part I, Item 1 of the 2015 Form 10-K for more information about the Federal Reserve Board's proposed rules on loss-absorbency requirements.

Our market-making activities have been and may be affected by changes in the levels of market volatility.

Certain of our market-making activities depend on market volatility to provide trading and arbitrage opportunities to our clients, and decreases in volatility may reduce these opportunities and adversely affect the results of these activities. On the other hand, increased volatility, while it can increase trading volumes and spreads, also increases risk as measured by Value-at-Risk (VaR) and may expose us to increased risks in connection with our market-making activities or cause us to reduce our market-making positions in order to avoid increasing our VaR. Limiting the size of our market-making positions can adversely affect our profitability. In periods when volatility is increasing, but asset values are declining significantly, it may not be possible to sell assets at all or it may only be possible to do so at steep discounts. In such circumstances we may be forced to either take on additional risk or to realize losses in order to decrease our VaR. In addition, increases in volatility increase the level of our RWAs, which increases our capital requirements.

Our investment banking, client execution and investment management businesses have been adversely affected and may in the future be adversely affected by market uncertainty or lack of confidence among investors and CEOs due to general declines in economic activity and other unfavorable economic, geopolitical or market conditions.

Our investment banking business has been and may continue to be adversely affected by market conditions. Poor economic conditions and other adverse geopolitical conditions can adversely affect and have in the past adversely affected investor and CEO confidence, resulting in significant industry-wide declines in the size and number of underwritings and of financial advisory transactions, which could have an adverse effect on our revenues and our profit margins. In particular, because a significant portion of our investment banking revenues is derived from our participation in large transactions, a decline in the number of large transactions would adversely affect our investment banking business.

In certain circumstances, market uncertainty or general declines in market or economic activity may affect our client execution businesses by decreasing levels of overall activity or by decreasing volatility, but at other times market uncertainty and even declining economic activity may result in higher trading volumes or higher spreads or both.

Market uncertainty, volatility and adverse economic conditions, as well as declines in asset values, may cause our clients to transfer their assets out of our funds or other products or their brokerage accounts and result in reduced net revenues, principally in our investment management business. To the extent that clients do not withdraw their funds, they may invest them in products that generate less fee income.

Our investment management business may be affected by the poor investment performance of our investment products.

Poor investment returns in our investment management business, due to either general market conditions or underperformance (relative to our competitors or to benchmarks) by funds or accounts that we manage or investment products that we design or sell, affects our ability to retain existing assets and to attract new clients or additional assets from existing clients. This could affect the management and incentive fees that we earn on assets under supervision or the commissions and net spreads that we earn for selling other investment products, such as structured notes or derivatives.

We may incur losses as a result of ineffective risk management processes and strategies.

We seek to monitor and control our risk exposure through a risk and control framework encompassing a variety of separate but complementary financial, credit, operational, compliance and legal reporting systems, internal controls, management review processes and other mechanisms. Our risk management process seeks to balance our ability to profit from market-making, investing or lending positions with our exposure to potential losses. While we employ a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. Thus, we may, in the course of our activities, incur losses. Market conditions in recent years have involved unprecedented dislocations and highlight the limitations inherent in using historical data to manage risk.

The models that we use to assess and control our risk exposures reflect assumptions about the degrees of correlation or lack thereof among prices of various asset classes or other market indicators. In times of market stress or other unforeseen circumstances, such as occurred during 2008 and early 2009, and to some extent since 2011, previously uncorrelated indicators may become correlated, or conversely previously correlated indicators may move in different directions. These types of market movements have at times limited the effectiveness of our hedging strategies and have caused us to incur significant losses, and they may do so in the future. These changes in correlation can be exacerbated where other market participants are using risk or trading models with assumptions or algorithms that are similar to ours. In these and other cases, it may be difficult to reduce our risk positions due to the activity of other market participants or widespread market dislocations, including circumstances where asset values are declining significantly or no market exists for certain assets.

To the extent that we have positions through our market-making or origination activities or we make investments directly through our investing activities, including private equity, that do not have an established liquid trading market or are otherwise subject to restrictions on sale or hedging, we may not be able to reduce our positions and therefore reduce our risk associated with such positions. In addition, to the extent permitted by applicable law and regulation, we invest our own capital in private equity, credit, real estate and hedge funds that we manage and limitations on our ability to withdraw some or all of our investments in these funds, whether for legal, reputational or other reasons, may make it more difficult for us to control the risk exposures relating to these investments. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Regulatory Developments — Volcker Rule” in Part II, Item 7 of the 2015 Form 10-K for information about our plans to reduce our interests in covered funds in order to comply with the Volcker Rule.

Prudent risk management, as well as regulatory restrictions, may cause us to limit our exposure to counterparties, geographic areas or markets, which may limit our business opportunities and increase the cost of our funding or hedging activities.

For further information about our risk management policies and procedures, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risk Management” in Part II, Item 7 of the 2015 Form 10-K.

Our liquidity, profitability and businesses may be adversely affected by an inability to access the debt capital markets or to sell assets or by a reduction in our credit ratings or by an increase in our credit spreads.

Liquidity is essential to our businesses. Our liquidity may be impaired by an inability to access secured and/or unsecured debt markets, an inability to access funds from our subsidiaries or otherwise allocate liquidity optimally across our firm, an inability to sell assets or redeem our investments, or unforeseen outflows of cash or collateral. This situation may arise due to circumstances that we may be unable to control, such as a general market disruption or an operational problem that affects third parties or us, or even by the perception among market participants that we, or other market participants, are experiencing greater liquidity risk.

We employ structured products to benefit our clients and hedge our own risks. The financial instruments that we hold and the contracts to which we are a party are often complex, and these complex structured products often do not have readily available markets to access in times of liquidity stress. Our investing and lending activities may lead to situations where the holdings from these activities represent a significant portion of specific markets, which could restrict liquidity for our positions.

Further, our ability to sell assets may be impaired if other market participants are seeking to sell similar assets at the same time, as is likely to occur in a liquidity or other market crisis or in response to changes to rules or regulations. In addition, financial institutions with which we interact may exercise set-off rights or the right to require additional collateral, including in difficult market conditions, which could further impair our access to liquidity.

Our credit ratings are important to our liquidity. A reduction in our credit ratings could adversely affect our liquidity and competitive position, increase our borrowing costs, limit our access to the capital markets or trigger our obligations under certain provisions in some of our trading and collateralized financing contracts. Under these provisions, counterparties could be permitted to terminate contracts with us or require us to post additional collateral. Termination of our trading and collateralized financing contracts could cause us to sustain losses and impair our liquidity by requiring us to find other sources of financing or to make significant cash payments or securities movements. As of December 2015, in the event of a one-notch and two-notch downgrade of our credit ratings our counterparties could have called for additional collateral or termination payments related to our net derivative liabilities under bilateral agreements in an aggregate amount of \$1.06 billion and \$2.69 billion, respectively. A downgrade by any one rating agency, depending on the agency’s relative ratings of the firm at the time of the downgrade, may have an impact which is comparable to the impact of a downgrade by all rating agencies. For further information about our credit ratings, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risk Management — Liquidity Risk Management — Credit Ratings” in Part II, Item 7 of the 2015 Form 10-K.

Our cost of obtaining long-term unsecured funding is directly related to our credit spreads (the amount in excess of the interest rate of U.S. Treasury securities (or other benchmark securities) of the same maturity that we need to pay to our debt investors). Increases in our credit spreads can significantly increase our cost of this funding. Changes in credit spreads are continuous, market-driven, and subject at times to unpredictable and highly volatile movements. Our credit spreads are also influenced by market perceptions of our creditworthiness. In addition, our credit spreads may be influenced by movements in the costs to purchasers of credit default swaps referenced to our long-term debt. The market for credit default swaps has proven to be extremely volatile and at times has lacked a high degree of transparency or liquidity.

Regulatory changes relating to liquidity may also negatively impact our results of operations and competitive position. Recently, numerous regulations have been adopted or proposed, and additional regulations are under consideration, to introduce more stringent liquidity requirements for large financial institutions. These regulations and others being considered address, among other matters, liquidity stress testing, minimum liquidity requirements, wholesale funding, limitations on the issuance of short-term debt and structured notes and prohibitions on parent guarantees that are subject to cross-defaults. These may overlap with, and be impacted by, other regulatory changes, including new guidance on the treatment of brokered deposits and the capital, leverage and resolution and recovery frameworks applicable to large financial institutions, as well as proposals relating to minimum long-term debt requirements and TLAC, including limitations on the terms of eligible debt securities qualifying as TLAC or as eligible long-term debt – limiting events of default, excluding structured notes and restrictions on non-U.S. governing law. Given the overlap and complex interactions among these new and prospective regulations, they may have unintended cumulative effects, and their full impact will remain uncertain until implementation of post-financial crisis regulatory reform is complete.

A failure to appropriately identify and address potential conflicts of interest could adversely affect our businesses.

Due to the broad scope of our businesses and our client base, we regularly address potential conflicts of interest, including situations where our services to a particular client or our own investments or other interests conflict, or are perceived to conflict, with the interests of another client, as well as situations where one or more of our businesses have access to material non-public information that may not be shared with other businesses within the firm and situations where we may be a creditor of an entity with which we also have an advisory or other relationship.

In addition, our status as a bank holding company subjects us to heightened regulation and increased regulatory scrutiny by the Federal Reserve Board with respect to transactions between GS Bank USA and entities that are or could be viewed as affiliates of ours and, under the Volcker Rule, transactions between Goldman Sachs and certain covered funds.

We have extensive procedures and controls that are designed to identify and address conflicts of interest, including those designed to prevent the improper sharing of information among our businesses. However, appropriately identifying and dealing with conflicts of interest is complex and difficult, and our reputation, which is one of our most important assets, could be damaged and the willingness of clients to enter into transactions with us may be affected if we fail, or appear to fail, to identify, disclose and deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to litigation or regulatory enforcement actions.

A failure in our operational systems or infrastructure, or those of third parties, as well as human error, could impair our liquidity, disrupt our businesses, result in the disclosure of confidential information, damage our reputation and cause losses.

Our businesses are highly dependent on our ability to process and monitor, on a daily basis, a large number of transactions, many of which are highly complex and occur at high volumes and frequencies, across numerous and diverse markets in many currencies. These transactions, as well as the information technology services we provide to clients, often must adhere to client-specific guidelines, as well as legal and regulatory standards.

Many rules and regulations worldwide govern our obligations to report transactions to regulators, exchanges and investors. Compliance with these legal and reporting requirements can be challenging, and the firm and other financial institutions have been subject to regulatory fines and penalties for failing to report timely, accurate and complete information. As reporting requirements expand, compliance with these rules and regulations has become more challenging.

As our client base, and our geographical reach expands, and the volume, speed, frequency and complexity of transactions, especially electronic transactions (as well as the requirements to report such transactions on a real-time basis to clients, regulators and exchanges) increases, developing and maintaining our operational systems and infrastructure becomes more challenging, and the risk of systems or human error in connection with such transactions increases, as well as the potential consequences of such errors due to the speed and volume of transactions involved and the potential difficulty associated with discovering such errors quickly enough to limit the resulting consequences.

Our financial, accounting, data processing or other operational systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, such as a spike in transaction volume, adversely affecting our ability to process these transactions or provide these services. We must continuously update these systems to support our operations and growth and to respond to changes in regulations and markets, and invest heavily in systemic controls and training to ensure that such transactions do not violate applicable rules and regulations or, due to errors in processing such transactions, adversely affect markets, our clients and counterparties or the firm.

Systems enhancements and updates, as well as the requisite training, including in connection with the integration of new businesses, entail significant costs and create risks associated with implementing new systems and integrating them with existing ones.

Notwithstanding the proliferation of technology and technology-based risk and control systems, our businesses ultimately rely on human beings as our greatest resource, and, from time-to-time, they make mistakes that are not always caught immediately by our technological processes or by our other procedures which are intended to prevent and detect such errors. These can include calculation errors, mistakes in addressing emails, errors in software development or implementation, or simple errors in judgment. We strive to eliminate such human errors through training, supervision, technology and by redundant processes and controls. Human errors, even if promptly discovered and remediated, can result in material losses and liabilities for the firm.

In addition, we face the risk of operational failure, termination or capacity constraints of any of the clearing agents, exchanges, clearing houses or other financial intermediaries we use to facilitate our securities and derivatives transactions, and as our interconnectivity with our clients grows, we increasingly face the risk of operational failure with respect to our clients' systems.

In recent years, there has been significant consolidation among clearing agents, exchanges and clearing houses and an increasing number of derivative transactions are now or in the near future will be cleared on exchanges, which has increased our exposure to operational failure, termination or capacity constraints of the particular financial intermediaries that we use and could affect our ability to find adequate and cost-effective alternatives in the event of any such failure, termination or constraint. Industry consolidation, whether among market participants or financial intermediaries, increases the risk of operational failure as disparate complex systems need to be integrated, often on an accelerated basis.

Furthermore, the interconnectivity of multiple financial institutions with central agents, exchanges and clearing houses, and the increased centrality of these entities, increases the risk that an operational failure at one institution or entity may cause an industry-wide operational failure that could materially impact our ability to conduct business. Any such failure, termination or constraint could adversely affect our ability to effect transactions, service our clients, manage our exposure to risk or expand our businesses or result in financial loss or liability to our clients, impairment of our liquidity, disruption of our businesses, regulatory intervention or reputational damage.

Despite the resiliency plans and facilities we have in place, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the communities in which we are located. This may include a disruption involving electrical, satellite, undersea cable or other communications, internet, transportation or other services facilities used by us or third parties with which we conduct business, including cloud service providers. These disruptions may occur as a result of events that affect only our buildings or systems or those of such third parties, or as a result of events with a broader impact globally, regionally or in the cities where those buildings or systems are located, including, but not limited to, natural disasters, war, civil unrest, terrorism, economic or political developments, pandemics and weather events.

Nearly all of our employees in our primary locations, including the New York metropolitan area, London, Bengaluru, Hong Kong, Tokyo and Salt Lake City, work in close proximity to one another, in one or more buildings. Notwithstanding our efforts to maintain business continuity, given that our headquarters and the largest concentration of our employees are in the New York metropolitan area, and our two principal office buildings in the New York area both are located on the waterfront of the Hudson River, depending on the intensity and longevity of the event, a catastrophic event impacting our New York metropolitan area offices, including a terrorist attack, extreme weather event or other hostile or catastrophic event, could negatively affect our business. If a disruption occurs in one location and our employees in that location are unable to occupy our offices or communicate with or travel to other locations, our ability to service and interact with our clients may suffer, and we may not be able to successfully implement contingency plans that depend on communication or travel.

A failure to protect our computer systems, networks and information, and our clients' information, against cyber attacks and similar threats could impair our ability to conduct our businesses, result in the disclosure, theft or destruction of confidential information, damage our reputation and cause losses.

Our operations rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. There have been several highly publicized cases involving financial services and consumer-based companies reporting the unauthorized disclosure of client or customer information in recent years, as well as cyber attacks involving the dissemination, theft and destruction of corporate information or other assets, as a result of failure to follow procedures by employees or contractors or as a result of actions by third parties, including actions by foreign governments.

We are regularly the target of attempted cyber attacks, including denial-of-service attacks, and must continuously monitor and develop our systems to protect our technology infrastructure and data from misappropriation or corruption. In addition, due to our interconnectivity with third-party vendors, central agents, exchanges, clearing houses and other financial institutions, we could be adversely impacted if any of them is subject to a successful cyber attack or other information security event.

Despite our efforts to ensure the integrity of our systems and information, we may not be able to anticipate, detect or implement effective preventive measures against all cyber threats, especially because the techniques used are increasingly sophisticated, change frequently and are often not recognized until launched. Cyber attacks can originate from a variety of sources, including third parties who are affiliated with foreign governments or are involved with organized crime or terrorist organizations. Third parties may also attempt to place individuals within the firm or induce employees, clients or other users of our systems to disclose sensitive information or provide access to our data or that of our clients, and these types of risks may be difficult to detect or prevent.

Although we take protective measures and endeavor to modify them as circumstances warrant, our computer systems, software and networks may be vulnerable to unauthorized access, misuse, computer viruses or other malicious code and other events that could have a security impact. If one or more of such events occur, this potentially could jeopardize our or our clients' or counterparties' confidential and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our, our clients', our counterparties' or third parties' operations, which could impact their ability to transact with us or otherwise result in significant losses or reputational damage.

The increased use of mobile and cloud technologies can heighten these and other operational risks. We expect to expend significant additional resources on an ongoing basis to modify our protective measures and to investigate and remediate vulnerabilities or other exposures, but these measures may be ineffective and we may be subject to litigation and financial losses that are either not insured against or not fully covered through any insurance maintained by us. Certain aspects of the security of such technologies are unpredictable or beyond our control, and the failure by mobile technology and cloud service providers to adequately safeguard their systems and prevent cyber attacks could disrupt our operations and result in misappropriation, corruption or loss of confidential and other information. In addition, there is a risk that encryption and other protective measures, despite their sophistication, may be defeated, particularly to the extent that new computing technologies vastly increase the speed and computing power available.

We routinely transmit and receive personal, confidential and proprietary information by email and other electronic means. We have discussed and worked with clients, vendors, service providers, counterparties and other third parties to develop secure transmission capabilities and protect against cyber attacks, but we do not have, and may be unable to put in place, secure capabilities with all of our clients, vendors, service providers, counterparties and other third parties and we may not be able to ensure that these third parties have appropriate controls in place to protect the confidentiality of the information. An interception, misuse or mishandling of personal, confidential or proprietary information being sent to or received from a client, vendor, service provider, counterparty or other third party could result in legal liability, regulatory action and reputational harm.

Group Inc. is a holding company and is dependent for liquidity on payments from its subsidiaries, many of which are subject to restrictions.

Group Inc. is a holding company and, therefore, depends on dividends, distributions and other payments from its subsidiaries to fund dividend payments and to fund all payments on its obligations, including debt obligations. Many of our subsidiaries, including our broker-dealer and bank subsidiaries, are subject to laws that restrict dividend payments or authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to Group Inc.

In addition, our broker-dealer and bank subsidiaries are subject to restrictions on their ability to lend or transact with affiliates and to minimum regulatory capital and other requirements, as well as restrictions on their ability to use funds deposited with them in brokerage or bank accounts to fund their businesses. Additional restrictions on related-party transactions, increased capital and liquidity requirements and additional limitations on the use of funds on deposit in bank or brokerage accounts, as well as lower earnings, can reduce the amount of funds available to meet the obligations of Group Inc., including under the Federal Reserve Board's source of strength policy, and even require Group Inc. to provide additional funding to such subsidiaries. Restrictions or regulatory action of that kind could impede access to funds that Group Inc. needs to make payments on its obligations, including debt obligations, or dividend payments. In addition, Group Inc.'s right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors.

There has been a trend towards increased regulation and supervision of our subsidiaries by the governments and regulators in the countries in which those subsidiaries are located or do business. Concerns about protecting clients and creditors of financial institutions that are controlled by persons or entities located outside of the country in which such entities are located or do business have caused or may cause a number of governments and regulators to take additional steps to “ring fence” or maintain internal total loss-absorbing capacity at such entities in order to protect clients and creditors of such entities in the event of financial difficulties involving such entities. The result has been and may continue to be additional limitations on our ability to efficiently move capital and liquidity among our affiliated entities, thereby increasing the overall level of capital and liquidity required by the firm on a consolidated basis.

Furthermore, Group Inc. has guaranteed the payment obligations of certain of its subsidiaries, including GS&Co., GS Bank USA and GSEC subject to certain exceptions. In addition, Group Inc. guarantees many of the obligations of its other consolidated subsidiaries on a transaction-by-transaction basis, as negotiated with counterparties. These guarantees may require Group Inc. to provide substantial funds or assets to its subsidiaries or their creditors or counterparties at a time when Group Inc. is in need of liquidity to fund its own obligations.

The requirements for Group Inc. and GS Bank USA to develop and submit recovery and resolution plans to regulators, and the incorporation of feedback received from regulators, may require us to increase capital or liquidity levels or issue additional long-term debt at Group Inc. or particular subsidiaries or otherwise incur additional or duplicative operational or other costs at multiple entities, and may reduce our ability to provide Group Inc. guarantees of the obligations of our subsidiaries or raise debt at Group Inc. Resolution planning may also impair our ability to structure our intercompany and external activities in a manner that we may otherwise deem most operationally efficient. Furthermore, we may incur additional taxes. Any such limitations or requirements would be in addition to the legal and regulatory restrictions described above on our ability to engage in capital actions or make intercompany dividends or payments.

See “Business — Regulation” in Part I, Item 1 of the 2015 Form 10-K for further information about regulatory restrictions.

The application of regulatory strategies and requirements in the United States and non-U.S. jurisdictions to facilitate the orderly resolution of large financial institutions could create greater risk of loss for Group Inc.’s security holders.

As described under “Business — Regulation — Insolvency of an Insured Depository Institution or a Bank Holding Company,” if the FDIC is appointed as receiver under the orderly liquidation authority, the rights of Group Inc.’s creditors would be determined under the orderly liquidation authority, and substantial differences exist in the rights of creditors between the orderly liquidation authority and the U.S. Bankruptcy Code, including the right of the FDIC under the orderly liquidation authority to disregard the strict priority of creditor claims in some circumstances, which could have a material adverse effect on debt holders.

The FDIC has announced that a single point of entry strategy may be a desirable strategy under the orderly liquidation authority to resolve a large financial institution such as Group Inc. in a manner that would, among other things, impose losses on shareholders, debt holders (including, in our case, holders of our debt securities) and other creditors of the top-tier holding company (in our case, Group Inc.), while the holding company's subsidiaries may continue to operate. It is possible that the application of the single point of entry strategy, in which Group Inc. would be the only legal entity to enter resolution proceedings, could result in greater losses to Group Inc.'s security holders (including holders of our fixed rate, floating rate and indexed debt securities), than the losses that could result from the application of a bankruptcy proceeding or a different resolution strategy for Group Inc. Assuming Group Inc. entered resolution proceedings and that support from Group Inc. to its subsidiaries was sufficient to enable the subsidiaries to remain solvent, losses at the subsidiary level would be transferred to Group Inc. and ultimately borne by Group Inc.'s security holders, third-party creditors of Group Inc.'s subsidiaries would receive full recoveries on their claims, and Group Inc.'s security holders (including our shareholders, holders of our debt securities and other unsecured creditors) could face significant losses.

The orderly liquidation authority also provides the FDIC with authority to cause creditors and shareholders of the financial company such as Group Inc. in receivership to bear losses before taxpayers are exposed to such losses, and amounts owed to the U.S. government would generally receive a statutory payment priority over the claims of private creditors, including senior creditors. In addition, under the orderly liquidation authority, claims of creditors (including holders of our debt securities) could be satisfied through the issuance of equity or other securities in a bridge entity to which Group Inc.'s assets are transferred. If such a securities-for-claims exchange were implemented, there can be no assurance that the value of the securities of the bridge entity would be sufficient to repay or satisfy all or any part of the creditor claims for which the securities were exchanged. While the FDIC has issued regulations to implement the orderly liquidation authority, not all aspects of how the FDIC might exercise this authority are known and additional rulemaking is likely.

The ultimate impact of the recently proposed rules requiring U.S. G-SIBs to maintain minimum amounts of long-term debt meeting specified eligibility requirements is uncertain.

On October 30, 2015, the Federal Reserve Board released for comment proposed rules (the TLAC Rules) that would require the eight U.S. G-SIBs, including Group Inc., among other things, to maintain minimum amounts of long-term debt (i.e., debt having a maturity greater than one year from issuance (LTD)) satisfying certain eligibility criteria commencing January 1, 2019. As proposed, the TLAC Rules would disqualify from eligible LTD, among other instruments, senior debt securities that permit acceleration for reasons other than insolvency or payment default, as well as debt securities defined as structured notes in the TLAC Rules (e.g., many of our indexed debt securities) and debt securities not governed by U.S. law. The currently outstanding senior LTD of U.S. G-SIBs, including Group Inc., typically permits acceleration for reasons other than insolvency or payment default and, as a result, neither such outstanding senior LTD nor any subsequently issued senior LTD with similar terms, would qualify as eligible LTD under the proposed rules. The Federal Reserve Board has requested comment on whether currently outstanding instruments should be allowed to count as eligible LTD “despite containing features that would be prohibited under the proposal.” The U.S. G-SIBs, including Group Inc., may need to take steps to come into compliance with the final TLAC Rules depending in substantial part on the ultimate eligibility requirements for senior LTD and any grandfathering provisions. Non-U.S. regulators are considering similar requirements. See “Business — Regulation — Banking Supervision and Regulation — Total Loss-Absorbing Capacity” in Part I, Item 1 of the 2015 Form 10-K for more information about the Federal Reserve Board's proposed rules on loss-absorbency requirements.

In addition, certain jurisdictions, including the United Kingdom and the EU, have implemented, or are considering, changes to resolution regimes to provide resolution authorities with the ability to recapitalize a failing entity by writing down its unsecured debt or converting its unsecured debt into equity. Such “bail-in” powers are intended to enable the recapitalization of a failing institution by allocating losses to its shareholders and unsecured debt holders. U.S. and non-U.S. regulators are also considering requirements that certain subsidiaries of large financial institutions maintain minimum amounts of total loss-absorbing capacity that would pass losses up from the subsidiaries to the top-tier holding company and, ultimately, to security holders of the top-tier holding company in the event of failure.

The application of Group Inc.'s proposed resolution strategy could result in greater losses for Group Inc.'s security holders, and failure to address shortcomings in our resolution plan could subject us to increased regulatory requirements.

In our resolution plan, Group Inc. would be resolved under the U.S. Bankruptcy Code. The strategy described in our resolution plan is a variant of the single point of entry strategy: Group Inc. would recapitalize and provide liquidity to certain major subsidiaries, including through the forgiveness of intercompany indebtedness, the extension of the maturities of intercompany indebtedness and the extension of additional intercompany loans. If this strategy were successful, creditors of some or all of Group Inc.'s major subsidiaries would receive full recoveries on their claims, while Group Inc.'s security holders could face significant losses. If this strategy were not successful, Group Inc.'s financial condition would be adversely impacted and Group Inc.'s security holders, including debt holders, may as a consequence be in a worse position than if the strategy had not been implemented. In all cases, any payments to debt holders are dependent on our ability to make such payments and are therefore subject to our credit risk.

In August 2014, the Federal Reserve Board and the FDIC indicated that Group Inc., along with other large industry participants, had certain shortcomings in the 2013 resolution plans that were required to have been addressed in the 2015 resolution plans. If it is determined that Group Inc. did not effectively address these shortcomings, the Federal Reserve Board and the FDIC could, after any permitted resubmission, find our resolution plan not credible and require us to hold more capital, change our business structure or dispose of businesses, which could have a negative impact on our ability to return capital to shareholders, financial condition, results of operations or competitive position.

Our businesses, profitability and liquidity may be adversely affected by deterioration in the credit quality of, or defaults by, third parties who owe us money, securities or other assets or whose securities or obligations we hold.

We are exposed to the risk that third parties that owe us money, securities or other assets will not perform their obligations. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons. A failure of a significant market participant, or even concerns about a default by such an institution, could lead to significant liquidity problems, losses or defaults by other institutions, which in turn could adversely affect us.

We are also subject to the risk that our rights against third parties may not be enforceable in all circumstances. In addition, deterioration in the credit quality of third parties whose securities or obligations we hold, including a deterioration in the value of collateral posted by third parties to secure their obligations to us under derivatives contracts and loan agreements, could result in losses and/or adversely affect our ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes.

A significant downgrade in the credit ratings of our counterparties could also have a negative impact on our results. While in many cases we are permitted to require additional collateral from counterparties that experience financial difficulty, disputes may arise as to the amount of collateral we are entitled to receive and the value of pledged assets. The termination of contracts and the foreclosure on collateral may subject us to claims for the improper exercise of our rights. Default rates, downgrades and disputes with counterparties as to the valuation of collateral increase significantly in times of market stress and illiquidity.

As part of our clearing and prime brokerage activities, we finance our clients' positions, and we could be held responsible for the defaults or misconduct of our clients. Although we regularly review credit exposures to specific clients and counterparties and to specific industries, countries and regions that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to detect or foresee.

Concentration of risk increases the potential for significant losses in our market-making, underwriting, investing and lending activities.

Concentration of risk increases the potential for significant losses in our market-making, underwriting, investing and lending activities. The number and size of such transactions may affect our results of operations in a given period. Moreover, because of concentration of risk, we may suffer losses even when economic and market conditions are generally favorable for our competitors. Disruptions in the credit markets can make it difficult to hedge these credit exposures effectively or economically. In addition, we extend large commitments as part of our credit origination activities.

Rules adopted under the Dodd-Frank Act require issuers of asset-backed securities and any person who organizes and initiates an asset-backed securities transaction to retain economic exposure to the asset, which is likely to significantly increase the cost to us of engaging in securitization activities. Our inability to reduce our credit risk by selling, syndicating or securitizing these positions, including during periods of market stress, could negatively affect our results of operations due to a decrease in the fair value of the positions, including due to the insolvency or bankruptcy of the borrower, as well as the loss of revenues associated with selling such securities or loans.

In the ordinary course of business, we may be subject to a concentration of credit risk to a particular counterparty, borrower, issuer, including sovereign issuers, or geographic area or group of related countries, such as the EU, and a failure or downgrade of, or default by, such entity could negatively impact our businesses, perhaps materially, and the systems by which we set limits and monitor the level of our credit exposure to individual entities, industries and countries may not function as we have anticipated. While our activities expose us to many different industries, counterparties and countries, we routinely execute a high volume of transactions with counterparties engaged in financial services activities, including brokers and dealers, commercial banks, clearing houses, exchanges and investment funds. This has resulted in significant credit concentration with respect to these counterparties. Provisions of the Dodd-Frank Act have led to increased centralization of trading activity through particular clearing houses, central agents or exchanges, which has significantly increased our concentration of risk with respect to these entities.

The financial services industry is both highly competitive and interrelated.

The financial services industry and all of our businesses are intensely competitive, and we expect them to remain so. We compete on the basis of a number of factors, including transaction execution, our products and services, innovation, reputation, creditworthiness and price. There has been substantial consolidation and convergence among companies in the financial services industry. This consolidation and convergence has hastened the globalization of the securities and other financial services markets.

As a result, we have had to commit capital to support our international operations and to execute large global transactions. To the extent we expand into new business areas and new geographic regions, we will face competitors with more experience and more established relationships with clients, regulators and industry participants in the relevant market, which could adversely affect our ability to expand. Governments and regulators have recently adopted regulations, imposed taxes, adopted compensation restrictions or otherwise put forward various proposals that have or may impact our ability to conduct certain of our businesses in a cost-effective manner or at all in certain or all jurisdictions, including proposals relating to restrictions on the type of activities in which financial institutions are permitted to engage. These or other similar rules, many of which do not apply to all our U.S. or non-U.S. competitors, could impact our ability to compete effectively.

Pricing and other competitive pressures in our businesses have continued to increase, particularly in situations where some of our competitors may seek to increase market share by reducing prices. For example, in connection with investment banking and other assignments, we have experienced pressure to extend and price credit at levels that may not always fully compensate us for the risks we take.

The financial services industry is highly interrelated in that a significant volume of transactions occur among a limited number of members of that industry. Many transactions are syndicated to other financial institutions and financial institutions are often counterparties in transactions. This has led to claims by other market participants and regulators that such institutions have colluded in order to manipulate markets or market prices, including allegations that antitrust laws have been violated. While we have extensive procedures and controls that are designed to identify and prevent such activities, allegations of such activities, particularly by regulators, can have a negative reputational impact and can subject us to large fines and settlements, and potentially significant penalties, including treble damages.

We face enhanced risks as new business initiatives lead us to transact with a broader array of clients and counterparties and expose us to new asset classes and new markets.

A number of our recent and planned business initiatives and expansions of existing businesses may bring us into contact, directly or indirectly, with individuals and entities that are not within our traditional client and counterparty base and expose us to new asset classes and new markets. For example, we continue to transact business and invest in new regions, including a wide range of emerging and growth markets. Furthermore, in a number of our businesses, including where we make markets, invest and lend, we directly or indirectly own interests in, or otherwise become affiliated with the ownership and operation of public services, such as airports, toll roads and shipping ports, as well as physical commodities and commodities infrastructure components, both within and outside the United States.

We have announced our intention to increase our consumer-oriented deposit-taking activities. To the extent we engage in such activities or similar consumer-oriented activities, we could face additional compliance, legal and regulatory risk, increased reputational risk and increased operational risk due to, among other things, higher transaction volumes and significantly increased retention and transmission of customer and client information.

New business initiatives expose us to new and enhanced risks, including risks associated with dealing with governmental entities, reputational concerns arising from dealing with less sophisticated counterparties and investors, greater regulatory scrutiny of these activities, increased credit-related, market, sovereign and operational risks, risks arising from accidents or acts of terrorism, and reputational concerns with the manner in which these assets are being operated or held or in which we interact with these counterparties.

Derivative transactions and delayed settlements may expose us to unexpected risk and potential losses.

We are party to a large number of derivative transactions, including credit derivatives. Many of these derivative instruments are individually negotiated and non-standardized, which can make exiting, transferring or settling positions difficult. Many credit derivatives require that we deliver to the counterparty the underlying security, loan or other obligation in order to receive payment. In a number of cases, we do not hold the underlying security, loan or other obligation and may not be able to obtain the underlying security, loan or other obligation. This could cause us to forfeit the payments due to us under these contracts or result in settlement delays with the attendant credit and operational risk as well as increased costs to the firm.

Derivative transactions may also involve the risk that documentation has not been properly executed, that executed agreements may not be enforceable against the counterparty, or that obligations under such agreements may not be able to be “netted” against other obligations with such counterparty. In addition, counterparties may claim that such transactions were not appropriate or authorized.

As a signatory to the ISDA Protocol, we may not be able to exercise remedies against counterparties and, as this new regime has not yet been tested, we may suffer risks or losses that we would not have expected to suffer if we could immediately close out transactions upon a termination event. The ISDA Protocol contemplates adoption of implementing regulations by various U.S. and non-U.S. regulators, and the ISDA Protocol’s impact will depend on, among other things, how it is implemented.

Derivative contracts and other transactions, including secondary bank loan purchases and sales, entered into with third parties are not always confirmed by the counterparties or settled on a timely basis. While the transaction remains unconfirmed or during any delay in settlement, we are subject to heightened credit and operational risk and in the event of a default may find it more difficult to enforce our rights. In addition, as new complex derivative products are created, covering a wider array of underlying credit and other instruments, disputes about the terms of the underlying contracts could arise, which could impair our ability to effectively manage our risk exposures from these products and subject us to increased costs. The provisions of the Dodd-Frank Act requiring central clearing of credit derivatives and other OTC derivatives, or a market shift toward standardized derivatives, could reduce the risk associated with such transactions, but under certain circumstances could also limit our ability to develop derivatives that best suit the needs of our clients and to hedge our own risks, and could adversely affect our profitability and increase our credit exposure to such platform.

Our businesses may be adversely affected if we are unable to hire and retain qualified employees.

Our performance is largely dependent on the talents and efforts of highly skilled individuals; therefore, our continued ability to compete effectively in our businesses, to manage our businesses effectively and to expand into new businesses and geographic areas depends on our ability to attract new talented and diverse employees and to retain and motivate our existing employees. Factors that affect our ability to attract and retain such employees include our compensation and benefits, and our reputation as a successful business with a culture of fairly hiring, training and promoting qualified employees. As a significant portion of the compensation that we pay to our employees is paid in the form of year-end discretionary compensation, a significant portion of which is in the form of deferred equity-related awards, declines in our profitability, or in the outlook for our future profitability, as well as regulatory limitations on compensation levels and terms, can negatively impact our ability to hire and retain highly qualified employees.

Competition from within the financial services industry and from businesses outside the financial services industry for qualified employees has often been intense. Recently, we have experienced increased competition in hiring and retaining employees to address the demands of new regulatory requirements. This is also the case in emerging and growth markets, where we are often competing for qualified employees with entities that have a significantly greater presence or more extensive experience in the region.

Changes in law or regulation in jurisdictions in which our operations are located that affect taxes on our employees' income, or the amount or composition of compensation, may also adversely affect our ability to hire and retain qualified employees in those jurisdictions.

As described further in "Business — Regulation — Compensation Practices" in Part I, Item 1 of the 2015 Form 10-K, our compensation practices are subject to review by, and the standards of, the Federal Reserve Board. As a large global financial and banking institution, we are subject to limitations on compensation practices (which may or may not affect our competitors) by the Federal Reserve Board, the PRA, the FCA, the FDIC and other regulators worldwide. These limitations, including any imposed by or as a result of future legislation or regulation, may require us to alter our compensation practices in ways that could adversely affect our ability to attract and retain talented employees.

We may be adversely affected by increased governmental and regulatory scrutiny or negative publicity.

Governmental scrutiny from regulators, legislative bodies and law enforcement agencies with respect to matters relating to compensation, our business practices, our past actions and other matters has increased dramatically in the past several years. The financial crisis and the current political and public sentiment regarding financial institutions has resulted in a significant amount of adverse press coverage, as well as adverse statements or charges by regulators or other government officials. Press coverage and other public statements that assert some form of wrongdoing often result in some type of investigation by regulators, legislators and law enforcement officials or in lawsuits.

Responding to these investigations and lawsuits, regardless of the ultimate outcome of the proceeding, is time-consuming and expensive and can divert the time and effort of our senior management from our business. Penalties and fines sought by regulatory authorities have increased substantially over the last several years, and certain regulators have been more likely in recent years to commence enforcement actions or to advance or support legislation targeted at the financial services industry. Adverse publicity, governmental scrutiny and legal and enforcement proceedings can also have a negative impact on our reputation and on the morale and performance of our employees, which could adversely affect our businesses and results of operations.

Substantial legal liability or significant regulatory action against us could have material adverse financial effects or cause us significant reputational harm, which in turn could seriously harm our business prospects.

We face significant legal risks in our businesses, and the volume of claims and amount of damages and penalties claimed in litigation and regulatory proceedings against financial institutions remain high. See Note 27 to the consolidated financial statements in Part II, Item 8 of the 2015 Form 10-K for information about certain legal proceedings in which we are involved and Note 18 to the consolidated financial statements in Part II, Item 8 of the 2015 Form 10-K for information regarding certain mortgage-related contingencies. Our experience has been that legal claims by customers and clients increase in a market downturn and that employment-related claims increase following periods in which we have reduced our staff. Additionally, governmental entities are plaintiffs in certain of the legal proceedings in which we are involved, and we may face future actions or claims by the same or other governmental entities, as well as follow-on civil litigation that is often commenced after regulatory settlements.

Recently, significant settlements by several large financial institutions with governmental entities have been publicly announced. The trend of large settlements with governmental entities may adversely affect the outcomes for other financial institutions in similar actions, especially where governmental officials have announced that the large settlements will be used as the basis or a template for other settlements. The uncertain regulatory enforcement environment makes it difficult to estimate probable losses, which can lead to substantial disparities between legal reserves and subsequent actual settlements or penalties.

Certain regulators, including the SEC, have announced policies that make it more likely that they will seek an admission of wrongdoing as part of any settlement of a matter brought by them against a regulated entity or individual, which could lead to increased exposure to civil litigation, could adversely affect our reputation, could result in penalties or limitations on our ability to do business in certain jurisdictions with so-called “bad actor” laws and could have other negative effects.

In addition, the U.S. Department of Justice has announced a policy of requiring companies to provide investigators with all relevant facts relating to the individuals responsible for the alleged misconduct in order to qualify for any cooperation credit in civil and criminal investigations of corporate wrongdoing, which may result in our incurring increased fines and penalties if the Department of Justice determines that we have not provided sufficient information about applicable individuals in connection with an investigation, as well as increased costs in responding to Department of Justice investigations. It is possible that other governmental authorities will adopt similar policies.

The growth of electronic trading and the introduction of new trading technology may adversely affect our business and may increase competition.

Technology is fundamental to our business and our industry. The growth of electronic trading and the introduction of new technologies is changing our businesses and presenting us with new challenges. Securities, futures and options transactions are increasingly occurring electronically, both on our own systems and through other alternative trading systems, and it appears that the trend toward alternative trading systems will continue. Some of these alternative trading systems compete with us, particularly our exchange-based market-making activities, and we may experience continued competitive pressures in these and other areas. In addition, the increased use by our clients of low-cost electronic trading systems and direct electronic access to trading markets could cause a reduction in commissions and spreads. As our clients increasingly use our systems to trade directly in the markets, we may incur liabilities as a result of their use of our order routing and execution infrastructure. We have invested significant resources into the development of electronic trading systems and expect to continue to do so, but there is no assurance that the revenues generated by these systems will yield an adequate return on our investment, particularly given the generally lower commissions arising from electronic trades.

Our commodities activities, particularly our physical commodities activities, subject us to extensive regulation and involve certain potential risks, including environmental, reputational and other risks that may expose us to significant liabilities and costs.

As part of our commodities business, we purchase and sell certain physical commodities, arrange for their storage and transport, and engage in market making of commodities. The commodities involved in these activities may include crude oil, oil refined products, natural gas, liquefied natural gas, electric power, agricultural products, metals (base and precious), minerals (including unenriched uranium), emission credits, coal, freight and related products and indices.

In our investing and lending businesses, we make investments in and finance entities that engage in the production, storage and transportation of numerous commodities, including many of the commodities referenced above.

These activities subject us and/or the entities in which we invest to extensive and evolving federal, state and local energy, environmental, antitrust and other governmental laws and regulations worldwide, including environmental laws and regulations relating to, among others, air quality, water quality, waste management, transportation of hazardous substances, natural resources, site remediation and health and safety. Additionally, rising climate change concerns may lead to additional regulation that could increase the operating costs and profitability of our investments.

There may be substantial costs in complying with current or future laws and regulations relating to our commodities-related activities and investments. Compliance with these laws and regulations could require significant commitments of capital toward environmental monitoring, renovation of storage facilities or transport vessels, payment of emission fees and carbon or other taxes, and application for, and holding of, permits and licenses.

Commodities involved in our intermediation activities and investments are also subject to the risk of unforeseen or catastrophic events, which are likely to be outside of our control, including those arising from the breakdown or failure of transport vessels, storage facilities or other equipment or processes or other mechanical malfunctions, fires, leaks, spills or release of hazardous substances, performance below expected levels of output or efficiency, terrorist attacks, extreme weather events or other natural disasters or other hostile or catastrophic events. In addition, we rely on third-party suppliers or service providers to perform their contractual obligations and any failure on their part, including the failure to obtain raw materials at reasonable prices or to safely transport or store commodities, could expose us to costs or losses. Also, while we seek to insure against potential risks, we may not be able to obtain insurance to cover some of these risks and the insurance that we have may be inadequate to cover our losses.

The occurrence of any of such events may prevent us from performing under our agreements with clients, may impair our operations or financial results and may result in litigation, regulatory action, negative publicity or other reputational harm.

We may also be required to divest or discontinue certain of these activities for regulatory or legal reasons. If that occurs, the firm may receive a value that is less than the then carrying value, as the firm may be unable to exit these activities in an orderly transaction.

In conducting our businesses around the world, we are subject to political, economic, legal, operational and other risks that are inherent in operating in many countries.

In conducting our businesses and maintaining and supporting our global operations, we are subject to risks of possible nationalization, expropriation, price controls, capital controls, exchange controls and other restrictive governmental actions, as well as the outbreak of hostilities or acts of terrorism. For example, there has been significant conflict between Russia and Ukraine in recent years, and sanctions have been imposed by the U.S. and EU on certain individuals and companies in Russia. In many countries, the laws and regulations applicable to the securities and financial services industries and many of the transactions in which we are involved are uncertain and evolving, and it may be difficult for us to determine the exact requirements of local laws in every market. Any determination by local regulators that we have not acted in compliance with the application of local laws in a particular market or our failure to develop effective working relationships with local regulators could have a significant and negative effect not only on our businesses in that market but also on our reputation generally. We are also subject to the enhanced risk that transactions we structure might not be legally enforceable in all cases.

A determination by the United Kingdom to exit or otherwise significantly change its relationship with the European Union could affect the manner in which we conduct our businesses.

Our businesses and operations are increasingly expanding throughout the world, including in emerging and growth markets, and we expect this trend to continue. Various emerging and growth market countries have experienced severe economic and financial disruptions, including significant devaluations of their currencies, defaults or threatened defaults on sovereign debt, capital and currency exchange controls, and low or negative growth rates in their economies, as well as military activity, civil unrest or acts of terrorism. The possible effects of any of these conditions include an adverse impact on our businesses and increased volatility in financial markets generally.

While business and other practices throughout the world differ, our principal legal entities are subject in their operations worldwide to rules and regulations relating to corrupt and illegal payments, hiring practices and money laundering, as well as laws relating to doing business with certain individuals, groups and countries, such as the U.S. Foreign Corrupt Practices Act, the USA PATRIOT Act and U.K. Bribery Act. While we have invested and continue to invest significant resources in training and in compliance monitoring, the geographical diversity of our operations, employees, clients and customers, as well as the vendors and other third parties that we deal with, greatly increases the risk that we may be found in violation of such rules or regulations and any such violation could subject us to significant penalties or adversely affect our reputation.

In addition, there have been a number of highly publicized cases around the world, involving actual or alleged fraud or other misconduct by employees in the financial services industry in recent years, and we run the risk that employee misconduct could occur. This misconduct has included and may include in the future the theft of proprietary information, including proprietary software. It is not always possible to deter or prevent employee misconduct and the precautions we take to prevent and detect this activity have not been and may not be effective in all cases.

We may incur losses as a result of unforeseen or catastrophic events, including the emergence of a pandemic, terrorist attacks, extreme weather events or other natural disasters.

The occurrence of unforeseen or catastrophic events, including the emergence of a pandemic, such as the Ebola or Zika viruses, or other widespread health emergency (or concerns over the possibility of such an emergency), terrorist attacks, extreme terrestrial or solar weather events or other natural disasters, could create economic and financial disruptions, and could lead to operational difficulties (including travel limitations) that could impair our ability to manage our businesses.

Item 1B. Unresolved Staff Comments

There are no material unresolved written comments that were received from the SEC staff 180 days or more before the end of our fiscal year relating to our periodic or current reports under the Exchange Act.

Item 2. Properties

Our principal executive offices are located at 200 West Street, New York, New York and comprise approximately 2.1 million gross square feet. The building is located on a parcel leased from Battery Park City Authority pursuant to a ground lease. Under the lease, Battery Park City Authority holds title to all improvements, including the office building, subject to Goldman Sachs' right of exclusive possession and use until June 2069, the expiration date of the lease. Under the terms of the ground lease, we made a lump sum ground rent payment in June 2007 of \$161 million for rent through the term of the lease.

We have offices at 30 Hudson Street in Jersey City, New Jersey, which we own and which include approximately 1.6 million gross square feet of office space.

We have additional offices and commercial space in the United States and elsewhere in the Americas, which together comprise approximately 2.5 million square feet of leased and owned space.

In Europe, the Middle East and Africa, we have offices that total approximately 1.5 million square feet of leased and owned space. Our European headquarters is located in London at Peterborough Court, pursuant to a lease expiring in 2026. In total, we have offices with approximately 1.2 million square feet in London, relating to various properties.

In Asia (including India), Australia and New Zealand, we have offices with approximately 1.9 million square feet. Our headquarters in this region are in Tokyo, at the Roppongi Hills Mori Tower, and in Hong Kong, at the Cheung Kong Center. In Japan, we currently have offices with approximately 219,000 square feet, the majority of which have leases that will expire in 2018. In Hong Kong, we currently have offices with approximately 315,000 square feet, the majority of which have leases that will expire in 2017.

In the preceding paragraphs, square footage figures are provided only for properties that are used in the operation of our businesses.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Off-Balance-Sheet Arrangements and Contractual Obligations — Contractual Obligations" in Part II, Item 7 of the 2015 Form 10-K for information about exit costs we may incur in the future to the extent we reduce our space capacity or commit to, or occupy, new properties in the locations in which we operate and, consequently, dispose of existing space that had been held for potential growth.

Item 3. Legal Proceedings

We are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of our businesses. Many of these proceedings are in early stages, and many of these cases seek an indeterminate amount of damages. However, we believe, based on currently available information, that the results of such proceedings, in the aggregate, will not have a material adverse effect on our financial condition, but may be material to our operating results for any particular period, depending, in part, upon the operating results for such period. Given the range of litigation and investigations presently under way, our litigation expenses can be expected to remain high. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Use of Estimates" in Part II, Item 7 of the 2015 Form 10-K. See Note 27 to the consolidated financial statements in Part II, Item 8 of the 2015 Form 10-K for information about certain judicial, regulatory and legal proceedings.

Item 4. Mine Safety Disclosures

Not applicable.

Executive Officers of The Goldman Sachs Group, Inc.

Set forth below are the name, age, present title, principal occupation and certain biographical information for our executive officers. All of our executive officers have been appointed by and serve at the pleasure of our board of directors.

Lloyd C. Blankfein, 61

Mr. Blankfein has been our Chairman and Chief Executive Officer since June 2006, and a director since April 2003.

Alan M. Cohen, 65

Mr. Cohen has been an Executive Vice President of Goldman Sachs and our Global Head of Compliance since February 2004.

Gary D. Cohn, 55

Mr. Cohn has been our President and Chief Operating Officer (or Co-Chief Operating Officer) and a director since June 2006.

Edith W. Cooper, 54

Ms. Cooper has been an Executive Vice President of Goldman Sachs since April 2011 and our Global Head of Human Capital Management since March 2008. From 2002 to 2008, she served in various positions at the firm, including sales management within the Securities Division.

Gregory K. Palm, 67

Mr. Palm has been an Executive Vice President of Goldman Sachs since May 1999, and our General Counsel and head or co-head of the Legal Department since May 1992.

John F.W. Rogers, 59

Mr. Rogers has been an Executive Vice President of Goldman Sachs since April 2011 and Chief of Staff and Secretary to the Board of Directors of Goldman Sachs since December 2001.

Harvey M. Schwartz, 51

Mr. Schwartz has been an Executive Vice President of Goldman Sachs and our Chief Financial Officer since January 2013. From February 2008 to January 2013, Mr. Schwartz was global co-head of the Securities Division.

Mark Schwartz, 61

Mr. Schwartz has been a Vice Chairman of Goldman Sachs and Chairman of Goldman Sachs Asia Pacific since rejoining the firm in June 2012. From 2006 to June 2012, he was Chairman of MissionPoint Capital Partners, an investment firm he co-founded.

Michael S. Sherwood, 50

Mr. Sherwood has been a Vice Chairman of Goldman Sachs since February 2008 and co-chief executive officer of Goldman Sachs International since 2005. He assumed responsibility for coordinating the firm's business and activities around Growth Markets in November 2013.

PART II**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

The principal market on which our common stock is traded is the NYSE. Information relating to the high and low sales prices per share of our common stock, as reported by the Consolidated Tape Association, for each full quarterly period during 2013, 2014 and 2015 is set forth under the heading “Supplemental Financial Information — Common Stock Price Range” in Part II, Item 8 of the 2015 Form 10-K. As of February 5, 2016, there were 9,307 holders of record of our common stock.

The table below presents dividends declared by Group Inc. during 2014 and 2015.

	Date of Declaration	Dividend Declared Per Common Share
2014		
First Quarter	January 15, 2014	\$0.55
Second Quarter	April 16, 2014	0.55
Third Quarter	July 14, 2014	0.55
Fourth Quarter	October 15, 2014	0.60
2015		
First Quarter	January 15, 2015	0.60
Second Quarter	April 15, 2015	0.65
Third Quarter	July 15, 2015	0.65
Fourth Quarter	October 14, 2015	0.65

The declaration of dividends by Group Inc. is subject to the discretion of our Board. Our Board will take into account such matters as general business conditions, our financial results, capital requirements, contractual, legal and regulatory restrictions on the payment of dividends by us to our shareholders or by our subsidiaries to us, the effect on our debt ratings and such other factors as our Board may deem relevant. The holders of our common stock share proportionately on a per share basis in all dividends and other distributions on common stock declared by the Board of Directors of Group Inc. (Board). See “Business — Regulation” in Part I, Item 1 of the 2015 Form 10-K for information about potential regulatory limitations on our receipt of funds from our regulated subsidiaries and our payment of dividends to shareholders of Group Inc.

The table below presents purchases made by or on behalf of Group Inc. or any “affiliated purchaser” (as defined in Rule 10b-18(a)(3) under the Exchange Act), of our common stock during the fourth quarter of 2015. Information relating to compensation plans under which our equity securities are authorized for issuance is presented in Part III, Item 12 of the 2015 Form 10-K.

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
Month #1 (October 1, 2015 to October 31, 2015)	2,901,624	\$183.27	2,901,624	69,164,345
Month #2 (November 1, 2015 to November 30, 2015)	2,915,027	192.22	2,915,027	66,249,318
Month #3 (December 1, 2015 to December 31, 2015)	3,047,435	183.07	3,047,435	63,201,883
Total	8,864,086		8,864,086	

On March 21, 2000, we announced that our Board had approved a repurchase program authorizing repurchases of up to 15 million shares of our common stock, which was increased by an aggregate of 490 million shares by resolutions of our Board adopted from June 2001 through October 2015. The repurchase program is effected primarily through regular open-market purchases (which may include repurchase plans designed to comply with Rule 10b5-1), the amounts and timing of which are determined primarily by the firm’s current and projected capital position, but which may also be influenced by general market conditions and the prevailing price and trading volumes of our common stock. The repurchase program has no set expiration or termination date. Prior to repurchasing common stock, we must receive confirmation that the Board of Governors of the Federal Reserve System does not object to such capital actions.

Item 6. Selected Financial Data

The Selected Financial Data table is set forth under Part II, Item 8 of the 2015 Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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Management's Discussion and Analysis

Introduction

The Goldman Sachs Group, Inc. (Group Inc. or parent company), a Delaware corporation, together with its consolidated subsidiaries (collectively, the firm), is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals. Founded in 1869, the firm is headquartered in New York and maintains offices in all major financial centers around the world.

We report our activities in four business segments: Investment Banking, Institutional Client Services, Investing & Lending and Investment Management. See "Results of Operations" below for further information about our business segments.

When we use the terms "Goldman Sachs," "the firm," "we," "us" and "our," we mean Group Inc. and its consolidated subsidiaries.

References to "the 2015 Form 10-K" are to our Annual Report on Form 10-K for the year ended December 31, 2015. All references to "the consolidated financial statements" or "Supplemental Financial Information" are to Part II, Item 8 of the 2015 Form 10-K. All references to 2015, 2014 and 2013 refer to our years ended, or the dates, as the context requires, December 31, 2015, December 31, 2014 and December 31, 2013, respectively. Any reference to a future year refers to a year ending on December 31 of that year. Certain reclassifications have been made to previously reported amounts to conform to the current presentation.

In this discussion and analysis of our financial condition and results of operations, we have included information that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts, but instead represent only our beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside our control. This information includes statements other than historical information or statements of current condition and may relate to our future plans and objectives and results, among other things, and may also include statements about the effect of changes to the capital, leverage, liquidity, long-term debt and total loss-absorbing capacity rules applicable to banks and bank holding companies, the impact of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) on our businesses and operations, and various legal proceedings or mortgage-related contingencies as set forth under "Legal Proceedings" and "Certain Mortgage-Related Contingencies" in Notes 27 and 18, respectively, to the consolidated financial statements, as well as statements about the results of our Dodd-Frank Act and firm stress tests, statements about the objectives and effectiveness of our business continuity plan, information security program, risk management and liquidity policies, statements about trends in or growth opportunities for our businesses, statements about our future status, activities or reporting under U.S. or non-U.S. banking and financial regulation, and statements about our investment banking transaction backlog.

By identifying these statements for you in this manner, we are alerting you to the possibility that our actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Important factors that could cause our actual results and financial condition to differ from those indicated in these forward-looking statements include, among others, those described in "Risk Factors" in Part I, Item 1A of the 2015 Form 10-K and "Cautionary Statement Pursuant to the U.S. Private Securities Litigation Reform Act of 1995" in Part I, Item 1 of the 2015 Form 10-K.

Executive Overview

2015 versus 2014. The firm generated net earnings of \$6.08 billion and diluted earnings per common share of \$12.14 for 2015, a decrease of 28% and 29%, respectively, compared with \$8.48 billion and \$17.07 per share for 2014. Return on average common shareholders' equity (ROE) was 7.4% for 2015, compared with 11.2% for 2014. During 2015, the firm recorded provisions for the agreement in principle with the RMBS Working Group¹ of \$3.37 billion (\$2.99 billion after-tax), which reduced diluted earnings per common share by \$6.53 and ROE by 3.8 percentage points.

Book value per common share was \$171.03 as of December 2015, 5% higher compared with the end of 2014. During the year, the firm repurchased 22.1 million shares of its common stock for a total cost of \$4.20 billion.

Net revenues were \$33.82 billion for 2015, 2% lower than 2014, as significantly lower net revenues in Investing & Lending were largely offset by higher net revenues in Investment Banking and slightly higher net revenues in Investment Management. Net revenues in Institutional Client Services were essentially unchanged compared with 2014.

Operating expenses were \$25.04 billion for 2015, 13% higher than 2014, due to significantly higher non-compensation expenses, primarily reflecting significantly higher net provisions for mortgage-related litigation and regulatory matters. Compensation and benefits expenses were essentially unchanged compared with the prior year.

We continued to maintain strong capital ratios and liquidity. As of December 2015, our Common Equity Tier 1 ratio² as computed in accordance with the Standardized approach and the Basel III Advanced approach, in each case reflecting the applicable transitional provisions, was 13.6% and 12.4%, respectively. In addition, our global core liquid assets³ were \$199 billion as of December 2015.

2014 versus 2013. The firm generated net earnings of \$8.48 billion and diluted earnings per common share of \$17.07 for 2014, an increase of 5% and 10%, respectively, compared with \$8.04 billion and \$15.46 per share for 2013. ROE was 11.2% for 2014, compared with 11.0% for 2013. Book value per common share was \$163.01 as of December 2014, 7% higher compared with the end of 2013.

Net revenues were \$34.53 billion for 2014, essentially unchanged compared with 2013, as higher net revenues in both Investment Management and Investment Banking, reflecting strong performances in these businesses, were largely offset by slightly lower net revenues in both Institutional Client Services and Investing & Lending.

Operating expenses were \$22.17 billion for 2014, essentially unchanged compared with 2013. Non-compensation expenses were slightly lower compared with the prior year, primarily reflecting lower net provisions for litigation and regulatory proceedings, while compensation and benefits expenses were essentially unchanged.

During 2014, as part of a firmwide initiative to reduce activities with lower returns, total assets were reduced by \$55 billion to \$856 billion as of December 2014, while pre-tax margin improved approximately 150 basis points to 35.8%.

We also maintained strong capital ratios and liquidity, while returning \$6.52 billion of capital to shareholders during 2014. During 2014, the firm repurchased 31.8 million shares of its common stock for a total cost of \$5.47 billion and paid common dividends of \$1.05 billion. Our Common Equity Tier 1 ratio² was 12.2% as of December 2014, under the Basel III Advanced approach reflecting the applicable transitional provisions. In addition, our global core liquid assets³ were \$183 billion as of December 2014.

See "Results of Operations — Segment Operating Results" below for information about net revenues and pre-tax earnings for each of our business segments.

1. On January 14, 2016, the firm announced an agreement in principle, subject to the negotiation of definitive documentation, to resolve the ongoing investigation of the Residential Mortgage-Backed Securities Working Group of the U.S. Financial Fraud Enforcement Task Force (RMBS Working Group). See Note 27 to the consolidated financial statements for further information about this agreement in principle.

2. See Note 20 to the consolidated financial statements for further information about our capital ratios.

3. See "Risk Management — Liquidity Risk Management" below for further information about our global core liquid assets.

Management's Discussion and Analysis

Our businesses, by their nature, do not produce predictable earnings. Our results in any given period can be materially affected by conditions in global financial markets, economic conditions generally and other factors. For further information about the factors that may affect our future operating results, see "Risk Factors" in Part I, Item 1A of the 2015 Form 10-K.

Business Environment**Global**

During 2015, real gross domestic product (GDP) growth appeared stable but subdued in most advanced economies and weaker in emerging market economies compared with 2014. In developed markets, growth was higher in the Euro area and Japan, while growth in the United Kingdom was lower and growth in the United States remained stable. In emerging markets, many economies suffered from lower commodity prices, and Latin America was particularly weak with negative aggregate growth in 2015. Monetary policy diverged in 2015, as the U.S. Federal Reserve increased its target interest rate, while policy remained accommodative in the Euro area and Japan. In addition, oil prices declined by 30%, and there were concerns about the debt situation in Greece earlier in the year and China's growth outlook later in the year. In investment banking, industry-wide mergers and acquisitions activity remained strong, while industry-wide activity in both debt and equity underwriting declined compared with 2014.

United States

In the United States, real GDP increased by 2.4% in both 2015 and 2014. Residential fixed investment growth and consumer expenditures growth both improved, while business fixed investment growth declined. Measures of consumer confidence improved on average compared with the prior year, while the unemployment rate declined. Housing starts and house sales increased in 2015, but house prices declined compared with the end of 2014. Measures of inflation were mixed, with headline measures lower alongside declining commodity prices, and core inflation metrics stable during 2015. The U.S. Federal Reserve raised its target rate for the federal funds rate at the December meeting to a range of 0.25% to 0.50%, ending a seven-year period at a range of zero to 0.25%. The yield on the 10-year U.S. Treasury note increased by 10 basis points during 2015 to 2.27%. In equity markets, the NASDAQ Composite Index increased by 6%, while the Dow Jones Industrial Average and the S&P 500 Index declined by 2% and 1%, respectively, during 2015.

Europe

In the Euro area, real GDP increased by 1.5% in 2015, compared to an increase of 0.9% in 2014, as fixed investment, consumer spending and government consumption all grew. Measures of inflation remained subdued, prompting the European Central Bank (ECB) to announce quantitative easing in the form of an expanded asset purchase program in January 2015. The central bank continued its asset purchase program through the second and third quarters and announced further easing measures in the fourth quarter, cutting the deposit rate by 10 basis points to (0.30)% and extending purchases to March 2017. The ECB maintained its main refinancing operations rate at 0.05% during 2015. The Euro depreciated by 10% against the U.S. dollar. In the United Kingdom, real GDP increased by 2.2% in 2015, compared with an increase of 2.9% in 2014. The Bank of England maintained its official bank rate at 0.50% and the British pound depreciated by 5% against the U.S. dollar. Yields on 10-year government bonds in the region generally increased slightly during the year. In equity markets, the DAX Index, CAC 40 Index and the Euro Stoxx 50 Index increased by 10%, 9%, and 4%, respectively, while the FTSE 100 Index decreased by 5% during 2015.

Asia

In Japan, real GDP increased by 0.4% in 2015, compared with no growth in 2014. Measures of inflation were lower compared with 2014 and remained well below the Bank of Japan's (BOJ) 2% inflation target. In 2015, the BOJ extended the timing to achieve 2% inflation, continued its program of monetary easing and introduced measures to supplement and facilitate the quantitative and qualitative easing program. During the year, the yield on 10-year Japanese government bonds declined, the U.S. dollar was essentially unchanged against the Japanese yen and, in equity markets, the Nikkei 225 Index increased by 9%. In China, real GDP increased by 6.9% in 2015 compared with 7.3% in 2014. During 2015, the People's Bank of China announced multiple cuts in the reserve requirement ratio and took policy actions that led to a depreciation of the Chinese yuan. Measures of inflation were slightly lower and the U.S. dollar appreciated by 5% against the Chinese yuan. In equity markets, the Shanghai Composite Index increased by 9% after large mid-year swings, while the Hang Seng Index decreased by 7%. In India, real GDP increased by 7.5% in 2015 compared with 7.3% in 2014, and the rate of inflation declined compared with 2014. The U.S. dollar appreciated by 5% against the Indian rupee and, in equity markets, the BSE Sensex Index declined by 5% during 2015.

Management's Discussion and Analysis

Other Markets

In Brazil, real GDP appeared to contract by 3.8% in 2015 compared with an increase of 0.1% in 2014, reflecting sharp contractions in fixed investment and private consumption. The U.S. dollar appreciated by 49% against the Brazilian real and, in equity markets, the Bovespa Index decreased by 13%. In Russia, real GDP contracted by 3.7% in 2015 compared with an increase of 0.6% in 2014, reflecting contractions in private consumption and investment. The U.S. dollar appreciated by 26% against the Russian ruble and, in equity markets, the MICEX Index increased by 26% during 2015.

Critical Accounting Policies

Fair Value

Fair Value Hierarchy. Financial instruments owned, at fair value and Financial instruments sold, but not yet purchased, at fair value (i.e., inventory), as well as certain other financial assets and financial liabilities, are reflected in our consolidated statements of financial condition at fair value (i.e., marked-to-market), with related gains or losses generally recognized in our consolidated statements of earnings. The use of fair value to measure financial instruments is fundamental to our risk management practices and is our most critical accounting policy.

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We measure certain financial assets and financial liabilities as a portfolio (i.e., based on its net exposure to market and/or credit risks). In determining fair value, the hierarchy under U.S. generally accepted accounting principles (U.S. GAAP) gives (i) the highest priority to unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities (level 1 inputs), (ii) the next priority to inputs other than level 1 inputs that are observable, either directly or indirectly (level 2 inputs), and (iii) the lowest priority to inputs that cannot be observed in market activity (level 3 inputs). Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to their fair value measurement.

The fair values for substantially all of our financial assets and financial liabilities are based on observable prices and inputs and are classified in levels 1 and 2 of the fair value hierarchy. Certain level 2 and level 3 financial assets and financial liabilities may require appropriate valuation adjustments that a market participant would require to arrive at fair value for factors such as counterparty and the firm's credit quality, funding risk, transfer restrictions, liquidity and bid/offer spreads.

Instruments categorized within level 3 of the fair value hierarchy are those which require one or more significant inputs that are not observable. As of December 2015 and December 2014, level 3 financial assets represented 2.8% and 4.2%, respectively, of our total assets. See Notes 5 through 8 to the consolidated financial statements for further information about level 3 financial assets, including changes in level 3 financial assets and related fair value measurements. Absent evidence to the contrary, instruments classified within level 3 of the fair value hierarchy are initially valued at transaction price, which is considered to be the best initial estimate of fair value. Subsequent to the transaction date, we use other methodologies to determine fair value, which vary based on the type of instrument. Estimating the fair value of level 3 financial instruments requires judgments to be made. These judgments include:

- Determining the appropriate valuation methodology and/or model for each type of level 3 financial instrument;
- Determining model inputs based on an evaluation of all relevant empirical market data, including prices evidenced by market transactions, interest rates, credit spreads, volatilities and correlations; and
- Determining appropriate valuation adjustments, including those related to illiquidity or counterparty credit quality.

Regardless of the methodology, valuation inputs and assumptions are only changed when corroborated by substantive evidence.

Management's Discussion and Analysis

Controls Over Valuation of Financial Instruments.

Market makers and investment professionals in our revenue-producing units are responsible for pricing our financial instruments. Our control infrastructure is independent of the revenue-producing units and is fundamental to ensuring that all of our financial instruments are appropriately valued at market-clearing levels. In the event that there is a difference of opinion in situations where estimating the fair value of financial instruments requires judgment (e.g., calibration to market comparables or trade comparison, as described below), the final valuation decision is made by senior managers in control and support functions. This independent price verification is critical to ensuring that our financial instruments are properly valued.

Price Verification. All financial instruments at fair value in levels 1, 2 and 3 of the fair value hierarchy are subject to our independent price verification process. The objective of price verification is to have an informed and independent opinion with regard to the valuation of financial instruments under review. Instruments that have one or more significant inputs which cannot be corroborated by external market data are classified within level 3 of the fair value hierarchy. Price verification strategies utilized by our independent control and support functions include:

- **Trade Comparison.** Analysis of trade data (both internal and external where available) is used to determine the most relevant pricing inputs and valuations.
- **External Price Comparison.** Valuations and prices are compared to pricing data obtained from third parties (e.g., brokers or dealers, MarkIt, Bloomberg, IDC, TRACE). Data obtained from various sources is compared to ensure consistency and validity. When broker or dealer quotations or third-party pricing vendors are used for valuation or price verification, greater priority is generally given to executable quotations.
- **Calibration to Market Comparables.** Market-based transactions are used to corroborate the valuation of positions with similar characteristics, risks and components.
- **Relative Value Analyses.** Market-based transactions are analyzed to determine the similarity, measured in terms of risk, liquidity and return, of one instrument relative to another or, for a given instrument, of one maturity relative to another.
- **Collateral Analyses.** Margin calls on derivatives are analyzed to determine implied values which are used to corroborate our valuations.
- **Execution of Trades.** Where appropriate, trading desks are instructed to execute trades in order to provide evidence of market-clearing levels.
- **Backtesting.** Valuations are corroborated by comparison to values realized upon sales.

See Notes 5 through 8 to the consolidated financial statements for further information about fair value measurements.

Review of Net Revenues. Independent control and support functions ensure adherence to our pricing policy through a combination of daily procedures, including the explanation and attribution of net revenues based on the underlying factors. Through this process we independently validate net revenues, identify and resolve potential fair value or trade booking issues on a timely basis and seek to ensure that risks are being properly categorized and quantified.

Review of Valuation Models. Our independent model risk management group (Model Risk Management), consisting of quantitative professionals who are separate from model developers, performs an independent model review and validation process of our valuation models. New or changed models are reviewed and approved prior to being put into use. Models are evaluated and re-approved annually to assess the impact of any changes in the product or market and any market developments in pricing theories. See "Risk Management — Model Risk Management" for further information about the review and validation of our valuation models.

Management's Discussion and Analysis

Goodwill and Identifiable Intangible Assets

Goodwill. Goodwill is the cost of acquired companies in excess of the fair value of net assets, including identifiable intangible assets, at the acquisition date. Goodwill is assessed for impairment annually in the fourth quarter or more frequently if events occur or circumstances change that indicate an impairment may exist, by first assessing qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the results of the qualitative assessment are not conclusive, a quantitative goodwill test is performed by comparing the estimated fair value of each reporting unit with its estimated net book value.

Estimating the fair value of our reporting units requires management to make judgments. Critical inputs to the fair value estimates include projected earnings and attributed equity. There is inherent uncertainty in the projected earnings. The net book value of each reporting unit reflects an allocation of total shareholders' equity and represents the estimated amount of total shareholders' equity required to support the activities of the reporting unit under currently applicable regulatory capital requirements. See "Equity Capital Management and Regulatory Capital" for further information about our capital requirements.

We last performed a quantitative goodwill test in 2012 and, as we believe it is appropriate to periodically update it, we performed another quantitative goodwill test during the fourth quarter of 2015. We determined that goodwill was not impaired. The estimated fair value of our reporting units in which we hold substantially all of our goodwill significantly exceeded their estimated carrying values. However, the estimated fair value of the Fixed Income, Currency and Commodities Client Execution reporting unit, which represents approximately 7% of our goodwill, was not substantially in excess of its carrying value. This reporting unit and the industry more broadly have been adversely impacted by the currently challenging operating environment and increased capital requirements. We will continue to closely monitor it to determine whether an impairment is required in the future. As of December 2015, the goodwill related to the Fixed Income, Currency and Commodities Client Execution reporting unit was \$269 million, substantially all of which originated from the acquisition of Goldman Sachs Australia Pty Ltd in 2011.

If we experience a prolonged or severe period of weakness in the business environment or financial markets, or additional increases in capital requirements, our goodwill could be impaired in the future. In addition, significant changes to other inputs of the quantitative goodwill test could cause the estimated fair value of our reporting units to decline, which could result in an impairment of goodwill in the future.

See Note 13 to the consolidated financial statements for further information about our goodwill and our quantitative goodwill test.

Management's Discussion and Analysis

Identifiable Intangible Assets. We amortize our identifiable intangible assets over their estimated useful lives using the straight-line method or based on economic usage for certain commodities-related intangibles. Identifiable intangible assets are tested for impairment whenever events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable. See Note 13 to the consolidated financial statements for the carrying value and estimated remaining useful lives of our identifiable intangible assets by major asset class.

A prolonged or severe period of market weakness, or significant changes in regulation could adversely impact our businesses and impair the value of our identifiable intangible assets. In addition, certain events could indicate a potential impairment of our identifiable intangible assets, including weaker business performance resulting in a decrease in our customer base and decreases in revenues from commodities-related transportation rights, customer contracts and relationships. Management judgment is required to evaluate whether indications of potential impairment have occurred, and to test intangible assets for impairment if required.

An impairment, generally calculated as the difference between the estimated fair value and the carrying value of an asset or asset group, is recognized if the total of the estimated undiscounted cash flows relating to the asset or asset group is less than the corresponding carrying value.

See Note 13 to the consolidated financial statements for further information about our identifiable intangible assets.

Recent Accounting Developments

See Note 3 to the consolidated financial statements for information about Recent Accounting Developments.

Use of Estimates

The use of generally accepted accounting principles requires management to make certain estimates and assumptions. In addition to the estimates we make in connection with fair value measurements and the accounting for goodwill and identifiable intangible assets, the use of estimates and assumptions is also important in determining provisions for losses that may arise from litigation, regulatory proceedings and tax audits, and the allowance for losses on loans and lending commitments held for investment.

We estimate and provide for potential losses that may arise out of litigation and regulatory proceedings to the extent that such losses are probable and can be reasonably estimated. In addition, we estimate the upper end of the range of reasonably possible aggregate loss in excess of the related reserves for litigation proceedings where the firm believes the risk of loss is more than slight. See Notes 18 and 27 to the consolidated financial statements for information about certain judicial, regulatory and legal proceedings.

Significant judgment is required in making these estimates and our final liabilities may ultimately be materially different. Our total estimated liability in respect of litigation and regulatory proceedings is determined on a case-by-case basis and represents an estimate of probable losses after considering, among other factors, the progress of each case or proceeding, our experience and the experience of others in similar cases or proceedings, and the opinions and views of legal counsel.

In accounting for income taxes, we recognize tax positions in the financial statements only when it is more likely than not that the position will be sustained on examination by the relevant taxing authority based on the technical merits of the position. See Note 24 to the consolidated financial statements for further information about accounting for income taxes.

We also estimate and record an allowance for credit losses related to our loans receivable and lending commitments held for investment. Management's estimate of loan losses entails judgment about loan collectability at the reporting dates, and there are uncertainties inherent in those judgments. See Note 9 to the consolidated financial statements for further information about the allowance for losses on loans and lending commitments held for investment.

Results of Operations

The composition of our net revenues has varied over time as financial markets and the scope of our operations have changed. The composition of net revenues can also vary over the shorter term due to fluctuations in U.S. and global economic and market conditions. See "Risk Factors" in Part I, Item 1A of the 2015 Form 10-K for further information about the impact of economic and market conditions on our results of operations.

Financial Overview

The table below presents an overview of our financial results.

\$ in millions, except per share amounts	Year Ended December		
	2015	2014	2013
Net revenues	\$ 33,820	\$34,528	\$34,206
Pre-tax earnings	8,778	12,357	11,737
Net earnings	6,083	8,477	8,040
Net earnings applicable to common shareholders	5,568	8,077	7,726
Diluted earnings per common share	12.14	17.07	15.46
Return on average common shareholders' equity ¹	7.4%	11.2%	11.0%

1. ROE is computed by dividing net earnings applicable to common shareholders by average monthly common shareholders' equity. The table below presents our average common shareholders' equity.

\$ in millions	Average for the Year Ended December		
	2015	2014	2013
Total shareholders' equity	\$ 86,314	\$80,839	\$77,353
Preferred stock	(10,585)	(8,585)	(6,892)
Common shareholders' equity	\$ 75,729	\$72,254	\$70,461

The table below presents selected financial ratios.

	Year Ended December		
	2015	2014	2013
Net earnings to average assets	0.7%	0.9%	0.9%
Return on average total shareholders' equity ¹	7.0%	10.5%	10.4%
Total average equity to average assets	9.9%	9.0%	8.2%
Dividend payout ratio ²	21.0%	13.2%	13.3%

1. Return on average total shareholders' equity is computed by dividing net earnings by average monthly total shareholders' equity.

2. Dividend payout ratio is computed by dividing dividends declared per common share by diluted earnings per common share.

Net Revenues

The table below presents our net revenues by line item on the consolidated statements of earnings.

\$ in millions	Year Ended December		
	2015	2014	2013
Investment banking	\$ 7,027	\$ 6,464	\$ 6,004
Investment management	5,868	5,748	5,194
Commissions and fees	3,320	3,316	3,255
Market making	9,523	8,365	9,368
Other principal transactions	5,018	6,588	6,993
Total non-interest revenues	30,756	30,481	30,814
Interest income	8,452	9,604	10,060
Interest expense	5,388	5,557	6,668
Net interest income	3,064	4,047	3,392
Total net revenues	\$33,820	\$34,528	\$34,206

In the table above:

- "Investment banking" is comprised of revenues (excluding net interest) from financial advisory and underwriting assignments, as well as derivative transactions directly related to these assignments. These activities are included in our Investment Banking segment.
- "Investment management" is comprised of revenues (excluding net interest) from providing investment management services to a diverse set of clients, as well as wealth advisory services and certain transaction services to high-net-worth individuals and families. These activities are included in our Investment Management segment.
- "Commissions and fees" is comprised of revenues from executing and clearing client transactions on major stock, options and futures exchanges worldwide, as well as over-the-counter (OTC) transactions. These activities are included in our Institutional Client Services and Investment Management segments.
- "Market making" is comprised of revenues (excluding net interest) from client execution activities related to making markets in interest rate products, credit products, mortgages, currencies, commodities and equity products. These activities are included in our Institutional Client Services segment.
- "Other principal transactions" is comprised of revenues (excluding net interest) from our investing activities and the origination of loans to provide financing to clients. In addition, "Other principal transactions" includes revenues related to our consolidated investments. These activities are included in our Investing & Lending segment.

Management's Discussion and Analysis**2015 versus 2014**

Net revenues on the consolidated statements of earnings were \$33.82 billion for 2015, 2% lower than 2014, reflecting significantly lower other principal transactions revenues and net interest income, largely offset by higher market-making revenues and investment banking revenues, as well as slightly higher investment management revenues. Commissions and fees were essentially unchanged compared with 2014.

During 2015, the operating environment for market-making activities was positively impacted by diverging central bank monetary policies in the United States and the Euro area in the first quarter, as increased volatility levels contributed to strong client activity levels in currencies, interest rate products and equity products. However, during the remainder of the year, concerns about global growth and uncertainty about the U.S. Federal Reserve's interest rate policy, along with lower global equity prices, widening high-yield credit spreads and declining commodity prices, contributed to lower levels of client activity, particularly in mortgages and credit, and more difficult market-making conditions. The operating environment for investment banking activities for 2015 reflected strong industry-wide mergers and acquisitions activity. In addition, investment management reflected an environment generally characterized by strong client net inflows, which more than offset the declines in equity and fixed income asset prices. Although other principal transactions for 2015 benefited from favorable company-specific events, including sales, initial public offerings and financings, a decline in global equity prices and widening high-yield credit spreads during the second half of the year impacted results. If macroeconomic concerns continue over the long term, and market-making activity levels, investment banking activity levels or assets under supervision decline, or if asset prices continue to decline, net revenues would likely be negatively impacted. See "Segment Operating Results" below for further information about material trends and uncertainties that may impact our results of operations.

Non-Interest Revenues. Investment banking revenues on the consolidated statements of earnings were \$7.03 billion for 2015, 9% higher than 2014, due to significantly higher revenues in financial advisory, reflecting strong client activity, particularly in the United States. Industry-wide completed mergers and acquisitions increased significantly compared with the prior year. Revenues in underwriting were lower compared with a strong 2014. Revenues in debt underwriting were lower compared with 2014, reflecting significantly lower leveraged finance activity. Revenues in equity underwriting were also lower, reflecting significantly lower revenues from initial public offerings and convertible offerings, partially offset by significantly higher revenues from secondary offerings.

Investment management revenues on the consolidated statements of earnings were \$5.87 billion for 2015, 2% higher than 2014, due to slightly higher management and other fees, primarily reflecting higher average assets under supervision, and higher transaction revenues.

Commissions and fees on the consolidated statements of earnings were \$3.32 billion for 2015, essentially unchanged compared with 2014.

Market-making revenues on the consolidated statements of earnings were \$9.52 billion for 2015, 14% higher than 2014. Excluding a gain of \$289 million in 2014 related to the extinguishment of certain of our junior subordinated debt, market-making revenues were 18% higher than 2014, reflecting significantly higher revenues in interest rate products, currencies, equity cash products and equity derivatives. These increases were partially offset by significantly lower revenues in mortgages, commodities and credit products.

Other principal transactions revenues on the consolidated statements of earnings were \$5.02 billion for 2015, 24% lower than 2014. This decrease was primarily due to lower revenues from investments in equities, principally reflecting the sale of Metro International Trade Services (Metro) in the fourth quarter of 2014 and lower net gains from investments in private equities, driven by corporate performance. In addition, revenues in debt securities and loans were significantly lower, reflecting lower net gains from investments.

Net Interest Income. Net interest income on the consolidated statements of earnings was \$3.06 billion for 2015, 24% lower than 2014. The decrease compared with 2014 was due to lower interest income resulting from a reduction in interest income related to financial instruments owned, at fair value, partially offset by the impact of an increase in total average loans receivable. The decrease in interest income was partially offset by a decrease in interest expense, which primarily reflected lower interest expense related to financial instruments sold, but not yet purchased, at fair value and other interest-bearing liabilities, partially offset by higher interest expense related to long-term borrowings. See "Supplemental Financial Information — Statistical Disclosures — Distribution of Assets, Liabilities and Shareholders' Equity" for further information about our sources of net interest income.

Management's Discussion and Analysis

2014 versus 2013

Net revenues on the consolidated statements of earnings were \$34.53 billion for 2014, essentially unchanged compared with 2013, reflecting higher net interest income, investment management revenues and investment banking revenues, as well as slightly higher commissions and fees, largely offset by lower market-making revenues and other principal transactions revenues.

During 2014, the operating environment was favorable for investment banking activities, as industry-wide underwriting activity was strong and industry-wide mergers and acquisitions activity increased. Improved asset prices resulted in appreciation in the value of client assets in investment management. In addition, other principal transactions were impacted by favorable company-specific events and strong corporate performance. However, the operating environment remained challenging for market-making activities as economic uncertainty and low volatility levels contributed to generally low levels of activity, particularly in fixed income products. See "Segment Operating Results" below for further information about material trends and uncertainties that may impact our results of operations.

Non-Interest Revenues. Investment banking revenues on the consolidated statements of earnings were \$6.46 billion for 2014, 8% higher than 2013, due to significantly higher revenues in financial advisory, reflecting an increase in industry-wide completed mergers and acquisitions, primarily in the United States. Revenues in underwriting were essentially unchanged compared with a strong 2013, as industry-wide activity levels remained high. Revenues in debt underwriting were slightly lower compared with 2013, reflecting lower revenues from commercial mortgage-related activity, while revenues in equity underwriting were slightly higher, principally from initial public offerings.

Investment management revenues on the consolidated statements of earnings were \$5.75 billion for 2014, 11% higher than 2013, reflecting higher management and other fees, primarily due to higher average assets under supervision, as well as higher incentive fees and transaction revenues.

Commissions and fees on the consolidated statements of earnings were \$3.32 billion for 2014, 2% higher than 2013, due to higher commissions and fees in both Europe and the United States, reflecting generally higher client activity, consistent with increases in listed cash equity market volumes in these regions.

Market-making revenues on the consolidated statements of earnings were \$8.37 billion for 2014, 11% lower than 2013. Results for 2014 included a gain of \$289 million (\$270 million of which was recorded at extinguishment in the third quarter) related to the extinguishment of certain of our junior subordinated debt. Excluding this gain and a gain of \$211 million on the sale of a majority stake in our European insurance business in 2013, the decrease in market-making revenues compared with 2013 reflected significantly lower revenues in both credit products and equity derivatives, lower revenues in mortgages and the sale of our Americas reinsurance business in 2013. These decreases were partially offset by significantly higher revenues in commodities, as well as higher revenues in equity cash products, currencies and interest rate products.

Other principal transactions revenues on the consolidated statements of earnings were \$6.59 billion for 2014, 6% lower than 2013. Revenues from investments in equity securities were lower due to a significant decrease in net gains from investments in public equities, as movements in global equity prices during 2014 were less favorable compared with 2013, as well as significantly lower revenues related to our consolidated investments, reflecting a decrease in operating revenues from commodities-related consolidated investments. These decreases were partially offset by an increase in net gains from investments in private equities, primarily driven by company-specific events. Revenues from debt securities and loans were slightly higher than 2013, primarily due to sales of certain investments during 2014.

Net Interest Income. Net interest income on the consolidated statements of earnings was \$4.05 billion for 2014, 19% higher than 2013. The increase compared with 2013 was primarily due to lower interest expense resulting from a reduction in our total liabilities, lower costs of long-term funding due to a decline in interest rates and the impact of rebates in the securities services business, partially offset by lower interest income due to a reduction in our total assets. See "Supplemental Financial Information — Statistical Disclosures — Distribution of Assets, Liabilities and Shareholders' Equity" for further information about our sources of net interest income.

Management's Discussion and Analysis**Operating Expenses**

Our operating expenses are primarily influenced by compensation, headcount and levels of business activity. Compensation and benefits includes salaries, discretionary compensation, amortization of equity awards and other items such as benefits. Discretionary compensation is significantly impacted by, among other factors, the level of net revenues, overall financial performance, prevailing labor markets, business mix, the structure of our share-based compensation programs and the external environment. In addition, see "Use of Estimates" for additional information about expenses that may arise from litigation and regulatory proceedings.

The table below presents our operating expenses and total staff (which includes employees, consultants and temporary staff).

<i>\$ in millions</i>	Year Ended December		
	2015	2014	2013
Compensation and benefits	\$12,678	\$12,691	\$12,613
Brokerage, clearing, exchange and distribution fees	2,576	2,501	2,341
Market development	557	549	541
Communications and technology	806	779	776
Depreciation and amortization	991	1,337	1,322
Occupancy	772	827	839
Professional fees	963	902	930
Insurance reserves ¹	—	—	176
Other expenses ²	5,699	2,585	2,931
Total non-compensation expenses	12,364	9,480	9,856
Total operating expenses	\$25,042	\$22,171	\$22,469
Total staff at period-end	36,800	34,000	32,900

1. Consists of changes in reserves related to our Americas reinsurance business, including interest credited to policyholder account balances, and expenses related to property catastrophe reinsurance claims. In April 2013, we completed the sale of a majority stake in our Americas reinsurance business and no longer consolidate this business.

2. Includes provisions of \$3.37 billion recorded during 2015 for the agreement in principle with the RMBS Working Group. See Note 27 to the consolidated financial statements for further information about this agreement in principle.

2015 versus 2014. Operating expenses on the consolidated statements of earnings were \$25.04 billion for 2015, 13% higher than 2014. Compensation and benefits expenses on the consolidated statements of earnings were \$12.68 billion for 2015, essentially unchanged compared with 2014. The ratio of compensation and benefits to net revenues for 2015 was 37.5% compared with 36.8% for 2014. Total staff increased 8% during 2015, primarily due to activity levels in certain businesses and continued investment in regulatory compliance.

Non-compensation expenses on the consolidated statements of earnings were \$12.36 billion for 2015, 30% higher than 2014, due to significantly higher net provisions for mortgage-related litigation and regulatory matters, which are included in other expenses. This increase was partially offset by lower depreciation and amortization expenses, primarily reflecting lower impairment charges related to consolidated investments, and a reduction in expenses related to the sale of Metro in the fourth quarter of 2014. Net provisions for litigation and regulatory proceedings for 2015 were \$4.01 billion compared with \$754 million for 2014 (both primarily comprised of net provisions for mortgage-related matters). 2015 included a \$148 million charitable contribution to Goldman Sachs Gives, our donor-advised fund. Compensation was reduced to fund this charitable contribution to Goldman Sachs Gives. The firm asks its participating managing directors to make recommendations regarding potential charitable recipients for this contribution.

2014 versus 2013. Operating expenses on the consolidated statements of earnings were \$22.17 billion for 2014, essentially unchanged compared with 2013. Compensation and benefits expenses on the consolidated statements of earnings were \$12.69 billion for 2014, essentially unchanged compared with 2013. The ratio of compensation and benefits to net revenues for 2014 was 36.8% compared with 36.9% for 2013. Total staff increased 3% during 2014.

Non-compensation expenses on the consolidated statements of earnings were \$9.48 billion for 2014, 4% lower than 2013. The decrease compared with 2013 included a decrease in other expenses, due to lower net provisions for litigation and regulatory proceedings and lower operating expenses related to consolidated investments, as well as a decline in insurance reserves, reflecting the sale of our Americas reinsurance business in 2013. These decreases were partially offset by an increase in brokerage, clearing, exchange and distribution fees. Net provisions for litigation and regulatory proceedings for 2014 were \$754 million compared with \$962 million for 2013 (both primarily comprised of net provisions for mortgage-related matters). 2014 included a charitable contribution of \$137 million to Goldman Sachs Gives, our donor-advised fund. Compensation was reduced to fund this charitable contribution to Goldman Sachs Gives. The firm asks its participating managing directors to make recommendations regarding potential charitable recipients for this contribution.

Provision for Taxes

The effective income tax rate for 2015 was 30.7%, down from 31.4% for 2014. The decline compared with 2014 reflected reductions related to a change in the mix of earnings, the impact of changes in tax law on deferred tax assets, settlements of tax audits and the determination that certain non-U.S. earnings would be permanently reinvested abroad, and an increase related to the impact of non-deductible provisions for mortgage-related litigation and regulatory matters.

The effective income tax rate for 2014 was 31.4%, essentially unchanged compared with 31.5% for 2013.

On December 18, 2015, U.S. federal legislation was enacted to permanently defer U.S. tax on certain non-repatriated active financing income. This legislation did not have a material impact on our effective tax rate for the year ended December 2015, and we do not expect it will have a material impact on our effective tax rate for 2016.

New York State enacted executive budget legislation for the 2015-2016 fiscal year which makes changes to the income taxation of corporations doing business in New York City. This change did not have a material impact on our effective tax rate for 2015, and we do not expect this legislation will have a material impact on our effective tax rate for 2016.

In November 2015, the United Kingdom government enacted a budget which contained several changes that impact our subsidiaries operating in the U.K., including: (i) an 8 percentage point surcharge on banking profits effective in 2016, (ii) a 1 percentage point reduction in corporate income tax rates effective in 2017, (iii) a further 1 percentage point reduction in corporate tax rates effective in 2020, and (iv) a phased-in reduction from 2016 through 2021 in the U.K. Bank Levy rate (for which the related expense is included in our non-compensation expenses). During the fourth quarter of 2015, we recognized a benefit related to the revaluation of deferred income tax assets. Beginning in 2016, the new legislation will increase our effective income tax rate and the impact will depend on the level and mix of our earnings.

Segment Operating Results

The table below presents the net revenues, operating expenses and pre-tax earnings of our segments.

\$ in millions	Year Ended December		
	2015	2014	2013
Investment Banking			
Net revenues	\$ 7,027	\$ 6,464	\$ 6,004
Operating expenses	3,713	3,688	3,479
Pre-tax earnings	\$ 3,314	\$ 2,776	\$ 2,525
Institutional Client Services			
Net revenues	\$15,151	\$15,197	\$15,721
Operating expenses ¹	13,938	10,880	11,792
Pre-tax earnings	\$ 1,213	\$ 4,317	\$ 3,929
Investing & Lending			
Net revenues	\$ 5,436	\$ 6,825	\$ 7,018
Operating expenses	2,402	2,819	2,686
Pre-tax earnings	\$ 3,034	\$ 4,006	\$ 4,332
Investment Management			
Net revenues	\$ 6,206	\$ 6,042	\$ 5,463
Operating expenses	4,841	4,647	4,357
Pre-tax earnings	\$ 1,365	\$ 1,395	\$ 1,106
Total net revenues	\$33,820	\$34,528	\$34,206
Total operating expenses ²	25,042	22,171	22,469
Total pre-tax earnings	\$ 8,778	\$12,357	\$11,737

1. Includes provisions of \$3.37 billion recorded during 2015 for the agreement in principle with the RMBS Working Group. See Note 27 to the consolidated financial statements for further information about this agreement in principle.

2. Includes charitable contributions that have not been allocated to our segments of \$148 million for 2015, \$137 million for 2014 and \$155 million for 2013.

Net revenues in our segments include allocations of interest income and interest expense to specific securities, commodities and other positions in relation to the cash generated by, or funding requirements of, such underlying positions. See Note 25 to the consolidated financial statements for further information about our business segments.

The cost drivers of Goldman Sachs taken as a whole — compensation, headcount and levels of business activity — are broadly similar in each of our business segments. Compensation and benefits expenses within our segments reflect, among other factors, the overall performance of Goldman Sachs as well as the performance of individual businesses. Consequently, pre-tax margins in one segment of our business may be significantly affected by the performance of our other business segments. A description of segment operating results follows.

Management's Discussion and Analysis**Investment Banking**

Our Investment Banking segment is comprised of:

Financial Advisory. Includes strategic advisory assignments with respect to mergers and acquisitions, divestitures, corporate defense activities, restructurings, spin-offs, risk management and derivative transactions directly related to these client advisory assignments.

Underwriting. Includes public offerings and private placements, including local and cross-border transactions and acquisition financing, of a wide range of securities, loans and other financial instruments, and derivative transactions directly related to these client underwriting activities.

The table below presents the operating results of our Investment Banking segment.

<i>\$ in millions</i>	Year Ended December		
	2015	2014	2013
Financial Advisory	\$3,470	\$2,474	\$1,978
Equity underwriting	1,546	1,750	1,659
Debt underwriting	2,011	2,240	2,367
Total Underwriting	3,557	3,990	4,026
Total net revenues	7,027	6,464	6,004
Operating expenses	3,713	3,688	3,479
Pre-tax earnings	\$3,314	\$2,776	\$2,525

The table below presents our financial advisory and underwriting transaction volumes.¹

<i>\$ in billions</i>	Year Ended December		
	2015	2014	2013
Announced mergers and acquisitions	\$1,774	\$ 973	\$ 602
Completed mergers and acquisitions	1,090	661	634
Equity and equity-related offerings ²	72	78	90
Debt offerings ³	251	270	281

1. Source: Thomson Reuters. Announced and completed mergers and acquisitions volumes are based on full credit to each of the advisors in a transaction. Equity and equity-related offerings and debt offerings are based on full credit for single book managers and equal credit for joint book managers. Transaction volumes may not be indicative of net revenues in a given period. In addition, transaction volumes for prior periods may vary from amounts previously reported due to the subsequent withdrawal or a change in the value of a transaction.

2. Includes Rule 144A and public common stock offerings, convertible offerings and rights offerings.

3. Includes non-convertible preferred stock, mortgage-backed securities, asset-backed securities and taxable municipal debt. Includes publicly registered and Rule 144A issues. Excludes leveraged loans.

2015 versus 2014. Net revenues in Investment Banking were \$7.03 billion for 2015, 9% higher than 2014.

Net revenues in Financial Advisory were \$3.47 billion, 40% higher than 2014, reflecting strong client activity, particularly in the United States. Industry-wide completed mergers and acquisitions increased significantly compared with the prior year. Net revenues in Underwriting were \$3.56 billion, 11% lower compared with a strong 2014. Net revenues in debt underwriting were lower compared with 2014, reflecting significantly lower leveraged finance activity. Net revenues in equity underwriting were also lower, reflecting significantly lower net revenues from initial public offerings and convertible offerings, partially offset by significantly higher net revenues from secondary offerings.

During 2015, Investment Banking operated in an environment characterized by strong industry-wide mergers and acquisitions activity. Industry-wide activity in both debt and equity underwriting declined compared with 2014. In the future, if client activity levels in mergers and acquisitions decline, or client activity levels in underwriting continue to decline, net revenues in Investment Banking would likely be negatively impacted.

Operating expenses were \$3.71 billion for 2015, essentially unchanged compared with 2014. Pre-tax earnings were \$3.31 billion in 2015, 19% higher than 2014.

As of December 2015, our investment banking transaction backlog was higher compared with the end of 2014, primarily due to significantly higher estimated net revenues from potential debt underwriting transactions, principally related to leveraged finance transactions, and higher estimated net revenues from potential advisory transactions, reflecting the continued high level of mergers and acquisitions activity. Estimated net revenues from potential equity underwriting transactions were slightly higher compared with the end of 2014.

Management's Discussion and Analysis

Our investment banking transaction backlog represents an estimate of our future net revenues from investment banking transactions where we believe that future revenue realization is more likely than not. We believe changes in our investment banking transaction backlog may be a useful indicator of client activity levels which, over the long term, impact our net revenues. However, the time frame for completion and corresponding revenue recognition of transactions in our backlog varies based on the nature of the assignment, as certain transactions may remain in our backlog for longer periods of time and others may enter and leave within the same reporting period. In addition, our transaction backlog is subject to certain limitations, such as assumptions about the likelihood that individual client transactions will occur in the future. Transactions may be cancelled or modified, and transactions not included in the estimate may also occur.

2014 versus 2013. Net revenues in Investment Banking were \$6.46 billion for 2014, 8% higher than 2013.

Net revenues in Financial Advisory were \$2.47 billion, 25% higher than 2013, reflecting an increase in industry-wide completed mergers and acquisitions, primarily in the United States. Net revenues in Underwriting were \$3.99 billion, essentially unchanged compared with a strong 2013, as industry-wide activity levels remained high. Net revenues in debt underwriting were slightly lower compared with 2013, reflecting lower net revenues from commercial mortgage-related activity, while net revenues in equity underwriting were slightly higher, principally from initial public offerings.

During 2014, Investment Banking operated in an environment generally characterized by strong industry-wide underwriting activity in both equity and debt, and an increase in industry-wide completed mergers and acquisitions activity compared with 2013. Industry-wide announced mergers and acquisitions activity significantly increased compared with 2013.

Operating expenses were \$3.69 billion for 2014, 6% higher than 2013, primarily due to increased compensation and benefits expenses, reflecting higher net revenues. Pre-tax earnings were \$2.78 billion in 2014, 10% higher than 2013.

As of December 2014, our investment banking transaction backlog was significantly higher compared with the end of 2013, due to a significant increase in estimated net revenues from potential advisory transactions. Estimated net revenues from potential underwriting transactions were lower compared with the end of 2013, as a significant decrease in estimated net revenues from potential equity underwriting transactions, particularly in initial public offerings, was partially offset by an increase in estimated net revenues from potential debt underwriting transactions, reflecting increases across most products.

Institutional Client Services

Our Institutional Client Services segment is comprised of:

Fixed Income, Currency and Commodities Client Execution. Includes client execution activities related to making markets in interest rate products, credit products, mortgages, currencies and commodities.

- **Interest Rate Products.** Government bonds, money market instruments, treasury bills, repurchase agreements and other highly liquid securities and instruments, as well as interest rate swaps, options and other derivatives.
- **Credit Products.** Investment-grade corporate securities, high-yield securities, credit derivatives, bank and bridge loans, municipal securities, emerging market and distressed debt, and trade claims.
- **Mortgages.** Commercial mortgage-related securities, loans and derivatives, residential mortgage-related securities, loans and derivatives (including U.S. government agency-issued collateralized mortgage obligations, other prime, subprime and Alt-A securities and loans), and other asset-backed securities, loans and derivatives.
- **Currencies.** Most currencies, including growth-market currencies.
- **Commodities.** Crude oil and petroleum products, natural gas, base, precious and other metals, electricity, coal, agricultural and other commodity products.

Management's Discussion and Analysis

Equities. Includes client execution activities related to making markets in equity products and commissions and fees from executing and clearing institutional client transactions on major stock, options and futures exchanges worldwide, as well as OTC transactions. Equities also includes our securities services business, which provides financing, securities lending and other prime brokerage services to institutional clients, including hedge funds, mutual funds, pension funds and foundations, and generates revenues primarily in the form of interest rate spreads or fees.

The table below presents the operating results of our Institutional Client Services segment.

\$ in millions	Year Ended December		
	2015	2014	2013
Fixed Income, Currency and Commodities Client Execution	\$ 7,322	\$ 8,461	\$ 8,651
Equities client execution ¹	3,028	2,079	2,594
Commissions and fees	3,156	3,153	3,103
Securities services	1,645	1,504	1,373
Total Equities	7,829	6,736	7,070
Total net revenues	15,151	15,197	15,721
Operating expenses	13,938	10,880	11,792
Pre-tax earnings	\$ 1,213	\$ 4,317	\$ 3,929

1. Net revenues related to the Americas reinsurance business were \$317 million for 2013. In April 2013, we completed the sale of a majority stake in our Americas reinsurance business and no longer consolidate this business.

2015 versus 2014. Net revenues in Institutional Client Services were \$15.15 billion for 2015, essentially unchanged compared with 2014.

Net revenues in Fixed Income, Currency and Commodities Client Execution were \$7.32 billion for 2015, 13% lower than 2014. Excluding a gain of \$168 million in 2014 related to the extinguishment of certain of our junior subordinated debt, net revenues in Fixed Income, Currency and Commodities Client Execution were 12% lower than 2014, reflecting significantly lower net revenues in mortgages, credit products and commodities. The decreases in mortgages and credit products reflected challenging market-making conditions and generally low levels of activity during 2015. The decline in commodities primarily reflected less favorable market-making conditions compared with 2014, which included a strong first quarter of 2014. These decreases were partially offset by significantly higher net revenues in interest rate products and currencies, reflecting higher volatility levels which contributed to higher client activity levels, particularly during the first quarter of 2015.

Net revenues in Equities were \$7.83 billion for 2015, 16% higher than 2014. Excluding a gain of \$121 million (\$30 million and \$91 million included in equities client execution and securities services, respectively) in 2014 related to the extinguishment of certain of our junior subordinated debt, net revenues in Equities were 18% higher than 2014, primarily due to significantly higher net revenues in equities client execution across the major regions, reflecting significantly higher results in both derivatives and cash products, and higher net revenues in securities services, reflecting the impact of higher average customer balances and improved securities lending spreads. Commissions and fees were essentially unchanged compared with 2014.

The firm elects the fair value option for certain unsecured borrowings. The fair value net gain attributable to the impact of changes in our credit spreads on these borrowings was \$255 million (\$214 million and \$41 million related to Fixed Income, Currency and Commodities Client Execution and equities client execution, respectively) for 2015, compared with a net gain of \$144 million (\$108 million and \$36 million related to Fixed Income, Currency and Commodities Client Execution and equities client execution, respectively) for 2014.

During 2015, the operating environment for Institutional Client Services was positively impacted by diverging central bank monetary policies in the United States and the Euro area in the first quarter, as increased volatility levels contributed to strong client activity levels in currencies, interest rate products and equity products, and market-making conditions improved. However, during the remainder of the year, concerns about global growth and uncertainty about the U.S. Federal Reserve's interest rate policy, along with lower global equity prices, widening high-yield credit spreads and declining commodity prices, contributed to lower levels of client activity, particularly in mortgages and credit, and more difficult market-making conditions. If macroeconomic concerns continue over the long term and activity levels decline, net revenues in Institutional Client Services would likely be negatively impacted.

Operating expenses were \$13.94 billion for 2015, 28% higher than 2014, due to significantly higher net provisions for mortgage-related litigation and regulatory matters, partially offset by decreased compensation and benefits expenses. Pre-tax earnings were \$1.21 billion in 2015, 72% lower than 2014.

Management's Discussion and Analysis

2014 versus 2013. Net revenues in Institutional Client Services were \$15.20 billion for 2014, 3% lower than 2013. Results for 2014 included a gain of \$289 million (\$270 million of which was recorded at extinguishment in the third quarter) related to the extinguishment of certain of our junior subordinated debt, of which \$168 million was included in Fixed Income, Currency and Commodities Client Execution and \$121 million in Equities (\$30 million and \$91 million included in equities client execution and securities services, respectively).

Net revenues in Fixed Income, Currency and Commodities Client Execution were \$8.46 billion for 2014, 2% lower than 2013. Excluding the gain related to the extinguishment of debt in 2014 and a gain of \$211 million on the sale of a majority stake in our European insurance business in 2013, net revenues in Fixed Income, Currency and Commodities Client Execution were slightly lower compared with 2013. This decline reflected significantly lower net revenues in credit products and slightly lower net revenues in both interest rate products and mortgages. The decrease in credit products primarily reflected difficult market-making conditions, particularly during the second half of 2014, and generally low levels of activity. These results were largely offset by significantly higher net revenues in commodities and higher net revenues in currencies. The increase in commodities reflected more favorable market-making conditions in certain energy products, primarily during the first quarter of 2014. The increase in currencies reflected a stronger performance towards the end of 2014, as activity levels improved and volatility was higher.

Net revenues in Equities were \$6.74 billion for 2014, 5% lower than 2013. Excluding the gain related to the extinguishment of debt in 2014 and net revenues of \$317 million related to the sale of a majority stake in our Americas reinsurance business in 2013, net revenues in Equities were slightly lower compared with 2013. This decline reflected lower net revenues in derivatives, partially offset by slightly higher commissions and fees and slightly higher net revenues in securities services. The increase in securities services net revenues reflected the impact of higher average customer balances. The increase in commissions and fees was due to higher commissions and fees in both Europe and the United States, reflecting generally higher client activity, consistent with increases in listed cash equity market volumes in these regions.

The firm elects the fair value option for certain unsecured borrowings. The fair value net gain attributable to the impact of changes in our credit spreads on these borrowings was \$144 million (\$108 million and \$36 million related to Fixed Income, Currency and Commodities Client Execution and equities client execution, respectively) for 2014, compared with a net loss of \$296 million (\$220 million and \$76 million related to Fixed Income, Currency and Commodities Client Execution and equities client execution, respectively) for 2013.

During 2014, Institutional Client Services continued to operate in a challenging environment, as economic uncertainty contributed to subdued risk appetite for our clients and generally low levels of activity, particularly in credit products, interest rate products and mortgages. In addition, volatility levels remained low, although volatility increased in certain businesses towards the end of the year. Debt markets were also impacted by the widening of high-yield credit spreads and the decline in oil prices during the second half of the year, which contributed to low liquidity, particularly in credit. Equity markets, however, generally increased during the year.

Operating expenses were \$10.88 billion for 2014, 8% lower than 2013, due to decreased compensation and benefits expenses, reflecting lower net revenues, lower net provisions for litigation and regulatory proceedings, and lower expenses as a result of the sale of a majority stake in our Americas reinsurance business. Pre-tax earnings were \$4.32 billion in 2014, 10% higher than 2013.

Management's Discussion and Analysis**Investing & Lending**

Investing & Lending includes our investing activities and the origination of loans to provide financing to clients. These investments and loans are typically longer-term in nature. We make investments, some of which are consolidated, directly and indirectly through funds and separate accounts that we manage, in debt securities and loans, public and private equity securities, and real estate entities.

The table below presents the operating results of our Investing & Lending segment.

<i>\$ in millions</i>	Year Ended December		
	2015	2014	2013
Equity securities	\$3,781	\$4,579	\$4,974
Debt securities and loans	1,655	2,246	2,044
Total net revenues ¹	5,436	6,825	7,018
Operating expenses	2,402	2,819	2,686
Pre-tax earnings	\$3,034	\$4,006	\$4,332

1. Net revenues related to our consolidated investments, previously reported in other net revenues within Investing & Lending, are now reported in equity securities and debt securities and loans, as results from these activities (\$391 million for 2015) are no longer significant principally due to the sale of Metro in the fourth quarter of 2014. Reclassifications have been made to previously reported amounts to conform to the current presentation.

2015 versus 2014. Net revenues in Investing & Lending were \$5.44 billion for 2015, 20% lower than 2014. This decrease was primarily due to lower net revenues from investments in equities, principally reflecting the sale of Metro in the fourth quarter of 2014 and lower net gains from investments in private equities, driven by corporate performance. In addition, net revenues in debt securities and loans were significantly lower, reflecting lower net gains from investments.

Although net revenues in Investing & Lending for 2015 benefited from favorable company-specific events, including sales, initial public offerings and financings, a decline in global equity prices and widening high-yield credit spreads during the second half of the year impacted results. Concern about the outlook for the global economy continues to be a meaningful consideration for the global marketplace. If equity markets continue to decline or credit spreads widen further, net revenues in Investing & Lending would likely continue to be negatively impacted.

Operating expenses were \$2.40 billion for 2015, 15% lower than 2014, due to lower depreciation and amortization expenses, primarily reflecting lower impairment charges related to consolidated investments, and a reduction in expenses related to the sale of Metro in the fourth quarter of 2014. Pre-tax earnings were \$3.03 billion in 2015, 24% lower than 2014.

2014 versus 2013. Net revenues in Investing & Lending were \$6.83 billion for 2014, 3% lower than 2013. Net revenues from investments in equity securities were lower due to a significant decrease in net gains from investments in public equities, as movements in global equity prices during 2014 were less favorable compared with 2013, as well as significantly lower net revenues related to our consolidated investments, reflecting a decrease in operating revenues from commodities-related consolidated investments. These decreases were partially offset by an increase in net gains from investments in private equities, primarily driven by company-specific events. Net revenues from debt securities and loans were higher than 2013, reflecting a significant increase in net interest income, primarily driven by increased lending, and a slight increase in net gains, primarily due to sales of certain investments during 2014.

During 2014, net revenues in Investing & Lending generally reflected favorable company-specific events, including initial public offerings and financings, and strong corporate performance, as well as net gains from sales of certain investments.

Operating expenses were \$2.82 billion for 2014, 5% higher than 2013, reflecting higher compensation and benefits expenses, partially offset by lower expenses related to consolidated investments. Pre-tax earnings were \$4.01 billion in 2014, 8% lower than 2013.

Investment Management

Investment Management provides investment management services and offers investment products (primarily through separately managed accounts and commingled vehicles, such as mutual funds and private investment funds) across all major asset classes to a diverse set of institutional and individual clients. Investment Management also offers wealth advisory services, including portfolio management and financial counseling, and brokerage and other transaction services to high-net-worth individuals and families.

Assets under supervision include assets under management and other client assets. Assets under management include client assets where we earn a fee for managing assets on a discretionary basis. This includes net assets in our mutual funds, hedge funds, credit funds and private equity funds (including real estate funds), and separately managed accounts for institutional and individual investors. Other client assets include client assets invested with third-party managers, bank deposits and advisory relationships where we earn a fee for advisory and other services, but do not have investment discretion. Assets under supervision do not include the self-directed brokerage assets of our clients. Long-term assets under supervision represent assets under supervision excluding liquidity products. Liquidity products represent money market and bank deposit assets.

Assets under supervision typically generate fees as a percentage of net asset value, which vary by asset class and are affected by investment performance as well as asset inflows and redemptions. Asset classes such as alternative investment and equity assets typically generate higher fees relative to fixed income and liquidity product assets. The average effective management fee (which excludes non-asset-based fees) we earned on our assets under supervision was 39 basis points for 2015 and 40 basis points for both 2014 and 2013.

In certain circumstances, we are also entitled to receive incentive fees based on a percentage of a fund's or a separately managed account's return, or when the return exceeds a specified benchmark or other performance target. Incentive fees are recognized only when all material contingencies are resolved.

The table below presents the operating results of our Investment Management segment.

<i>\$ in millions</i>	Year Ended December		
	2015	2014	2013
Management and other fees	\$4,887	\$4,800	\$4,386
Incentive fees	780	776	662
Transaction revenues	539	466	415
Total net revenues	6,206	6,042	5,463
Operating expenses	4,841	4,647	4,357
Pre-tax earnings	\$1,365	\$1,395	\$1,106

The tables below present our period-end assets under supervision (AUS) by asset class and by distribution channel.

<i>\$ in billions</i>	As of December		
	2015	2014	2013
Assets under management	\$1,078	\$1,027	\$ 919
Other client assets	174	151	123
Total AUS	\$1,252	\$1,178	\$1,042

Asset Class	2015	2014	2013
Alternative investments ¹	\$ 148	\$ 143	\$ 142
Equity	252	236	208
Fixed income	546	516	446
Long-term AUS	946	895	796
Liquidity products	306	283	246
Total AUS	\$1,252	\$1,178	\$1,042

Distribution Channel	2015	2014	2013
Institutional	\$ 471	\$ 412	\$ 363
High-net-worth individuals	369	363	330
Third-party distributed	412	403	349
Total AUS	\$1,252	\$1,178	\$1,042

1. Primarily includes hedge funds, credit funds, private equity, real estate, currencies, commodities and asset allocation strategies.

The table below presents our average monthly assets under supervision by asset class.

<i>\$ in billions</i>	Average for the Year Ended December		
	2015	2014	2013
Alternative investments	\$ 145	\$ 145	\$ 145
Equity	247	225	180
Fixed income	530	499	425
Long-term AUS	922	869	750
Liquidity products	272	248	235
Total AUS	\$1,194	\$1,117	\$ 985

Management's Discussion and Analysis

The table below presents a summary of the changes in our assets under supervision.

\$ in billions	Year Ended December		
	2015	2014	2013
Balance, beginning of year	\$1,178	\$1,042	\$ 965
Net inflows/(outflows)			
Alternative investments	7	1	(13)
Equity	23	15	13
Fixed income	41	58	41 ³
Long-term AUS net inflows/(outflows)	71 ¹	74	41
Liquidity products	23	37	(4)
Total AUS net inflows/(outflows)	94	111 ²	37
Net market appreciation/(depreciation)	(20)	25	40
Balance, end of year	\$1,252	\$1,178	\$1,042

1. Includes \$18 billion of fixed income, equity and alternative investments asset inflows in connection with our acquisition of Pacific Global Advisors' solutions business.

2. Includes \$19 billion of fixed income asset inflows in connection with our acquisition of Deutsche Asset & Wealth Management's stable value business and \$6 billion of liquidity products inflows in connection with our acquisition of RBS Asset Management's money market funds.

3. Includes \$10 billion in assets managed by the firm related to our Americas reinsurance business, in which a majority stake was sold in April 2013, that were previously excluded from assets under supervision as they were assets of a consolidated subsidiary.

2015 versus 2014. Net revenues in Investment Management were \$6.21 billion for 2015, 3% higher than 2014, due to slightly higher management and other fees, primarily reflecting higher average assets under supervision, and higher transaction revenues. During 2015, total assets under supervision increased \$74 billion to \$1.25 trillion. Long-term assets under supervision increased \$51 billion, including net inflows of \$71 billion (which includes \$18 billion of asset inflows in connection with our acquisition of Pacific Global Advisors' solutions business), and net market depreciation of \$20 billion, both primarily in fixed income and equity assets. In addition, liquidity products increased \$23 billion.

During 2015, Investment Management operated in an environment generally characterized by strong client net inflows, which more than offset the declines in equity and fixed income asset prices, which resulted in depreciation in the value of client assets, particularly in the third quarter of 2015. The mix of average assets under supervision shifted slightly from long-term assets under supervision to liquidity products compared with 2014. In the future, if asset prices continue to decline, or investors continue to favor asset classes that typically generate lower fees or investors withdraw their assets, net revenues in Investment Management would likely be negatively impacted.

Operating expenses were \$4.84 billion for 2015, 4% higher than 2014, due to increased compensation and benefits expenses, reflecting higher net revenues. Pre-tax earnings were \$1.37 billion in 2015, 2% lower than 2014.

2014 versus 2013. Net revenues in Investment Management were \$6.04 billion for 2014, 11% higher than 2013, reflecting higher management and other fees, primarily due to higher average assets under supervision, as well as higher incentive fees and transaction revenues. During 2014, total assets under supervision increased \$136 billion to \$1.18 trillion. Long-term assets under supervision increased \$99 billion, including net inflows of \$74 billion (including \$19 billion of fixed income asset inflows in connection with our acquisition of Deutsche Asset & Wealth Management's stable value business) and net market appreciation of \$25 billion, both primarily in fixed income and equity assets. In addition, liquidity products increased \$37 billion (including \$6 billion of inflows in connection with our acquisition of RBS Asset Management's money market funds).

During 2014, Investment Management operated in an environment generally characterized by improved asset prices, primarily in equity and fixed income assets, resulting in appreciation in the value of client assets. In addition, the mix of average assets under supervision shifted slightly from liquidity products to long-term assets under supervision, due to growth in fixed income and equity assets, compared with 2013.

Operating expenses were \$4.65 billion for 2014, 7% higher than 2013, primarily due to increased compensation and benefits expenses, reflecting higher net revenues, and higher fund distribution fees. Pre-tax earnings were \$1.40 billion in 2014, 26% higher than 2013.

Geographic Data

See Note 25 to the consolidated financial statements for a summary of our total net revenues, pre-tax earnings and net earnings by geographic region.

Balance Sheet and Funding Sources

Balance Sheet Management

One of our most important risk management disciplines is our ability to manage the size and composition of our balance sheet. While our asset base changes due to client activity, market fluctuations and business opportunities, the size and composition of our balance sheet reflect (i) our overall risk tolerance, (ii) our ability to access stable funding sources and (iii) the amount of equity capital we hold. See “Equity Capital Management and Regulatory Capital — Equity Capital Management” for information about our equity capital management process.

Although our balance sheet fluctuates on a day-to-day basis, our total assets at quarter-end and year-end dates are generally not materially different from those occurring within our reporting periods.

In order to ensure appropriate risk management, we seek to maintain a liquid balance sheet and have processes in place to dynamically manage our assets and liabilities which include (i) quarterly planning, (ii) business-specific limits, (iii) monitoring of key metrics and (iv) scenario analyses.

Quarterly Planning. We prepare a quarterly balance sheet plan that combines our projected total assets and composition of assets with our expected funding sources for the upcoming quarter. The objectives of this quarterly planning process are:

- To develop our near-term balance sheet projections, taking into account the general state of the financial markets and expected business activity levels, as well as current regulatory requirements;
- To determine the target amount, tenor and type of funding to raise, based on our projected assets and forecasted maturities; and
- To allow business risk managers and managers from our independent control and support functions to objectively evaluate balance sheet limit requests from business managers in the context of the firm's overall balance sheet constraints, including the firm's liability profile and equity capital levels, and key metrics. Limits are typically set at levels that will be periodically exceeded, rather than at levels which reflect our maximum risk appetite.

To prepare our quarterly balance sheet plan, business risk managers and managers from our independent control and support functions meet with business managers to review current and prior period information and discuss expectations for the upcoming quarter. The specific information reviewed includes asset and liability size and composition, aged inventory, limit utilization, risk and performance measures, and capital usage.

Our consolidated quarterly plan, including our balance sheet plans by business, funding projections, and projected key metrics, is reviewed and approved by the Firmwide Finance Committee. See “Overview and Structure of Risk Management” for an overview of our risk management structure.

Business-Specific Limits. The Firmwide Finance Committee sets asset and liability limits for each business and aged inventory limits for certain financial instruments as a disincentive to hold inventory over longer periods of time. These limits are set at levels which are close to actual operating levels in order to ensure prompt escalation and discussion among business managers and managers in our independent control and support functions on a routine basis. The Firmwide Finance Committee reviews and approves balance sheet limits on a quarterly basis and may also approve changes in limits on an ad hoc basis in response to changing business needs or market conditions. Requests for changes in limits are evaluated after giving consideration to their impact on key firm metrics. Compliance with limits is monitored on a daily basis by business risk managers, as well as managers in our independent control and support functions.

Monitoring of Key Metrics. We monitor key balance sheet metrics daily both by business and on a consolidated basis, including asset and liability size and composition, aged inventory, limit utilization and risk measures. We allocate assets to businesses and review and analyze movements resulting from new business activity as well as market fluctuations.

Management's Discussion and Analysis

Scenario Analyses. We conduct various scenario analyses including as part of the Comprehensive Capital Analysis and Review (CCAR) and Dodd-Frank Act Stress Tests (DFAST), as well as our resolution and recovery planning. See “Equity Capital Management and Regulatory Capital — Equity Capital Management” below for further information. These scenarios cover short-term and long-term time horizons using various macroeconomic and firm-specific assumptions, based on a range of economic scenarios. We use these analyses to assist us in developing our longer-term balance sheet management strategy, including the level and composition of assets, funding and equity capital. Additionally, these analyses help us develop approaches for maintaining appropriate funding, liquidity and capital across a variety of situations, including a severely stressed environment.

Balance Sheet Allocation

In addition to preparing our consolidated statements of financial condition in accordance with U.S. GAAP, we prepare a balance sheet that generally allocates assets to our businesses, which is a non-GAAP presentation and may not be comparable to similar non-GAAP presentations used by other companies. We believe that presenting our assets on this basis is meaningful because it is consistent with the way management views and manages risks associated with the firm's assets and better enables investors to assess the liquidity of the firm's assets.

The table below presents our balance sheet allocation.

<i>\$ in millions</i>	As of December	
	2015	2014
Global Core Liquid Assets (GCLA)	\$199,120	\$182,947
Other cash	9,180	7,805
GCLA and cash	208,300	190,752
Secured client financing	221,325	210,641
Inventory	208,836	230,667
Secured financing agreements	63,495	74,767
Receivables	39,976	47,317
Institutional Client Services	312,307	352,751
Public equity	3,991	4,041
Private equity	16,985	17,979
Debt ¹	23,216	24,768
Loans receivable ²	45,407	28,938
Other	4,646	3,771
Investing & Lending	94,245	79,497
Total inventory and related assets	406,552	432,248
Other assets	25,218	22,201
Total assets	\$861,395	\$855,842

1. Includes \$17.29 billion and \$18.24 billion as of December 2015 and December 2014, respectively, of direct loans primarily extended to corporate and private wealth management clients that are accounted for at fair value.

2. See Note 9 to the consolidated financial statements for further information about loans receivable.

The following is a description of the captions in the table above:

- **Global Core Liquid Assets and Cash.** We maintain liquidity to meet a broad range of potential cash outflows and collateral needs in a stressed environment. See “Liquidity Risk Management” below for details on the composition and sizing of our “Global Core Liquid Assets” (GCLA). In addition to our GCLA, we maintain other operating cash balances, primarily for use in specific currencies, entities, or jurisdictions where we do not have immediate access to parent company liquidity.
- **Secured Client Financing.** We provide collateralized financing for client positions, including margin loans secured by client collateral, securities borrowed, and resale agreements primarily collateralized by government obligations. As a result of client activities, we are required to segregate cash and securities to satisfy regulatory requirements. Our secured client financing arrangements, which are generally short-term, are accounted for at fair value or at amounts that approximate fair value, and include daily margin requirements to mitigate counterparty credit risk.
- **Institutional Client Services.** In Institutional Client Services, we maintain inventory positions to facilitate market making in fixed income, equity, currency and commodity products. Additionally, as part of market-making activities, we enter into resale or securities borrowing arrangements to obtain securities which we can use to cover transactions in which we or our clients have sold securities that have not yet been purchased. The receivables in Institutional Client Services primarily relate to securities transactions.
- **Investing & Lending.** In Investing & Lending, we make investments and originate loans to provide financing to clients. These investments and loans are typically longer-term in nature. We make investments, directly and indirectly through funds and separate accounts that we manage, in debt securities, loans, public and private equity securities, real estate entities and other investments.
- **Other Assets.** Other assets are generally less liquid, non-financial assets, including property, leasehold improvements and equipment, goodwill and identifiable intangible assets, income tax-related receivables, equity-method investments, assets classified as held for sale and miscellaneous receivables.

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Management's Discussion and Analysis

The tables below present the reconciliation of this balance sheet allocation to our U.S. GAAP balance sheet. In the tables below:

- Total assets for Institutional Client Services and Investing & Lending represent inventory and related assets. These amounts differ from total assets by business segment disclosed in Note 25 to the consolidated financial statements because total assets disclosed in Note 25 include allocations of our GCLA and cash, secured client financing and other assets.

- See “Balance Sheet Analysis and Metrics” for explanations on the changes in our balance sheet from December 2014 to December 2015.

	As of December 2015					
	GCLA and Cash	Secured Client Financing	Institutional Client Services	Investing & Lending	Other Assets	Total Assets
<i>\$ in millions</i>						
Cash and cash equivalents	\$ 75,105	\$ —	\$ —	\$ —	\$ —	\$ 75,105
Cash and securities segregated for regulatory and other purposes	—	56,838	—	—	—	56,838
Securities purchased under agreements to resell and federal funds sold	60,092	42,786	16,368	1,659	—	120,905
Securities borrowed	33,260	91,712	47,127	—	—	172,099
Receivables from brokers, dealers and clearing organizations	—	5,912	19,541	—	—	25,453
Receivables from customers and counterparties	—	24,077	20,435	1,918	—	46,430
Loans receivable	—	—	—	45,407	—	45,407
Financial instruments owned, at fair value	39,843	—	208,836	45,261	—	293,940
Other assets	—	—	—	—	25,218	25,218
Total assets	\$208,300	\$221,325	\$ 312,307	\$94,245	\$25,218	\$861,395

	As of December 2014					
	GCLA and Cash	Secured Client Financing	Institutional Client Services	Investing & Lending	Other Assets	Total Assets
<i>\$ in millions</i>						
Cash and cash equivalents	\$ 57,600	\$ —	\$ —	\$ —	\$ —	\$ 57,600
Cash and securities segregated for regulatory and other purposes	—	51,716	—	—	—	51,716
Securities purchased under agreements to resell and federal funds sold	66,928	34,506	24,940	1,564	—	127,938
Securities borrowed	32,311	78,584	49,827	—	—	160,722
Receivables from brokers, dealers and clearing organizations	—	8,908	21,656	107	—	30,671
Receivables from customers and counterparties	—	36,927	25,661	1,220	—	63,808
Loans receivable	—	—	—	28,938	—	28,938
Financial instruments owned, at fair value	33,913	—	230,667	47,668	—	312,248
Other assets	—	—	—	—	22,201	22,201
Total assets	\$190,752	\$210,641	\$ 352,751	\$79,497	\$22,201	\$855,842

Management's Discussion and Analysis**Balance Sheet Analysis and Metrics**

As of December 2015, total assets on our consolidated statements of financial condition were \$861.40 billion, an increase of \$5.55 billion from December 2014, reflecting increases in cash and cash equivalents of \$17.51 billion, loans receivable of \$16.47 billion and securities borrowed of \$11.38 billion, partially offset by decreases in financial instruments owned, at fair value of \$18.31 billion, and receivables from customers and counterparties of \$17.38 billion. During 2015, cash and cash equivalents increased primarily due to an increase in GCLA, loans receivable increased, reflecting lending activity, and securities borrowed increased due to firm-related activity. Financial instruments owned, at fair value decreased primarily reflecting the impact of movements in interest rate and currency markets on derivative valuations and the impact of lower market-making activity related to non-U.S. government and agency obligations and corporate debt securities, partially offset by the impact of higher market-making activity related to equities and convertible debentures. Receivables from customers and counterparties decreased primarily due to lower client activity.

As of December 2015, total liabilities on our consolidated statements of financial condition were \$774.67 billion, an increase of \$1.62 billion from December 2014, reflecting increases in deposits of \$14.64 billion and unsecured long-term borrowings of \$8.12 billion, partially offset by a decrease in financial instruments sold, but not yet purchased, at fair value of \$16.84 billion. During 2015, deposits increased primarily in Goldman Sachs Bank USA (GS Bank USA) and unsecured long-term borrowings increased due to net new issuances. Financial instruments sold, but not yet purchased, at fair value decreased primarily reflecting the impact of movements in interest rate and currency markets on derivative valuations.

As of December 2015, our total securities sold under agreements to repurchase, accounted for as collateralized financings, were \$86.07 billion, which was 3% higher than the daily average amount of repurchase agreements during both the quarter ended and year ended December 2015. The increase in our repurchase agreements relative to the daily average during 2015 resulted from an increase in firm financing and client activity at the end of the year.

As of December 2014, our total securities sold under agreements to repurchase, accounted for as collateralized financings, were \$88.22 billion, which was 3% lower and 26% lower than the daily average amount of repurchase agreements during the quarter ended and year ended December 2014, respectively. The decrease in our repurchase agreements relative to the daily average during 2014 resulted from a decrease in client and firm financing activity during the second half of the year, including a reduction in our matched book, primarily resulting from a firmwide initiative to reduce activities with lower returns.

The level of our repurchase agreements fluctuates between and within periods, primarily due to providing clients with access to highly liquid collateral, such as U.S. government and federal agency, and investment-grade sovereign obligations through collateralized financing activities.

The table below presents information about our assets, unsecured long-term borrowings, shareholders' equity and leverage ratios.

<i>\$ in millions</i>	As of December	
	2015	2014
Total assets	\$861,395	\$855,842
Unsecured long-term borrowings	\$175,422	\$167,302
Total shareholders' equity	\$ 86,728	\$ 82,797
Leverage ratio	9.9x	10.3x
Debt to equity ratio	2.0x	2.0x

In the table above:

- The leverage ratio equals total assets divided by total shareholders' equity and measures the proportion of equity and debt the firm is using to finance assets. This ratio is different from the Tier 1 leverage ratio included in Note 20 to the consolidated financial statements.
- The debt to equity ratio equals unsecured long-term borrowings divided by total shareholders' equity.

The table below presents information about our shareholders' equity and book value per common share, including the reconciliation of total shareholders' equity to tangible common shareholders' equity.

<i>\$ in millions, except per share amounts</i>	As of December	
	2015	2014
Total shareholders' equity	\$ 86,728	\$ 82,797
Less: Preferred stock	(11,200)	(9,200)
Common shareholders' equity	75,528	73,597
Less: Goodwill and identifiable intangible assets	(4,148)	(4,160)
Tangible common shareholders' equity	\$ 71,380	\$ 69,437
Book value per common share	\$ 171.03	\$ 163.01
Tangible book value per common share	161.64	153.79

Management's Discussion and Analysis

In the table above:

- Tangible common shareholders' equity equals total shareholders' equity less preferred stock, goodwill and identifiable intangible assets. We believe that tangible common shareholders' equity is meaningful because it is a measure that we and investors use to assess capital adequacy. Tangible common shareholders' equity is a non-GAAP measure and may not be comparable to similar non-GAAP measures used by other companies.
- Book value per common share and tangible book value per common share are based on common shares outstanding, including restricted stock units (RSUs) granted to employees with no future service requirements, of 441.6 million and 451.5 million as of December 2015 and December 2014, respectively. We believe that tangible book value per common share (tangible common shareholders' equity divided by common shares outstanding, including RSUs granted to employees with no future service requirements) is meaningful because it is a measure that we and investors use to assess capital adequacy. Tangible book value per common share is a non-GAAP measure and may not be comparable to similar non-GAAP measures used by other companies.

Funding Sources

Our primary sources of funding are secured financings, unsecured long-term and short-term borrowings, and deposits. We seek to maintain broad and diversified funding sources globally across products, programs, markets, currencies and creditors to avoid funding concentrations.

We raise funding through a number of different products, including:

- Collateralized financings, such as repurchase agreements, securities loaned and other secured financings;
- Long-term unsecured debt (including structured notes) through syndicated U.S. registered offerings, U.S. registered and Rule 144A medium-term note programs, offshore medium-term note offerings and other debt offerings;
- Savings and demand deposits through deposit sweep programs and time deposits through internal and third-party broker-dealers; and
- Short-term unsecured debt at the subsidiary level through U.S. and non-U.S. hybrid financial instruments, commercial paper and promissory note issuances and other methods.

Our funding is primarily raised in U.S. dollar, Euro, British pound and Japanese yen. We generally distribute our funding products through our own sales force and third-party distributors to a large, diverse creditor base in a variety of markets in the Americas, Europe and Asia. We believe that our relationships with our creditors are critical to our liquidity. Our creditors include banks, governments, securities lenders, pension funds, insurance companies, mutual funds and individuals. We have imposed various internal guidelines to monitor creditor concentration across our funding programs.

Secured Funding. We fund a significant amount of inventory on a secured basis. Secured funding is less sensitive to changes in our credit quality than unsecured funding, due to our posting of collateral to our lenders. Nonetheless, we continually analyze the refinancing risk of our secured funding activities, taking into account trade tenors, maturity profiles, counterparty concentrations, collateral eligibility and counterparty rollover probabilities. We seek to mitigate our refinancing risk by executing term trades with staggered maturities, diversifying counterparties, raising excess secured funding, and pre-funding residual risk through our GCLA.

We seek to raise secured funding with a term appropriate for the liquidity of the assets that are being financed, and we seek longer maturities for secured funding collateralized by asset classes that may be harder to fund on a secured basis especially during times of market stress. Substantially all of our secured funding, excluding funding collateralized by liquid government obligations, is executed for tenors of one month or greater. Assets that may be harder to fund on a secured basis during times of market stress include certain financial instruments in the following categories: mortgage and other asset-backed loans and securities, non-investment-grade corporate debt securities, equities and convertible debentures and emerging market securities. Assets that are classified as level 3 in the fair value hierarchy are generally funded on an unsecured basis. See Notes 5 and 6 to the consolidated financial statements for further information about the classification of financial instruments in the fair value hierarchy and "Unsecured Long-Term Borrowings" below for further information about the use of unsecured long-term borrowings as a source of funding.

The weighted average maturity of our secured funding, excluding funding collateralized by highly liquid securities eligible for inclusion in our GCLA, exceeded 120 days as of December 2015.

Management's Discussion and Analysis

A majority of our secured funding for securities not eligible for inclusion in the GCLA is executed through term repurchase agreements and securities loaned contracts. We also raise financing through other types of collateralized financings, such as secured loans and notes. GS Bank USA has access to funding from the Federal Home Loan Bank (FHLB). As of December 2015, our outstanding borrowings against the FHLB were \$2.92 billion.

GS Bank USA also has access to funding through the Federal Reserve Bank discount window. While we do not rely on this funding in our liquidity planning and stress testing, we maintain policies and procedures necessary to access this funding and test discount window borrowing procedures.

Unsecured Long-Term Borrowings. We issue unsecured long-term borrowings as a source of funding for inventory and other assets and to finance a portion of our GCLA. We issue in different tenors, currencies and products to maximize the diversification of our investor base.

The table below presents our quarterly unsecured long-term borrowings maturity profile as of December 2015.

Unsecured Long-Term Borrowings Maturity Profile					
<i>\$ in millions</i>	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2017	\$12,618	\$3,403	\$7,305	\$2,036	\$ 25,362
2018	8,114	8,258	5,243	3,516	25,131
2019	6,318	663	2,243	6,811	16,035
2020	4,290	7,368	5,455	842	17,955
2021 - thereafter					90,939
Total					\$175,422

The weighted average maturity of our unsecured long-term borrowings as of December 2015 was approximately nine years. To mitigate refinancing risk, we seek to limit the principal amount of debt maturing on any one day or during any week or year. We enter into interest rate swaps to convert a majority of the amount of our unsecured long-term borrowings into floating-rate obligations in order to manage our exposure to interest rates. See Note 16 to the consolidated financial statements for further information about our unsecured long-term borrowings.

Deposits. We raise deposits mainly through GS Bank USA and Goldman Sachs International Bank (GSIB). The tables below present the types and sources of our deposits.

As of December 2015			
<i>\$ in millions</i>	Savings and Demand¹	Time²	Total
Private bank deposits ³	\$38,715	\$ 2,354	\$41,069
Certificates of deposit	—	34,375	34,375
Deposit sweep programs ⁴	15,791	—	15,791
Institutional	1	6,283	6,284
Total⁵	\$54,507	\$43,012	\$97,519

As of December 2014			
<i>\$ in millions</i>	Savings and Demand¹	Time²	Total
Private bank deposits ³	\$33,590	\$ 1,609	\$35,199
Certificates of deposit	—	25,780	25,780
Deposit sweep programs ⁴	15,691	—	15,691
Institutional	12	6,198	6,210
Total⁵	\$49,293	\$33,587	\$82,880

1. Represents deposits with no stated maturity.
2. Weighted average maturity of approximately three years as of both December 2015 and December 2014.
3. Substantially all were from overnight deposit sweep programs related to private wealth management clients.
4. Represents long-term contractual agreements with several U.S. broker-dealers who sweep client cash to FDIC-insured deposits.
5. Deposits insured by the FDIC as of December 2015 and December 2014 were approximately \$55.48 billion and \$45.72 billion, respectively.

In August 2015, GS Bank USA entered into an agreement, subject to regulatory approval, to acquire GE Capital Bank's online deposit platform and to assume approximately \$16 billion of deposits, consisting of approximately \$8 billion in online deposit accounts and approximately \$8 billion in brokered certificates of deposit.

Unsecured Short-Term Borrowings. A significant portion of our unsecured short-term borrowings was originally long-term debt that is scheduled to mature within one year of the reporting date. We use unsecured short-term borrowings to finance liquid assets and for other cash management purposes. We issue hybrid financial instruments, commercial paper and promissory notes. In light of regulatory developments, since the third quarter of 2015, Group Inc. has not issued debt with an original maturity of less than one year and currently does not expect to issue short-term debt in the future.

As of December 2015 and December 2014, our unsecured short-term borrowings, including the current portion of unsecured long-term borrowings, were \$42.79 billion and \$44.54 billion, respectively. See Note 15 to the consolidated financial statements for further information about our unsecured short-term borrowings.

Management's Discussion and Analysis

Equity Capital Management and Regulatory Capital

Capital adequacy is of critical importance to us. We have in place a comprehensive capital management policy that provides a framework, defines objectives and establishes guidelines to assist us in maintaining the appropriate level and composition of capital in both business-as-usual and stressed conditions.

Equity Capital Management

We determine the appropriate level and composition of our equity capital by considering multiple factors including our current and future consolidated regulatory capital requirements, the results of our capital planning and stress testing process and other factors such as rating agency guidelines, subsidiary capital requirements, the business environment and conditions in the financial markets. We manage our capital requirements and the levels of our capital usage principally by setting limits on balance sheet assets and/or limits on risk, in each case at both the consolidated and business levels.

We principally manage the level and composition of our equity capital through issuances and repurchases of our common stock. We may also, from time to time, issue or repurchase our preferred stock, junior subordinated debt issued to trusts, and other subordinated debt or other forms of capital as business conditions warrant. Prior to any repurchases, we must receive confirmation that the Board of Governors of the Federal Reserve System (Federal Reserve Board) does not object to such capital actions. See Notes 16 and 19 to the consolidated financial statements for further information about our preferred stock, junior subordinated debt issued to trusts and other subordinated debt.

Capital Planning and Stress Testing Process. As part of capital planning, we project sources and uses of capital given a range of business environments, including stressed conditions. Our stress testing process is designed to identify and measure material risks associated with our business activities including market risk, credit risk and operational risk, as well as our ability to generate revenues.

The following is a description of our capital planning and stress testing process:

- **Capital Planning.** Our capital planning process incorporates an internal capital adequacy assessment with the objective of ensuring that we are appropriately capitalized relative to the risks in our business. We incorporate stress scenarios into our capital planning process with a goal of holding sufficient capital to ensure we remain adequately capitalized after experiencing a severe stress event. Our assessment of capital adequacy is viewed in tandem with our assessment of liquidity adequacy and is integrated into our overall risk management structure, governance and policy framework.

Our capital planning process also includes an internal risk-based capital assessment. This assessment incorporates market risk, credit risk and operational risk. Market risk is calculated by using Value-at-Risk (VaR) calculations supplemented by risk-based add-ons which include risks related to rare events (tail risks). Credit risk utilizes assumptions about our counterparties' probability of default and the size of our losses in the event of a default. Operational risk is calculated based on scenarios incorporating multiple types of operational failures as well as incorporating internal and external actual loss experience. Backtesting is used to gauge the effectiveness of models at capturing and measuring relevant risks.

- **Stress Testing.** Our stress tests incorporate our internally designed stress scenarios, including our internally developed severely adverse scenario, and those required under CCAR and DFAST, and are designed to capture our specific vulnerabilities and risks. We provide additional information about our stress test processes and a summary of the results on our web site as described under "Business — Available Information" in Part I, Item 1 of the 2015 Form 10-K.

Management's Discussion and Analysis

As required by the Federal Reserve Board's annual CCAR rules, we submit a capital plan for review by the Federal Reserve Board. The purpose of the Federal Reserve Board's review is to ensure that we have a robust, forward-looking capital planning process that accounts for our unique risks and that permits continued operation during times of economic and financial stress.

The Federal Reserve Board evaluates us based, in part, on whether we have the capital necessary to continue operating under the baseline and stress scenarios provided by the Federal Reserve Board and those developed internally. This evaluation also takes into account our process for identifying risk, our controls and governance for capital planning, and our guidelines for making capital planning decisions. In addition, the Federal Reserve Board evaluates our plan to make capital distributions (i.e., dividend payments and repurchases or redemptions of stock, subordinated debt or other capital securities) and issue capital, across a range of macroeconomic scenarios and firm-specific assumptions.

In addition, the DFAST rules require us to conduct stress tests on a semi-annual basis and publish a summary of certain results. The Federal Reserve Board also conducts its own annual stress tests and publishes a summary of certain results.

We submitted our initial 2015 CCAR to the Federal Reserve Board in January 2015 and, based on the Federal Reserve Board feedback, we submitted revised capital actions in March 2015. The Federal Reserve Board informed us that it did not object to our revised capital actions, including the repurchase of outstanding common stock, an increase in our quarterly common stock dividend and the possible issuance, redemption and modification of other capital securities from the second quarter of 2015 through the second quarter of 2016. We published a summary of our annual DFAST results in March 2015. See "Business — Available Information" in Part I, Item 1 of the 2015 Form 10-K.

In July 2015, we submitted the results of our semi-annual DFAST to the Federal Reserve Board and published a summary of our internally developed severely adverse scenario results. See "Business — Available Information" in Part I, Item 1 of the 2015 Form 10-K.

In accordance with the Federal Reserve Board requirements, we plan to submit our 2016 CCAR in April 2016.

In addition, the rules adopted by the Federal Reserve Board under the Dodd-Frank Act require GS Bank USA to conduct stress tests on an annual basis and publish a summary of certain results. GS Bank USA submitted its 2015 annual DFAST stress results to the Federal Reserve Board in January 2015 and published a summary of its results in March 2015. See "Business — Available Information" in Part I, Item 1 of the 2015 Form 10-K.

Goldman Sachs International (GSI) also has its own capital planning and stress testing process, which incorporates internally designed stress tests and those required under the Prudential Regulation Authority's (PRA) Internal Capital Adequacy Assessment Process.

Contingency Capital Plan. As part of our comprehensive capital management policy, we maintain a contingency capital plan. Our contingency capital plan provides a framework for analyzing and responding to a perceived or actual capital deficiency, including, but not limited to, identification of drivers of a capital deficiency, as well as mitigants and potential actions. It outlines the appropriate communication procedures to follow during a crisis period, including internal dissemination of information as well as timely communication with external stakeholders.

Capital Attribution. We assess each of our businesses' capital usage based upon our internal assessment of risks, which incorporates an attribution of all of our relevant regulatory capital requirements. These regulatory capital requirements are allocated using our attributed equity framework, which takes into consideration our binding capital constraints. We also attribute risk-weighted assets (RWAs) to our business segments. As of December 2015, approximately two-thirds of RWAs calculated in accordance with the Standardized Capital Rules and the Basel III Advanced Rules, subject to transitional provisions, were attributed to our Institutional Client Services segment and substantially all of the remaining RWAs were attributed to our Investing & Lending segment. We manage the levels of our capital usage based upon balance sheet and risk limits, as well as capital return analyses of our businesses based on our capital attribution.

Management's Discussion and Analysis

Share Repurchase Program. We use our share repurchase program to help maintain the appropriate level of common equity. The repurchase program is effected primarily through regular open-market purchases (which may include repurchase plans designed to comply with Rule 10b5-1), the amounts and timing of which are determined primarily by our current and projected capital position and our capital plan submitted to the Federal Reserve Board as part of CCAR. The amounts and timing of the repurchases may also be influenced by general market conditions and the prevailing price and trading volumes of our common stock.

On October 14, 2015, the Board of Directors of Group Inc. (Board) authorized the repurchase of an additional 60.0 million shares of common stock pursuant to our existing share repurchase program. As of December 2015, the remaining share authorization under our existing repurchase program was 63.2 million shares; however, we are only permitted to make repurchases to the extent that such repurchases have not been objected to by the Federal Reserve Board. See "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities" in Part II, Item 5 of the 2015 Form 10-K and Note 19 to the consolidated financial statements for additional information about our share repurchase program and see above for information about our capital planning and stress testing process.

Resolution and Recovery Plans

We are required by the Federal Reserve Board and the FDIC to submit an annual plan that describes our strategy for a rapid and orderly resolution in the event of material financial distress or failure (resolution plan). We are also required by the Federal Reserve Board to submit and have submitted, on an annual basis, a global recovery plan that outlines the steps that management could take to reduce risk, maintain sufficient liquidity, and conserve capital in times of prolonged stress. In August 2014, the Federal Reserve Board and the FDIC indicated that we and other large industry participants had certain shortcomings in the 2013 resolution plans that must be addressed in the 2015 resolution plans. We submitted our 2015 resolution plan on June 30, 2015. See "Risk Factors" in Part 1, Item 1A of the 2015 Form 10-K for information about the potential consequences to us if we failed to address the identified shortcomings in our 2015 resolution plan.

In addition, GS Bank USA is required by the FDIC to submit a resolution plan. As required, GS Bank USA's 2015 resolution plan was submitted on September 1, 2015.

Rating Agency Guidelines

The credit rating agencies assign credit ratings to the obligations of Group Inc., which directly issues or guarantees substantially all of the firm's senior unsecured obligations. Goldman, Sachs & Co. (GS&Co.) and GSI have been assigned long- and short-term issuer ratings by certain credit rating agencies. GS Bank USA and GSIB have also been assigned long- and short-term issuer ratings, as well as ratings on their long-term and short-term bank deposits. In addition, credit rating agencies have assigned ratings to debt obligations of certain other subsidiaries of Group Inc.

The level and composition of our equity capital are among the many factors considered in determining our credit ratings. Each agency has its own definition of eligible capital and methodology for evaluating capital adequacy, and assessments are generally based on a combination of factors rather than a single calculation. See "Liquidity Risk Management — Credit Ratings" for further information about credit ratings of Group Inc., GS Bank USA, GSIB, GS&Co. and GSI.

Consolidated Regulatory Capital

We are subject to the Federal Reserve Board's revised risk-based capital and leverage regulations, subject to certain transitional provisions (Revised Capital Framework). These regulations are largely based on the Basel Committee on Banking Supervision's (Basel Committee) final capital framework for strengthening international capital standards (Basel III) and also implement certain provisions of the Dodd-Frank Act. Under the Revised Capital Framework, we are an "Advanced approach" banking organization.

As of December 2015, we calculated our Common Equity Tier 1 (CET1), Tier 1 capital and Total capital ratios in accordance with (i) the Standardized approach and market risk rules set out in the Revised Capital Framework (together, the Standardized Capital Rules) and (ii) the Advanced approach and market risk rules set out in the Revised Capital Framework (together, the Basel III Advanced Rules) as described in Note 20 to the consolidated financial statements. The lower of each ratio calculated in (i) and (ii) is the ratio against which our compliance with minimum ratio requirements is assessed. Each of the ratios calculated in accordance with the Basel III Advanced Rules was lower than that calculated in accordance with the Standardized Capital Rules and therefore the Basel III Advanced ratios were the ratios that applied to us as of December 2015.

Management's Discussion and Analysis

As of December 2014, we calculated our CET1, Tier 1 capital and Total capital ratios using the Revised Capital Framework for regulatory capital, but RWAs were calculated in accordance with (i) the Basel I Capital Accord of the Basel Committee, incorporating the market risk requirements set out in the Revised Capital Framework, and adjusted for certain items related to capital deductions and for the phase-in of capital deductions (Hybrid Capital Rules), and (ii) the Basel III Advanced Rules. The lower of each ratio calculated in (i) and (ii) was the ratio against which our compliance with minimum ratio requirements was assessed. Each of the ratios calculated in accordance with the Basel III Advanced Rules was lower than that calculated in accordance with the Hybrid Capital Rules and therefore the Basel III Advanced ratios were the ratios that applied to us as of December 2014.

See Note 20 to the consolidated financial statements for further information about our capital ratios as of December 2015 and December 2014, and for additional information about the Revised Capital Framework.

Minimum Capital Ratios and Capital Buffers

The table below presents our minimum required ratios as of December 2015, as well as the minimum ratios that we expect will apply at the end of the transitional provisions beginning January 2019.

	December 2015 Minimum Ratio ¹	January 2019 Minimum Ratio
CET1 ratio	4.5%	10.0% ⁴
Tier 1 capital ratio	6.0%	11.5% ⁴
Total capital ratio	8.0% ³	13.5% ⁴
Tier 1 leverage ratio ²	4.0%	4.0%

1. Does not reflect the capital conservation buffer or Global Systemically Important Banks (G-SIBs) surcharge described below.

2. Tier 1 leverage ratio is defined as Tier 1 capital divided by quarterly average adjusted total assets (which includes adjustments for goodwill and identifiable intangible assets, and certain investments in nonconsolidated financial institutions).

3. In order to meet the quantitative requirements for being "well-capitalized" under the Federal Reserve Board's regulations, we must meet a higher required minimum Total capital ratio of 10.0%.

4. Includes the capital conservation buffer of 2.5% and a preliminary G-SIB surcharge of 3.0% estimated by the Federal Reserve Board under the methodology described below.

Under the Revised Capital Framework, the minimum CET1, Tier 1 capital, and Total capital ratios will be supplemented by a capital conservation buffer, consisting entirely of capital that qualifies as CET1, that phases in beginning on January 1, 2016, in increments of 0.625% per year until it reaches 2.5% of RWAs on January 1, 2019.

In July 2015, the Federal Reserve Board approved a final rule establishing a capital surcharge for U.S. G-SIBs (generally higher than that required by the Basel Committee) to be implemented as an extension of the U.S. capital conservation buffer. This surcharge will be phased-in ratably, beginning in 2016, becoming fully effective on January 1, 2019, and must consist entirely of capital that qualifies as CET1. The surcharge must be calculated using two methodologies, the higher of which will be reflected in our minimum risk-based capital ratios. The first calculation is based upon the Basel Committee's methodology which, among other factors, relies upon measures of the size, activity and complexity of each G-SIB (Method One). The second calculation uses similar inputs, but it includes a measure of each firm's reliance on short-term wholesale funding (Method Two). The Federal Reserve Board has indicated that its preliminary estimate of our G-SIB surcharge is 3.0%, based on the Method Two calculation using financial data as of December 2014. The surcharge becomes applicable to us beginning in 2016 on a phased-in basis, and will be updated annually based on financial data as of the end of the prior year. We currently estimate that, based on information as of December 2015, we are at or near the threshold for a lower G-SIB surcharge. However, the surcharge in the future may differ from the estimate above due to additional guidance from our regulators and/or positional changes.

The Revised Capital Framework also provides a counter-cyclical capital buffer of up to 2.5% (and also consisting entirely of CET1) in order to counteract excessive credit growth. The Federal Reserve Board has not finalized all of the regulations with respect to this buffer and the table above does not reflect this buffer.

Our regulators could change these buffers in the future. As a result, the minimum ratios we are subject to as of January 1, 2019 could be higher than the amounts presented in the table above.

Our minimum required supplementary leverage ratio will be 5.0% on January 1, 2018. See "Supplementary Leverage Ratio" below for further information.

Fully Phased-in Capital Ratios

The table below presents our capital ratios calculated in accordance with the Standardized Capital Rules and the Basel III Advanced Rules on a fully phased-in basis.

<i>\$ in millions</i>	As of December	
	2015	2014
Common shareholders' equity	\$ 75,528	\$ 73,597
Deductions for goodwill and identifiable intangible assets, net of deferred tax liabilities	(3,044)	(3,196)
Deductions for investments in nonconsolidated financial institutions	(2,274)	(4,928)
Other adjustments	(1,409)	(1,213)
Total Common Equity Tier 1	68,801	64,260
Perpetual non-cumulative preferred stock	11,200	9,200
Deduction for investments in covered funds	(413)	—
Other adjustments	(128)	(286)
Tier 1 capital	\$ 79,460	\$ 73,174
Standardized Tier 2 and total capital		
Tier 1 capital	\$ 79,460	\$ 73,174
Qualifying subordinated debt	15,132	11,894
Allowance for losses on loans and lending commitments	602	316
Other adjustments	(19)	(9)
Standardized Tier 2 capital	15,715	12,201
Standardized total capital	\$ 95,175	\$ 85,375
Basel III Advanced Tier 2 and total capital		
Tier 1 capital	\$ 79,460	\$ 73,174
Standardized Tier 2 capital	15,715	12,201
Allowance for losses on loans and lending commitments	(602)	(316)
Basel III Advanced Tier 2 capital	15,113	11,885
Basel III Advanced total capital	\$ 94,573	\$ 85,059
RWAs		
Standardized	\$534,135	\$627,444
Basel III Advanced	587,319	577,869
CET1 ratio		
Standardized	12.9%	10.2%
Basel III Advanced	11.7%	11.1%
Tier 1 capital ratio		
Standardized	14.9%	11.7%
Basel III Advanced	13.5%	12.7%
Total capital ratio		
Standardized	17.8%	13.6%
Basel III Advanced	16.1%	14.7%

Although the fully phased-in capital ratios are not applicable until 2019, we believe that the ratios in the table above are meaningful because they are measures that we, our regulators and investors use to assess our ability to meet future regulatory capital requirements. The fully phased-in Basel III Advanced and Standardized capital ratios are non-GAAP measures as of both December 2015 and December 2014 and may not be comparable to similar non-GAAP measures used by other companies as of those dates. These ratios are based on our current interpretation, expectations and understanding of the Revised Capital Framework and may evolve as we discuss its interpretation and application with our regulators.

In the table above:

- The deductions for goodwill and identifiable intangible assets, net of deferred tax liabilities, include goodwill of \$3.66 billion and \$3.65 billion as of December 2015 and December 2014, respectively, and identifiable intangible assets of \$491 million and \$515 million as of December 2015 and December 2014, respectively, net of associated deferred tax liabilities of \$1.10 billion and \$964 million as of December 2015 and December 2014, respectively.
- The deductions for investments in nonconsolidated financial institutions represent the amount by which our investments in the capital of nonconsolidated financial institutions exceed certain prescribed thresholds. The decrease from December 2014 to December 2015 primarily reflects reductions in our fund investments.
- The deduction for investments in covered funds represents our aggregate investments in applicable covered funds, as permitted by the Volcker Rule, that were purchased after December 2013. Substantially all of these investments in covered funds were purchased in connection with our market-making activities. This deduction became effective in July 2015 and is not subject to a transition period. See "Regulatory Developments" below for further information about the Volcker Rule.
- Other adjustments within CET1 and Tier 1 capital primarily include the overfunded portion of our defined benefit pension plan obligation net of associated deferred tax liabilities, disallowed deferred tax assets, credit valuation adjustments on derivative liabilities, debt valuation adjustments and other required credit risk-based deductions.
- Qualifying subordinated debt represents subordinated debt issued by Group Inc. with an original term to maturity of five years or greater. The outstanding amount of subordinated debt qualifying for Tier 2 capital is reduced upon reaching a remaining maturity of five years. See Note 16 to the consolidated financial statements for additional information about our subordinated debt.

See Note 20 to the consolidated financial statements for information about our transitional capital ratios, which represent the ratios that are applicable to us as of December 2015 and December 2014.

Management's Discussion and Analysis

Supplementary Leverage Ratio

The Revised Capital Framework includes a supplementary leverage ratio requirement for Advanced approach banking organizations. Under amendments to the Revised Capital Framework, the U.S. federal bank regulatory agencies approved a final rule that implements the supplementary leverage ratio aligned with the definition of leverage established by the Basel Committee. The supplementary leverage ratio compares Tier 1 capital to a measure of leverage exposure, defined as total daily average assets for the quarter less certain deductions plus certain off-balance-sheet exposures, including a measure of derivatives exposures and commitments. The Revised Capital Framework requires a minimum supplementary leverage ratio of 5.0% (comprised of the minimum requirement of 3.0% and a 2.0% buffer) for U.S. bank holding companies deemed to be G-SIBs, effective on January 1, 2018.

As of December 2015 and December 2014, our supplementary leverage ratio was 5.9% and 5.0%, respectively, based on Tier 1 capital on a fully phased-in basis of \$79.46 billion and \$73.17 billion, respectively, divided by total leverage exposure of \$1.34 trillion (total daily average assets for the quarter of \$878 billion plus adjustments of \$465 billion) and \$1.45 trillion (total daily average assets for the quarter of \$873 billion plus adjustments of \$579 billion), respectively. Within total leverage exposure, the adjustments to quarterly average assets in both periods were primarily comprised of off-balance-sheet exposures related to derivatives, secured financing transactions, commitments and guarantees.

The supplementary leverage ratio was not a required regulatory disclosure as of December 2014. Therefore, it was a non-GAAP measure as of December 2014 and may not be comparable to similar non-GAAP measures used by other companies as of that date.

This supplementary leverage ratio is based on our current interpretation and understanding of the U.S. federal bank regulatory agencies' final rule and may evolve as we discuss its interpretation and application with our regulators.

Subsidiary Capital Requirements

Many of our subsidiaries, including GS Bank USA and our broker-dealer subsidiaries, are subject to separate regulation and capital requirements of the jurisdictions in which they operate.

GS Bank USA. GS Bank USA is subject to regulatory capital requirements that are calculated in substantially the same manner as those applicable to bank holding companies and calculates its capital ratios in accordance with the risk-based capital and leverage requirements applicable to state member banks, which are based on the Revised Capital Framework. See Note 20 to the consolidated financial statements for further information about the Revised Capital Framework as it relates to GS Bank USA, including GS Bank USA's capital ratios and required minimum ratios.

In addition, under Federal Reserve Board rules, commencing on January 1, 2018, in order to be considered a "well-capitalized" depository institution, GS Bank USA must have a supplementary leverage ratio of 6.0% or greater. The supplementary leverage ratio compares Tier 1 capital to a measure of leverage exposure, defined as total daily average assets for the quarter less certain deductions plus certain off-balance-sheet exposures, including a measure of derivatives exposures and commitments. As of December 2015, GS Bank USA's supplementary leverage ratio was 7.1%, based on Tier 1 capital on a fully phased-in basis of \$23.02 billion, divided by total leverage exposure of \$324 billion (total daily average assets for the quarter of \$134 billion plus adjustments of \$190 billion). As of December 2014, GS Bank USA would also have met the "well-capitalized" minimum. This supplementary leverage ratio is based on our current interpretation and understanding of this rule and may evolve as we discuss their interpretation and application with our regulators.

GSI. Our regulated U.K. broker-dealer, GSI, is one of our principal non-U.S. regulated subsidiaries and is regulated by the PRA and the Financial Conduct Authority. GSI is subject to the revised capital framework for European Union (EU)-regulated financial institutions (the fourth EU Capital Requirements Directive and EU Capital Requirements Regulation, collectively known as "CRD IV"). These capital regulations are largely based on Basel III.

Management's Discussion and Analysis

The table below presents GSI's minimum required ratios as of December 2015, as well as the minimum required ratios that became effective in January 2016.

	December 2015 Minimum Ratio	January 2016 Minimum Ratio
CET1 ratio	6.1%	6.6%
Tier 1 capital ratio	8.2%	8.5%
Total capital ratio	10.9%	11.2%

The minimum ratios in the table above incorporate capital guidance received from the PRA and could change in the future. GSI's future capital requirements may also be impacted by developments such as the introduction of capital buffers as described above in "Minimum Capital Ratios and Capital Buffers."

As of December 2015, GSI had a CET1 ratio of 12.9%, a Tier 1 capital ratio of 12.9% and a Total capital ratio of 17.6%. Each of these ratios includes approximately 70 bps attributable to unaudited results for the year ended December 2015. These ratios will be finalized upon the completion of the 2015 GSI audit. As of December 2014, GSI had a CET1 ratio of 9.7%, a Tier 1 capital ratio of 9.7% and a Total capital ratio of 12.7%. The ratios for both December 2015 and December 2014 reflect the applicable transitional provisions.

CRD IV, as amended by the European Commission Delegated Act (the Delegated Act), introduced a new leverage ratio, which compares CRD IV's definition of Tier 1 capital to a measure of leverage exposure, defined as the sum of assets less Tier 1 capital deductions plus certain off-balance-sheet exposures, including a measure of derivatives exposures, securities financing transactions and commitments. The Delegated Act does not currently include a minimum leverage ratio requirement; however, the Basel Committee has proposed a minimum requirement of 3%. Any required minimum ratio is expected to become effective for GSI on January 1, 2018. As of December 2015, GSI had a leverage ratio of 3.6%. This leverage ratio is based on our current interpretation and understanding of this rule and may evolve as we discuss its interpretation and application with GSI's regulators.

Other Subsidiaries. We expect that the capital requirements of several of our subsidiaries are likely to increase in the future due to the various developments arising from the Basel Committee, the Dodd-Frank Act, and other governmental entities and regulators. See Note 20 to the consolidated financial statements for information about the capital requirements of our other regulated subsidiaries.

Subsidiaries not subject to separate regulatory capital requirements may hold capital to satisfy local tax and legal guidelines, rating agency requirements (for entities with assigned credit ratings) or internal policies, including policies concerning the minimum amount of capital a subsidiary should hold based on its underlying level of risk. In certain instances, Group Inc. may be limited in its ability to access capital held at certain subsidiaries as a result of regulatory, tax or other constraints. As of December 2015 and December 2014, Group Inc.'s equity investment in subsidiaries was \$85.52 billion and \$79.70 billion, respectively, compared with its total shareholders' equity of \$86.73 billion and \$82.80 billion, respectively.

Our capital invested in non-U.S. subsidiaries is generally exposed to foreign exchange risk, substantially all of which is managed through a combination of derivatives and non-U.S. denominated debt. See Note 7 to the consolidated financial statements for information about our net investment hedges, which are used to hedge this risk.

Guarantees of Subsidiaries. Group Inc. has guaranteed the payment obligations of GS&Co., GS Bank USA, and Goldman Sachs Execution & Clearing, L.P. (GSEC), in each case subject to certain exceptions. In November 2008, Group Inc. contributed subsidiaries into GS Bank USA, and Group Inc. agreed to guarantee certain losses, including credit-related losses, relating to assets held by the contributed entities.

Regulatory Developments

Our businesses are subject to significant and evolving regulation. The Dodd-Frank Act, enacted in July 2010, significantly altered the financial regulatory regime within which we operate. In addition, other reforms have been adopted or are being considered by regulators and policy makers worldwide. We expect that the principal areas of impact from regulatory reform for us will be increased regulatory capital requirements and increased regulation and restriction on certain activities. However, given that many of the new and proposed rules are highly complex, the full impact of regulatory reform will not be known until the rules are implemented and market practices develop under the final regulations.

Management's Discussion and Analysis

There has been increased regulation of, and limitations on, our activities, including the Dodd-Frank Act prohibition on "proprietary trading" and the limitation on the sponsorship of, and investment in, "covered funds" (as defined in the Volcker Rule). In addition, there is increased regulation of, and restrictions on, OTC derivatives markets and transactions, particularly related to swaps and security-based swaps.

See "Business — Regulation" in Part I, Item 1 of the 2015 Form 10-K for more information about the laws, rules and regulations and proposed laws, rules and regulations that apply to us and our operations. In addition, see Note 20 to the consolidated financial statements for information about regulatory developments as they relate to our regulatory capital and leverage ratios.

Volcker Rule

The provisions of the Dodd-Frank Act referred to as the "Volcker Rule," became effective in July 2015 (subject to a conformance period, as applicable). The Volcker Rule prohibits "proprietary trading," but permits activities such as underwriting, market making and risk-mitigation hedging, requires an extensive compliance program and includes additional reporting and record keeping requirements. The initial implementation of these rules did not have a material impact on our financial condition, results of operations or cash flows. However, the rule is highly complex, and its impact may change as market practices further develop.

In addition to the prohibition on proprietary trading, the Volcker Rule limits the sponsorship of, and investment in, covered funds by banking entities, including Group Inc. and its subsidiaries. It also limits certain types of transactions between us and our sponsored funds, similar to the limitations on transactions between depository institutions and their affiliates as described in "Business — Regulation" in Part I, Item 1 of the 2015 Form 10-K. Covered funds include our private equity funds, certain of our credit and real estate funds, our hedge funds and certain other investment structures. The limitation on investments in covered funds requires us to reduce our investment in each such fund to 3% or less of the fund's net asset value, and to reduce our aggregate investment in all such funds to 3% or less of our Tier 1 capital.

Beginning in July 2015, our investments in applicable covered funds purchased after December 2013 are required to be deducted from Tier 1 capital. See "Fully Phased-in Capital Ratios" above for further information about our Tier 1 capital and the deduction for investments in covered funds.

We continue to manage our existing interests in such funds, taking into account the conformance period under the Volcker Rule. We plan to continue to conduct our investing and lending activities in ways that are permissible under the Volcker Rule.

Our current investment in funds that are measured at NAV is \$7.76 billion. In order to be compliant with the Volcker Rule, we will be required to reduce most of our interests in these funds by the end of the conformance period. See Note 6 to the consolidated financial statements for further information about our investment in funds measured at NAV and the conformance period for covered funds.

Although our net revenues from our interests in private equity, credit, real estate and hedge funds may vary from period to period, our aggregate net revenues from these investments were approximately 3% and 5% of our aggregate total net revenues over the last 10 years and 5 years, respectively.

Total Loss-Absorbing Capacity

In October 2015, the Federal Reserve Board issued a proposed rule which would establish a new total loss-absorbing capacity (TLAC) requirement for U.S. bank holding companies designated as G-SIBs. The TLAC proposal has been designed so that, in the event of a G-SIB's failure, there will be sufficient external loss-absorbing capacity available in order for authorities to implement an orderly resolution of the G-SIB. The proposal would require G-SIBs to maintain an amount of regulatory capital and eligible long-term debt (i.e., debt that is unsecured, has a maturity greater than one year from issuance and satisfies certain additional criteria) to cover a percentage of RWAs and/or leverage exposure (the denominator in the supplementary leverage ratio).

Under the proposed rule, eligible long-term debt would exclude, among other instruments, debt securities that permit acceleration for reasons other than insolvency or payment default, as well as structured notes, as defined in the TLAC proposal, and debt securities not governed by U.S. law. The senior long-term debt of U.S. G-SIBs, including Group Inc., typically permits acceleration for reasons other than insolvency or payment default, and therefore would not qualify as eligible long-term debt under the proposed rule.

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The proposed rule would prohibit Group Inc., as a U.S. G-SIB, from (i) guaranteeing liabilities of subsidiaries that are subject to early termination provisions under certain conditions, (ii) incurring liabilities guaranteed by subsidiaries, (iii) issuing short-term debt, or (iv) entering into derivatives and certain other financial contracts with external counterparties. Additionally, the proposed rule would cap the amount of certain liabilities of a U.S. G-SIB that are not eligible long-term debt. Finally, the proposed rule would require U.S. G-SIBs and other large banking entities to deduct from their own Tier 2 capital certain holdings in unsecured debt of other U.S. G-SIBs, as well as holdings of their own unsecured debt securities.

Under the proposal, the TLAC requirements would phase in between 2019 and 2022. We are currently evaluating the impact of the proposed TLAC requirements. See "Business — Regulation" in Part I, Item 1 of the 2015 Form 10-K for further information on the Federal Reserve Board's proposed TLAC rule.

Other Developments

In January 2016, the Basel Committee finalized a revised framework for calculating minimum capital requirements for market risk. The revisions constitute a fundamental change to the calculation of both model-based and non-model-based components of market risk capital. The Basel Committee has set an effective date for first reporting under the revised framework of December 31, 2019. The U.S. federal bank regulatory agencies have not yet proposed rules implementing these revisions for U.S. banking organizations. We are currently evaluating the potential impact of the Basel Committee's revised framework.

See "Business — Regulation" in Part I, Item 1 of the 2015 Form 10-K for further information on regulations that may impact us in the future.

Off-Balance-Sheet Arrangements and Contractual Obligations

Off-Balance-Sheet Arrangements

We have various types of off-balance-sheet arrangements that we enter into in the ordinary course of business. Our involvement in these arrangements can take many different forms, including:

- Purchasing or retaining residual and other interests in special purpose entities such as mortgage-backed and other asset-backed securitization vehicles;
- Holding senior and subordinated debt, interests in limited and general partnerships, and preferred and common stock in other nonconsolidated vehicles;
- Entering into interest rate, foreign currency, equity, commodity and credit derivatives, including total return swaps;
- Entering into operating leases; and
- Providing guarantees, indemnifications, loan commitments, letters of credit and representations and warranties.

We enter into these arrangements for a variety of business purposes, including securitizations. The securitization vehicles that purchase mortgages, corporate bonds, and other types of financial assets are critical to the functioning of several significant investor markets, including the mortgage-backed and other asset-backed securities markets, since they offer investors access to specific cash flows and risks created through the securitization process.

We also enter into these arrangements to underwrite client securitization transactions; provide secondary market liquidity; make investments in performing and nonperforming debt, equity, real estate and other assets; provide investors with credit-linked and asset-repackaged notes; and receive or provide letters of credit to satisfy margin requirements and to facilitate the clearance and settlement process.

Our financial interests in, and derivative transactions with, such nonconsolidated entities are generally accounted for at fair value, in the same manner as our other financial instruments, except in cases where we apply the equity method of accounting.

The table below presents where information about our various off-balance-sheet arrangements may be found in the 2015 Form 10-K. In addition, see Note 3 to the consolidated financial statements for information about our consolidation policies.

Type of Off-Balance-Sheet Arrangement	Disclosure in Form 10-K
Variable interests and other obligations, including contingent obligations, arising from variable interests in nonconsolidated VIEs	See Note 12 to the consolidated financial statements.
Leases, letters of credit, and lending and other commitments	See "Contractual Obligations" below and Note 18 to the consolidated financial statements.
Guarantees	See "Contractual Obligations" below and Note 18 to the consolidated financial statements.
Derivatives	See "Credit Risk Management — Credit Exposures — OTC Derivatives" below and Notes 4, 5, 7 and 18 to the consolidated financial statements.

Contractual Obligations

We have certain contractual obligations which require us to make future cash payments. These contractual obligations include our unsecured long-term borrowings, secured long-term financings, time deposits and contractual interest payments, all of which are included in our consolidated statements of financial condition.

Our obligations to make future cash payments also include certain off-balance-sheet contractual obligations such as purchase obligations, minimum rental payments under noncancelable leases and commitments and guarantees.

The table below presents our contractual obligations, commitments and guarantees by type.

\$ in millions	As of December	
	2015	2014
Amounts related to on-balance-sheet obligations		
Time deposits	\$ 25,748	\$ 18,719
Secured long-term financings	10,520	7,249
Unsecured long-term borrowings	175,422	167,302
Contractual interest payments	59,327	61,416
Subordinated liabilities issued by consolidated VIEs	501	843
Amounts related to off-balance-sheet arrangements		
Commitments to extend credit	117,158	95,949
Contingent and forward starting resale and securities borrowing agreements	28,874	35,225
Forward starting repurchase and secured lending agreements	5,878	8,180
Letters of credit	249	308
Investment commitments	6,054	5,164
Other commitments	6,944	6,321
Minimum rental payments	2,575	2,173
Derivative guarantees	926,443	612,735
Securities lending indemnifications	31,902	27,567
Other financial guarantees	4,461	4,486

The table below presents our contractual obligations, commitments and guarantees by period of expiration.

\$ in millions	Contractual Obligations, Commitments and Guarantees Amount by Period of Expiration as of December 2015			
	2016	2017 - 2018	2019 - 2020	2021 - Thereafter
Amounts related to on-balance-sheet obligations				
Time deposits	\$ —	\$ 10,314	\$ 7,122	\$ 8,312
Secured long-term financings	—	8,465	1,435	620
Unsecured long-term borrowings	—	50,493	33,990	90,939
Contractual interest payments	6,613	11,742	8,381	32,591
Subordinated liabilities issued by consolidated VIEs	—	—	—	501
Amounts related to off-balance-sheet arrangements				
Commitments to extend credit	28,404	24,956	53,822	9,976
Contingent and forward starting resale and securities borrowing agreements	28,839	35	—	—
Forward starting repurchase and secured lending agreements	5,878	—	—	—
Letters of credit	217	25	3	4
Investment commitments	4,600	336	24	1,094
Other commitments	6,484	339	70	51
Minimum rental payments	317	614	484	1,160
Derivative guarantees	640,288	168,784	67,643	49,728
Securities lending indemnifications	31,902	—	—	—
Other financial guarantees	611	1,402	1,772	676

Management's Discussion and Analysis

In the table above:

- The “2016” column includes \$2.53 billion of investment commitments to covered funds (as defined by the Volcker Rule). We expect that substantially all of these commitments will not be called.
- Obligations maturing within one year of our financial statement date or redeemable within one year of our financial statement date at the option of the holders are excluded as they are treated as short-term obligations.
- Obligations that are repayable prior to maturity at our option are reflected at their contractual maturity dates and obligations that are redeemable prior to maturity at the option of the holders are reflected at the earliest dates such options become exercisable.
- Amounts included in the table do not necessarily reflect the actual future cash flow requirements for these arrangements because commitments and guarantees represent notional amounts and may expire unused or be reduced or cancelled at the counterparty's request.
- Due to the uncertainty of the timing and amounts that will ultimately be paid, our liability for unrecognized tax benefits has been excluded. See Note 24 to the consolidated financial statements for further information about our unrecognized tax benefits.
- Unsecured long-term borrowings includes \$8.34 billion of adjustments to the carrying value of certain unsecured long-term borrowings resulting from the application of hedge accounting.
- The aggregate contractual principal amount of secured long-term financings and unsecured long-term borrowings for which the fair value option was elected exceeded the related fair value by \$362 million and \$1.12 billion, respectively.
- Contractual interest payments represents estimated future interest payments related to unsecured long-term borrowings, secured long-term financings and time deposits based on applicable interest rates as of December 2015, and includes stated coupons, if any, on structured notes.

See Notes 15 and 18 to the consolidated financial statements for further information about our short-term borrowings and commitments and guarantees, respectively.

As of December 2015, our unsecured long-term borrowings were \$175.42 billion, with maturities extending to 2061, and consisted principally of senior borrowings. See Note 16 to the consolidated financial statements for further information about our unsecured long-term borrowings.

As of December 2015, our future minimum rental payments, net of minimum sublease rentals under noncancelable leases, were \$2.58 billion. These lease commitments for office space expire on various dates through 2069. Certain agreements are subject to periodic escalation provisions for increases in real estate taxes and other charges. See Note 18 to the consolidated financial statements for further information about our leases.

Our occupancy expenses include costs associated with office space held in excess of our current requirements. This excess space, the cost of which is charged to earnings as incurred, is being held for potential growth or to replace currently occupied space that we may exit in the future. We regularly evaluate our current and future space capacity in relation to current and projected staffing levels. For 2015, total occupancy expenses for space held in excess of our current requirements and exit costs related to our office space were not material. We may incur exit costs in the future to the extent we (i) reduce our space capacity or (ii) commit to, or occupy, new properties in the locations in which we operate and, consequently, dispose of existing space that had been held for potential growth. These exit costs may be material to our results of operations in a given period.

Risk Management

Risks are inherent in our business and include liquidity, market, credit, operational, legal, regulatory and reputational risks. For further information about our risk management processes, see “— Overview and Structure of Risk Management” below. Our risks include the risks across our risk categories, regions or global businesses, as well as those which have uncertain outcomes and have the potential to materially impact our financial results, our liquidity and our reputation. For further information about our areas of risk, see “— Liquidity Risk Management,” “— Market Risk Management,” “— Credit Risk Management,” “— Operational Risk Management,” “— Model Risk Management” and “Risk Factors” in Part I, Item 1A of the 2015 Form 10-K.

Management's Discussion and Analysis

Overview and Structure of Risk Management

Overview

We believe that effective risk management is of primary importance to the success of the firm. Accordingly, we have comprehensive risk management processes through which we monitor, evaluate and manage the risks we assume in conducting our activities. These include market, credit, liquidity, operational, model, legal, regulatory and reputational risk exposures. Our risk management framework is built around three core components: governance, processes and people.

Governance. Risk management governance starts with our Board, which plays an important role in reviewing and approving risk management policies and practices, both directly and through its committees, including its Risk Committee. The Board also receives regular briefings on firmwide risks, including market risk, liquidity risk, credit risk, operational risk and model risk from our independent control and support functions, including the chief risk officer, and on matters impacting our reputation from the chair of our Firmwide Client and Business Standards Committee. The chief risk officer, as part of the review of the firmwide risk portfolio, regularly advises the Risk Committee of the Board of relevant risk metrics and material exposures. Next, at the most senior levels of the firm, our leaders are experienced risk managers, with a sophisticated and detailed understanding of the risks we take. Our senior management, and senior managers in our revenue-producing units and independent control and support functions, lead and participate in risk-oriented committees. Independent control and support functions include Business Selection and Conflicts Resolution (Conflicts), Compliance, Controllers, Credit Risk Management and Advisory (Credit Risk Management), Human Capital Management, Legal, Liquidity Risk Management and Analysis (Liquidity Risk Management), Market Risk Management and Analysis (Market Risk Management), Model Risk Management, Operations, Operational Risk Management and Analysis (Operational Risk Management), Tax, Technology and Treasury.

Our governance structure provides the protocol and responsibility for decision-making on risk management issues and ensures implementation of those decisions. We make extensive use of risk-related committees that meet regularly and serve as an important means to facilitate and foster ongoing discussions to identify, manage and mitigate risks.

We maintain strong communication about risk and we have a culture of collaboration in decision-making among the revenue-producing units, independent control and support functions, committees and senior management. While we believe that the first line of defense in managing risk rests with the managers in our revenue-producing units, we dedicate extensive resources to independent control and support functions in order to ensure a strong oversight structure and an appropriate segregation of duties. We regularly reinforce our strong culture of escalation and accountability across all divisions and functions.

Processes. We maintain various processes and procedures that are critical components of our risk management. First and foremost is our daily discipline of marking substantially all of our inventory to current market levels. Goldman Sachs carries its inventory at fair value, with changes in valuation reflected immediately in our risk management systems and in net revenues. We do so because we believe this discipline is one of the most effective tools for assessing and managing risk and that it provides transparent and realistic insight into our financial exposures.

We also apply a rigorous framework of limits to control risk across multiple transactions, products, businesses and markets. This includes approval of limits at both firmwide and business levels by the Risk Committee of the Board. In addition, the Firmwide Risk Committee is responsible for approving limits, subject to the overall limits approved by the Risk Committee of the Board, at a variety of levels and monitoring these limits on a daily basis. Divisional risk committees are responsible for setting sub-limits below the overall business-level limits approved by the Firmwide Risk Committee. Limits are typically set at levels that will be periodically exceeded, rather than at levels which reflect our maximum risk appetite. This fosters an ongoing dialogue on risk among revenue-producing units, independent control and support functions, committees and senior management, as well as rapid escalation of risk-related matters. See "Liquidity Risk Management," "Market Risk Management" and "Credit Risk Management" for further information about our risk limits.

Management's Discussion and Analysis

Active management of our positions is another important process. Proactive mitigation of our market and credit exposures minimizes the risk that we will be required to take outsized actions during periods of stress.

We also focus on the rigor and effectiveness of our risk systems. The goal of our risk management technology is to get the right information to the right people at the right time, which requires systems that are comprehensive, reliable and timely. We devote significant time and resources to our risk management technology to ensure that it consistently provides us with complete, accurate and timely information.

People. Even the best technology serves only as a tool for helping to make informed decisions in real time about the risks we are taking. Ultimately, effective risk management requires our people to interpret our risk data on an ongoing and timely basis and adjust risk positions accordingly. In both our revenue-producing units and our independent control and support functions, the experience of our professionals, and their understanding of the nuances and limitations of each risk measure, guide us in assessing exposures and maintaining them within prudent levels.

We reinforce a culture of effective risk management in our training and development programs as well as the way we evaluate performance, and recognize and reward our people. Our training and development programs, including certain sessions led by our most senior leaders, are focused on the importance of risk management, client relationships and reputational excellence. As part of our annual performance review process, we assess reputational excellence including how an employee exercises good risk management and reputational judgment, and adheres to our code of conduct and compliance policies. Our review and reward processes are designed to communicate and reinforce to our professionals the link between behavior and how people are recognized, the need to focus on our clients and our reputation, and the need to always act in accordance with the highest standards of the firm.

Structure

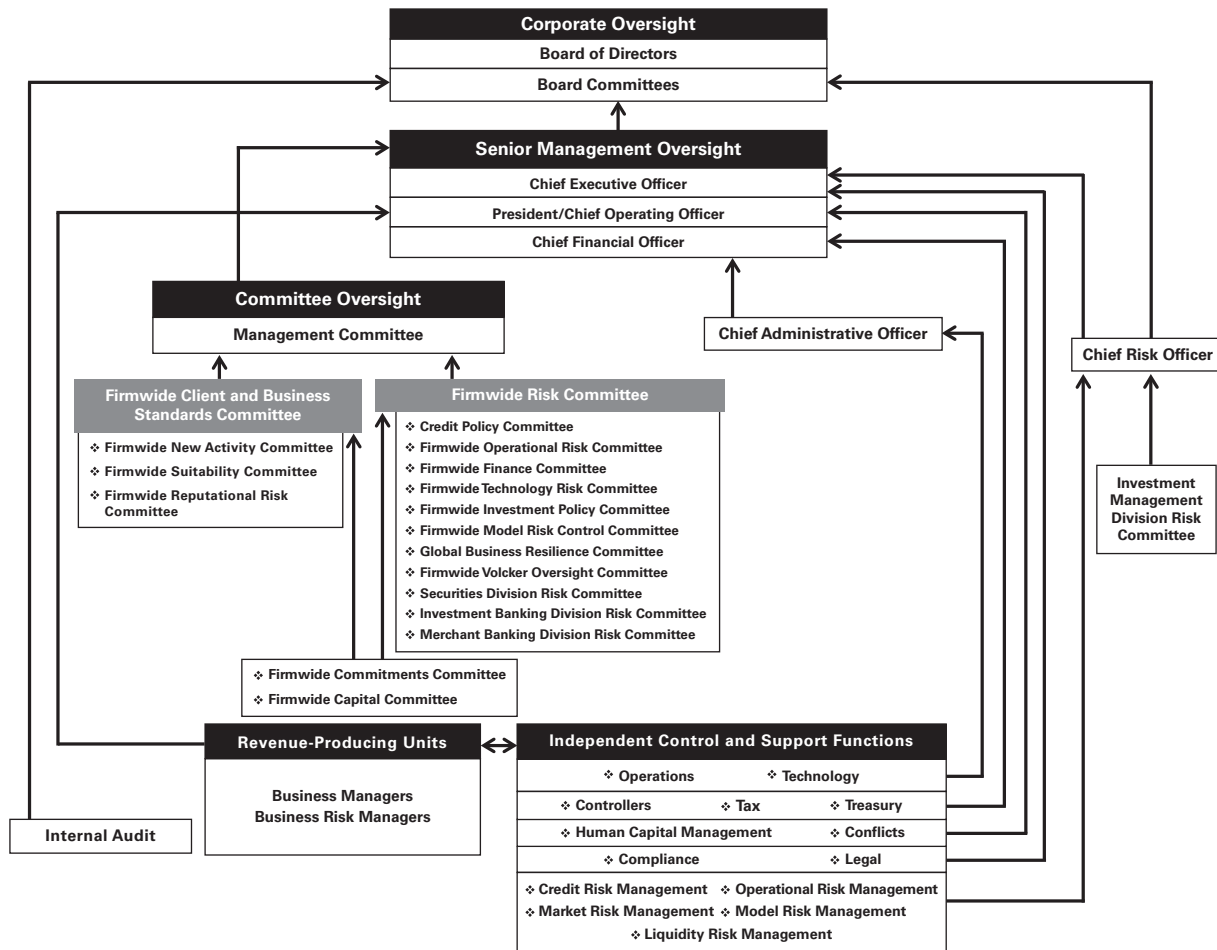
Ultimate oversight of risk is the responsibility of our Board. The Board oversees risk both directly and through its committees, including its Risk Committee. Within the firm, a series of committees with specific risk management mandates have oversight or decision-making responsibilities for risk management activities. Committee membership generally consists of senior managers from both our revenue-producing units and our independent control and support functions. We have established procedures for these committees to ensure that appropriate information barriers are in place. Our primary risk committees, most of which also have additional sub-committees or working groups, are described below. In addition to these committees, we have other risk-oriented committees which provide oversight for different businesses, activities, products, regions and legal entities. All of our firmwide, regional and divisional committees have responsibility for considering the impact of transactions and activities which they oversee on our reputation.

Membership of our risk committees is reviewed regularly and updated to reflect changes in the responsibilities of the committee members. Accordingly, the length of time that members serve on the respective committees varies as determined by the committee chairs and based on the responsibilities of the members within the firm.

In addition, independent control and support functions, which report to the chief executive officer, the president and chief operating officer, the chief financial officer, the chief risk officer and the chief administrative officer, are responsible for day-to-day oversight or monitoring of risk, as illustrated in the chart below and as described in greater detail in the following sections. Internal Audit, which reports to the Audit Committee of the Board and includes professionals with a broad range of audit and industry experience, including risk management expertise, is responsible for independently assessing and validating key controls within the risk management framework.

The chart below presents an overview of our risk management governance structure, highlighting the

oversight of our Board, our key risk-related committees and the independence of our key control and support functions.



Management Committee. The Management Committee oversees our global activities, including all of our independent control and support functions. It provides this oversight directly and through authority delegated to committees it has established. This committee is comprised of our most senior leaders, and is chaired by our chief executive officer. The Management Committee has established various committees with delegated authority and the chair of the Management Committee appoints the chairs of these committees. Most members of the Management Committee are also members of other firmwide, divisional and regional committees. The following are the committees that are principally involved in firmwide risk management.

Firmwide Client and Business Standards Committee. The Firmwide Client and Business Standards Committee assesses and makes determinations regarding business standards and practices, reputational risk management, client relationships and client service, is chaired by our president and chief operating officer, and reports to the Management Committee. This committee also has responsibility for overseeing recommendations of the Business Standards Committee. This committee periodically updates and receives guidance from the Public Responsibilities Committee of the Board. This committee has also established certain committees that report to it, including divisional Client and Business Standards Committees and risk-related committees. The following are the risk-related committees that report to the Firmwide Client and Business Standards Committee:

Management's Discussion and Analysis

- **Firmwide New Activity Committee.** The Firmwide New Activity Committee is responsible for reviewing new activities and for establishing a process to identify and review previously approved activities that are significant and that have changed in complexity and/or structure or present different reputational and suitability concerns over time to consider whether these activities remain appropriate. This committee is co-chaired by our global treasurer and the chief administrative officer of our Investment Management Division, who are appointed as co-chairs by the chair of the Firmwide Client and Business Standards Committee.
- **Firmwide Suitability Committee.** The Firmwide Suitability Committee is responsible for setting standards and policies for product, transaction and client suitability and providing a forum for consistency across divisions, regions and products on suitability assessments. This committee also reviews suitability matters escalated from other committees. This committee is co-chaired by the deputy head of Compliance and the co-head of Fixed Income, Currency and Commodities Sales, who are appointed as co-chairs by the chair of the Firmwide Client and Business Standards Committee.
- **Firmwide Reputational Risk Committee.** The Firmwide Reputational Risk Committee is responsible for assessing reputational risks arising from transactions that have been identified as presenting heightened reputational risk, and other situations where the facts and circumstances warrant escalation. This committee is co-chaired by the head of Compliance and the head of Conflicts, who are appointed as co-chairs by the Firmwide Client and Business Standards Committee.
- **Firmwide Risk Committee.** The Firmwide Risk Committee is globally responsible for the ongoing monitoring and management of our financial risks. Through both direct and delegated authority, the Firmwide Risk Committee approves firmwide and business-level limits for both market and credit risks, approves sovereign credit risk limits, reviews results of stress tests and scenario analyses, and provides oversight over model risk. This committee is co-chaired by our chief financial officer and our chief risk officer, and reports to the Management Committee. The following are the primary committees that report to the Firmwide Risk Committee:
 - **Credit Policy Committee.** The Credit Policy Committee establishes and reviews broad firmwide credit policies and parameters that are implemented by Credit Risk Management. This committee is co-chaired by a deputy chief risk officer and the head of Credit Risk Management for our Securities Division, who are appointed as co-chairs by our chief risk officer.
 - **Firmwide Operational Risk Committee.** The Firmwide Operational Risk Committee provides oversight of the ongoing development and implementation of our operational risk policies, framework and methodologies, and monitors the effectiveness of operational risk management. This committee is co-chaired by a managing director in Credit Risk Management and the head of Operational Risk Management, who are appointed as co-chairs by our chief risk officer.
 - **Firmwide Finance Committee.** The Firmwide Finance Committee has oversight responsibility for liquidity risk, the size and composition of our balance sheet and capital base, and credit ratings. This committee regularly reviews our liquidity, balance sheet, funding position and capitalization, approves related policies, and makes recommendations as to any adjustments to be made in light of current events, risks, exposures and regulatory requirements. As a part of such oversight, among other things, this committee reviews and approves balance sheet limits and the size of our GCLA. This committee is co-chaired by our chief financial officer and our global treasurer, who are appointed as co-chairs by the Firmwide Risk Committee.

Management's Discussion and Analysis

- **Firmwide Technology Risk Committee.** The Firmwide Technology Risk Committee reviews matters related to the design, development, deployment and use of technology. This committee oversees cyber security matters, as well as technology risk management frameworks and methodologies, and monitors their effectiveness. This committee is co-chaired by our chief information officer and the head of Global Investment Research, who are appointed as co-chairs by the Firmwide Risk Committee.
- **Firmwide Investment Policy Committee.** The Firmwide Investment Policy Committee reviews, approves, sets policies, and provides oversight for certain illiquid principal investments, including review of risk management and controls for these types of investments. This committee is co-chaired by the head of our Merchant Banking Division and a co-head of our Securities Division, who are appointed as co-chairs by our president and chief operating officer and our chief financial officer.
- **Firmwide Model Risk Control Committee.** The Firmwide Model Risk Control Committee is responsible for oversight of the development and implementation of model risk controls, which includes governance, policies and procedures related to our reliance on financial models. This committee is chaired by a deputy chief risk officer, who is appointed as chair by the Firmwide Risk Committee.
- **Global Business Resilience Committee.** The Global Business Resilience Committee is responsible for oversight of business resilience initiatives, promoting increased levels of security and resilience, and reviewing certain operating risks related to business resilience. This committee is chaired by our chief administrative officer, who is appointed as chair by the Firmwide Risk Committee.
- **Firmwide Volcker Oversight Committee.** The Firmwide Volcker Oversight Committee is responsible for the oversight and periodic review of the implementation of our Volcker Rule compliance program, as approved by the Board, and other Volcker Rule-related matters. This committee is co-chaired by our chief risk officer and a deputy general counsel, who are appointed as co-chairs by the Firmwide Risk Committee.
- **Securities Division Risk Committee.** The Securities Division Risk Committee sets market risk limits, subject to business-level risk limits approved by the Firmwide Risk Committee, for the Securities Division based on a number of risk measures, including but not limited to VaR, stress tests and scenario analyses. This committee is chaired by the Securities Division's chief risk officer, who is appointed as chair by the co-chairs of the Firmwide Risk Committee.
- **Investment Banking Division Risk Committee.** The Investment Banking Division Risk Committee is responsible for the ongoing monitoring and control of financial risks for the Investment Banking Division, including setting risk limits, subject to business-level risk limits approved by the Firmwide Risk Committee, reviewing established risk limits and monitoring risk exposures. This committee is co-chaired by the co-head of the Global Financing Group in our Investment Banking Division and the head of Credit Risk Management for our Investment Banking Division and our Merchant Banking Division. The co-chairs of the Investment Banking Division Risk Committee are appointed by the co-chairs of the Firmwide Risk Committee.
- **Merchant Banking Division Risk Committee.** The Merchant Banking Division Risk Committee is responsible for the ongoing monitoring and control of financial risks for the Merchant Banking Division. This committee is chaired by a managing director in the Merchant Banking Division, who is appointed as chair by the co-chairs of the Firmwide Risk Committee.

Management's Discussion and Analysis

The following committees report jointly to the Firmwide Risk Committee and the Firmwide Client and Business Standards Committee:

- **Firmwide Commitments Committee.** The Firmwide Commitments Committee reviews our underwriting and distribution activities with respect to equity and equity-related product offerings, and sets and maintains policies and procedures designed to ensure that legal, reputational, regulatory and business standards are maintained on a global basis. In addition to reviewing specific transactions, this committee periodically conducts general strategic reviews of sectors and products and establishes policies in connection with transaction practices. This committee is co-chaired by the co-head of the Financial Institutions Group in our Investment Banking Division and an advisory director to the firm, who are appointed as co-chairs by the chair of the Firmwide Client and Business Standards Committee.
- **Firmwide Capital Committee.** The Firmwide Capital Committee provides approval and oversight of debt-related transactions, including principal commitments of our capital. This committee aims to ensure that business and reputational standards for underwritings and capital commitments are maintained on a global basis. This committee is co-chaired by the head of Credit Risk Management for our Investment Banking Division and our Merchant Banking Division and the head of credit finance for Europe, Middle East and Africa (EMEA). The co-chairs of the Firmwide Capital Committee are appointed by the co-chairs of the Firmwide Risk Committee.

Investment Management Division Risk Committee.

The Investment Management Division Risk Committee is responsible for the ongoing monitoring and control of global market, counterparty credit and liquidity risks associated with the activities of our investment management businesses and reports to our chief risk officer. This committee is chaired by the Investment Management Division's chief risk officer, who is appointed as chair by our chief risk officer.

Conflicts Management

Conflicts of interest and our approach to dealing with them are fundamental to our client relationships, our reputation and our long-term success. The term "conflict of interest" does not have a universally accepted meaning, and conflicts can arise in many forms within a business or between businesses. The responsibility for identifying potential conflicts, as well as complying with our policies and procedures, is shared by the entire firm.

We have a multilayered approach to resolving conflicts and addressing reputational risk. Our senior management oversees policies related to conflicts resolution, and, in conjunction with Conflicts, Legal and Compliance, the Firmwide Client and Business Standards Committee, and other internal committees, formulates policies, standards and principles, and assists in making judgments regarding the appropriate resolution of particular conflicts. Resolving potential conflicts necessarily depends on the facts and circumstances of a particular situation and the application of experienced and informed judgment.

As a general matter, Conflicts reviews all financing and advisory assignments in Investment Banking and certain investing, lending and other activities of the firm. In addition, we have various transaction oversight committees, such as the Firmwide Capital, Commitments and Suitability Committees and other committees across the firm that also review new underwritings, loans, investments and structured products. These groups and committees work with internal and external counsel and Compliance to evaluate and address any actual or potential conflicts.

We regularly assess our policies and procedures that address conflicts of interest in an effort to conduct our business in accordance with the highest ethical standards and in compliance with all applicable laws, rules, and regulations.

Management's Discussion and Analysis**Liquidity Risk Management****Overview**

Liquidity risk is the risk that we will be unable to fund the firm or meet our liquidity needs in the event of firm-specific, broader industry, or market liquidity stress events. Liquidity is of critical importance to us, as most of the failures of financial institutions have occurred in large part due to insufficient liquidity. Accordingly, we have in place a comprehensive and conservative set of liquidity and funding policies. Our principal objective is to be able to fund the firm and to enable our core businesses to continue to serve clients and generate revenues, even under adverse circumstances.

Treasury has the primary responsibility for assessing, monitoring and managing our liquidity and funding strategy. Treasury is independent of the revenue-producing units and reports to our chief financial officer.

Liquidity Risk Management is an independent risk management function responsible for control and oversight of the firm's liquidity risk management framework, including stress testing and limit governance. Liquidity Risk Management is independent of the revenue-producing units and Treasury, and reports to our chief risk officer.

Liquidity Risk Management Principles

We manage liquidity risk according to three principles (i) hold sufficient excess liquidity in the form of Global Core Liquid Assets (GCLA) to cover outflows during a stressed period, (ii) maintain appropriate Asset-Liability Management and (iii) maintain a viable Contingency Funding Plan.

Global Core Liquid Assets. GCLA is liquidity that we maintain to meet a broad range of potential cash outflows and collateral needs in a stressed environment. Our most important liquidity policy is to pre-fund our estimated potential cash and collateral needs during a liquidity crisis and hold this liquidity in the form of unencumbered, highly liquid securities and cash. We believe that the securities held in our GCLA would be readily convertible to cash in a matter of days, through liquidation, by entering into repurchase agreements or from maturities of resale agreements, and that this cash would allow us to meet immediate obligations without needing to sell other assets or depend on additional funding from credit-sensitive markets.

Our GCLA reflects the following principles:

- The first days or weeks of a liquidity crisis are the most critical to a company's survival;
- Focus must be maintained on all potential cash and collateral outflows, not just disruptions to financing flows. Our businesses are diverse, and our liquidity needs are determined by many factors, including market movements, collateral requirements and client commitments, all of which can change dramatically in a difficult funding environment;
- During a liquidity crisis, credit-sensitive funding, including unsecured debt and some types of secured financing agreements, may be unavailable, and the terms (e.g., interest rates, collateral provisions and tenor) or availability of other types of secured financing may change; and
- As a result of our policy to pre-fund liquidity that we estimate may be needed in a crisis, we hold more unencumbered securities and have larger debt balances than our businesses would otherwise require. We believe that our liquidity is stronger with greater balances of highly liquid unencumbered securities, even though it increases our total assets and our funding costs.

We maintain our GCLA across major broker-dealer and bank subsidiaries, asset types, and clearing agents to provide us with sufficient operating liquidity to ensure timely settlement in all major markets, even in a difficult funding environment. In addition to the GCLA, we maintain cash balances in several of our other entities, primarily for use in specific currencies, entities, or jurisdictions where we do not have immediate access to parent company liquidity.

We believe that our GCLA provides us with a resilient source of funds that would be available in advance of potential cash and collateral outflows and gives us significant flexibility in managing through a difficult funding environment.

Management's Discussion and Analysis

Asset-Liability Management. Our liquidity risk management policies are designed to ensure we have a sufficient amount of financing, even when funding markets experience persistent stress. We manage the maturities and diversity of our funding across markets, products and counterparties, and seek to maintain a long-dated and diversified funding profile, taking into consideration the characteristics and liquidity profile of our assets.

Our approach to asset-liability management includes:

- Conservatively managing the overall characteristics of our funding book, with a focus on maintaining long-term, diversified sources of funding in excess of our current requirements. See “Balance Sheet and Funding Sources — Funding Sources” for additional details;
- Actively managing and monitoring our asset base, with particular focus on the liquidity, holding period and our ability to fund assets on a secured basis. We assess our funding requirements and our ability to liquidate assets in a stressed environment while appropriately managing risk. This enables us to determine the most appropriate funding products and tenors. See “Balance Sheet and Funding Sources — Balance Sheet Management” for more detail on our balance sheet management process and “— Funding Sources — Secured Funding” for more detail on asset classes that may be harder to fund on a secured basis; and
- Raising secured and unsecured financing that has a long tenor relative to the liquidity profile of our assets. This reduces the risk that our liabilities will come due in advance of our ability to generate liquidity from the sale of our assets. Because we maintain a highly liquid balance sheet, the holding period of certain of our assets may be materially shorter than their contractual maturity dates.

Our goal is to ensure that we maintain sufficient liquidity to fund our assets and meet our contractual and contingent obligations in normal times as well as during periods of market stress. Through our dynamic balance sheet management process, we use actual and projected asset balances to determine secured and unsecured funding requirements. Funding plans are reviewed and approved by the Firmwide Finance Committee on a quarterly basis. In addition, senior managers in our independent control and support functions regularly analyze, and the Firmwide Finance Committee reviews, our consolidated total capital position (unsecured long-term borrowings plus total shareholders' equity) so that we maintain a level of long-term funding that is sufficient to meet our long-term financing requirements. In a liquidity crisis, we would first use our GCLA in order to avoid reliance on asset sales (other than our GCLA). However, we recognize that orderly asset sales may be prudent or necessary in a severe or persistent liquidity crisis.

Subsidiary Funding Policies

The majority of our unsecured funding is raised by Group Inc. which lends the necessary funds to its subsidiaries, some of which are regulated, to meet their asset financing, liquidity and capital requirements. In addition, Group Inc. provides its regulated subsidiaries with the necessary capital to meet their regulatory requirements. The benefits of this approach to subsidiary funding are enhanced control and greater flexibility to meet the funding requirements of our subsidiaries. Funding is also raised at the subsidiary level through a variety of products, including secured funding, unsecured borrowings and deposits.

Our intercompany funding policies assume that, unless legally provided for, a subsidiary's funds or securities are not freely available to its parent or other subsidiaries. In particular, many of our subsidiaries are subject to laws that authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to Group Inc. Regulatory action of that kind could impede access to funds that Group Inc. needs to make payments on its obligations. Accordingly, we assume that the capital provided to our regulated subsidiaries is not available to Group Inc. or other subsidiaries and any other financing provided to our regulated subsidiaries is not available until the maturity of such financing.

Management's Discussion and Analysis

Group Inc. has provided substantial amounts of equity and subordinated indebtedness, directly or indirectly, to its regulated subsidiaries. For example, as of December 2015, Group Inc. had \$28.39 billion of equity and subordinated indebtedness invested in GS&Co., its principal U.S. registered broker-dealer; \$32.88 billion invested in GSI, a regulated U.K. broker-dealer; \$2.30 billion invested in GSEC, a U.S. registered broker-dealer; \$2.58 billion invested in Goldman Sachs Japan Co., Ltd. (GSJCL), a regulated Japanese broker-dealer; \$25.20 billion invested in GS Bank USA, a regulated New York State-chartered bank; and \$3.64 billion invested in GSIB, a regulated U.K. bank. Group Inc. also provided, directly or indirectly, \$91.97 billion of unsubordinated loans and \$8.81 billion of collateral to these entities, substantially all of which was to GS&Co., GSI, GSJCL and GS Bank USA, as of December 2015. In addition, as of December 2015, Group Inc. had significant amounts of capital invested in and loans to its other regulated subsidiaries.

Contingency Funding Plan. We maintain a contingency funding plan to provide a framework for analyzing and responding to a liquidity crisis situation or periods of market stress. Our contingency funding plan outlines a list of potential risk factors, key reports and metrics that are reviewed on an ongoing basis to assist in assessing the severity of, and managing through, a liquidity crisis and/or market dislocation. The contingency funding plan also describes in detail our potential responses if our assessments indicate that we have entered a liquidity crisis, which include pre-funding for what we estimate will be our potential cash and collateral needs as well as utilizing secondary sources of liquidity. Mitigants and action items to address specific risks which may arise are also described and assigned to individuals responsible for execution.

The contingency funding plan identifies key groups of individuals to foster effective coordination, control and distribution of information, all of which are critical in the management of a crisis or period of market stress. The contingency funding plan also details the responsibilities of these groups and individuals, which include making and disseminating key decisions, coordinating all contingency activities throughout the duration of the crisis or period of market stress, implementing liquidity maintenance activities and managing internal and external communication.

Liquidity Stress Tests

In order to determine the appropriate size of our GCLA, we use an internal liquidity model, referred to as the Modeled Liquidity Outflow, which captures and quantifies our liquidity risks. We also consider other factors including, but not limited to, an assessment of our potential intraday liquidity needs through an additional internal liquidity model, referred to as the Intraday Liquidity Model, the results of our long-term stress testing models, applicable regulatory requirements and a qualitative assessment of the condition of the financial markets and the firm. The results of the Modeled Liquidity Outflow, the Intraday Liquidity Model and the long-term stress testing models are reported to senior management on a regular basis.

Modeled Liquidity Outflow. Our Modeled Liquidity Outflow is based on conducting multiple scenarios that include combinations of market-wide and firm-specific stress. These scenarios are characterized by the following qualitative elements:

- Severely challenged market environments, including low consumer and corporate confidence, financial and political instability, adverse changes in market values, including potential declines in equity markets and widening of credit spreads; and
- A firm-specific crisis potentially triggered by material losses, reputational damage, litigation, executive departure, and/or a ratings downgrade.

Management's Discussion and Analysis

The following are the critical modeling parameters of the Modeled Liquidity Outflow:

- Liquidity needs over a 30-day scenario;
- A two-notch downgrade of our long-term senior unsecured credit ratings;
- A combination of contractual outflows, such as upcoming maturities of unsecured debt, and contingent outflows (e.g., actions though not contractually required, we may deem necessary in a crisis). We assume that most contingent outflows will occur within the initial days and weeks of a crisis;
- No issuance of equity or unsecured debt;
- No support from additional government funding facilities. Although we have access to various central bank funding programs, we do not assume reliance on additional sources of funding in a liquidity crisis; and
- No asset liquidation, other than the GCLA.

The potential contractual and contingent cash and collateral outflows covered in our Modeled Liquidity Outflow include:

Unsecured Funding

- Contractual: All upcoming maturities of unsecured long-term debt, commercial paper, promissory notes and other unsecured funding products. We assume that we will be unable to issue new unsecured debt or rollover any maturing debt.
- Contingent: Repurchases of our outstanding long-term debt, commercial paper and hybrid financial instruments in the ordinary course of business as a market maker.

Deposits

- Contractual: All upcoming maturities of term deposits. We assume that we will be unable to raise new term deposits or rollover any maturing term deposits.
- Contingent: Withdrawals of bank deposits that have no contractual maturity. The withdrawal assumptions reflect, among other factors, the type of deposit, whether the deposit is insured or uninsured, and our relationship with the depositor.

Secured Funding

- Contractual: A portion of upcoming contractual maturities of secured funding due to either the inability to refinance or the ability to refinance only at wider haircuts (i.e., on terms which require us to post additional collateral). Our assumptions reflect, among other factors, the quality of the underlying collateral, counterparty roll probabilities (our assessment of the counterparty's likelihood of continuing to provide funding on a secured basis at the maturity of the trade) and counterparty concentration.
- Contingent: Adverse changes in value of financial assets pledged as collateral for financing transactions, which would necessitate additional collateral postings under those transactions.

OTC Derivatives

- Contingent: Collateral postings to counterparties due to adverse changes in the value of our OTC derivatives, excluding those that are cleared and settled through central counterparties (OTC-cleared).
- Contingent: Other outflows of cash or collateral related to OTC derivatives, excluding OTC-cleared, including the impact of trade terminations, collateral substitutions, collateral disputes, loss of rehypothecation rights, collateral calls or termination payments required by a two-notch downgrade in our credit ratings, and collateral that has not been called by counterparties, but is available to them.

Exchange-Traded and OTC-cleared Derivatives

- Contingent: Variation margin postings required due to adverse changes in the value of our outstanding exchange-traded and OTC-cleared derivatives.
- Contingent: An increase in initial margin and guaranty fund requirements by derivative clearing houses.

Customer Cash and Securities

- Contingent: Liquidity outflows associated with our prime brokerage business, including withdrawals of customer credit balances, and a reduction in customer short positions, which may serve as a funding source for long positions.

Firm Securities

- Contingent: Liquidity outflows associated with a reduction or composition change in firm short positions, which may serve as a funding source for long positions.

Management's Discussion and Analysis**Unfunded Commitments**

- Contingent: Draws on our unfunded commitments. Draw assumptions reflect, among other things, the type of commitment and counterparty.

Other

- Other upcoming large cash outflows, such as tax payments.

Intraday Liquidity Model. Our Intraday Liquidity Model measures our intraday liquidity needs using a scenario analysis characterized by the same qualitative elements as our Modeled Liquidity Outflow. The model assesses the risk of increased intraday liquidity requirements during a scenario where access to sources of intraday liquidity may become constrained.

The following are key modeling elements of the Intraday Liquidity Model:

- Liquidity needs over a one-day settlement period;
- Delays in receipt of counterparty cash payments;
- A reduction in the availability of intraday credit lines at our third-party clearing agents; and
- Higher settlement volumes due to an increase in activity.

Long-Term Stress Testing. We utilize a longer-term stress test to take a forward view on our liquidity position through a prolonged stress period in which the firm experiences a severe liquidity stress and recovers in an environment that continues to be challenging. We are focused on ensuring conservative asset-liability management to prepare for a prolonged period of potential stress, seeking to maintain a long-dated and diversified funding profile, taking into consideration the characteristics and liquidity profile of our assets.

We also run stress tests on a regular basis as part of our routine risk management processes and conduct tailored stress tests on an ad hoc or product-specific basis in response to market developments.

Model Review and Validation

Treasury regularly refines our Modeled Liquidity Outflow, Intraday Liquidity Model and our stress testing models to reflect changes in market or economic conditions and our business mix. Any changes, including model assumptions, are assessed and approved by Liquidity Risk Management.

Model Risk Management is responsible for the independent review and validation of our liquidity models. See "Model Risk Management" for further information about the review and validation of these models.

Limits

We use liquidity limits at various levels and across liquidity risk types to control the size of our liquidity exposures. Limits are measured relative to acceptable levels of risk given the liquidity risk tolerance of the firm. The purpose of the firmwide limits is to assist senior management in monitoring and controlling our overall liquidity profile.

The Risk Committee of the Board and the Firmwide Finance Committee approve liquidity risk limits at the firmwide level. Limits are reviewed frequently and amended, with required approvals, on a permanent and temporary basis, as appropriate, to reflect changing market or business conditions.

Our liquidity risk limits are monitored by Treasury and Liquidity Risk Management. Treasury is responsible for identifying and escalating, on a timely basis, instances where limits have been exceeded.

GCLA and Unencumbered Metrics

GCLA. Based on the results of our internal liquidity risk models, described above, as well as our consideration of other factors including, but not limited to, an assessment of our potential intraday liquidity needs and a qualitative assessment of the condition of the financial markets and the firm, we believe our liquidity position as of both December 2015 and December 2014 was appropriate. As of December 2015 and December 2014, the fair value of the securities and certain overnight cash deposits included in our GCLA totaled \$199.12 billion and \$182.95 billion, respectively, and the fair value of these assets averaged \$187.75 billion for 2015 and \$179.63 billion for 2014.

Management's Discussion and Analysis

The table below presents the fair value of the securities and certain overnight cash deposits that are included in our GCLA.

<i>\$ in millions</i>	Average for the Year Ended December	
	2015	2014
U.S. dollar-denominated	\$132,415	\$134,223
Non-U.S. dollar-denominated	55,333	45,410
Total	\$187,748	\$179,633

The U.S. dollar-denominated GCLA is composed of (i) unencumbered U.S. government and federal agency obligations (including highly liquid U.S. federal agency mortgage-backed obligations), all of which are eligible as collateral in Federal Reserve open market operations and (ii) certain overnight U.S. dollar cash deposits. The non-U.S. dollar-denominated GCLA is composed of only unencumbered German, French, Japanese and United Kingdom government obligations and certain overnight cash deposits in highly liquid currencies. We strictly limit our GCLA to this narrowly defined list of securities and cash because they are highly liquid, even in a difficult funding environment. We do not include other potential sources of excess liquidity in our GCLA, such as less liquid unencumbered securities or committed credit facilities.

The table below presents the fair value of our GCLA by asset class.

<i>\$ in millions</i>	Average for the Year Ended December	
	2015	2014
Overnight cash deposits	\$ 61,407	\$ 57,177
U.S. government obligations	69,562	62,838
U.S. federal agency obligations, including highly liquid U.S. federal agency mortgage-backed obligations	11,413	16,722
German, French, Japanese and United Kingdom government obligations	45,366	42,896
Total	\$187,748	\$179,633

We maintain our GCLA to enable us to meet current and potential liquidity requirements of our parent company, Group Inc., and its subsidiaries. Our Modeled Liquidity Outflow and Intraday Liquidity Model incorporate a consolidated requirement for Group Inc. as well as a standalone requirement for each of our major broker-dealer and bank subsidiaries. Liquidity held directly in each of these major subsidiaries is intended for use only by that subsidiary to meet its liquidity requirements and is assumed not to be available to Group Inc. unless (i) legally provided for and (ii) there are no additional regulatory, tax or other restrictions. In addition, the Modeled Liquidity Outflow and Intraday Liquidity Model also incorporate a broader assessment of standalone liquidity requirements for other subsidiaries and we hold a portion of our GCLA directly at Group Inc. to support such requirements.

The table below presents the GCLA of Group Inc. and our major broker-dealer and bank subsidiaries.

<i>\$ in millions</i>	Average for the Year Ended December	
	2015	2014
Group Inc.	\$ 41,284	\$ 37,699
Major broker-dealer subsidiaries	89,510	89,549
Major bank subsidiaries	56,954	52,385
Total	\$187,748	\$179,633

Other Unencumbered Assets. In addition to our GCLA, we have a significant amount of other unencumbered cash and "Financial instruments owned, at fair value," including other government obligations, high-grade money market securities, corporate obligations, marginable equities, loans and cash deposits not included in our GCLA. The fair value of these assets averaged \$90.36 billion for 2015 and \$94.52 billion for 2014. We do not consider these assets liquid enough to be eligible for our GCLA.

Management's Discussion and Analysis

Liquidity Regulatory Framework

The Basel Committee's international framework for liquidity risk measurement, standards and monitoring calls for a liquidity coverage ratio (LCR) designed to ensure that banking organizations maintain an adequate level of unencumbered high-quality liquid assets (HQLA) based on expected net cash outflows under an acute short-term liquidity stress scenario.

The final rules on minimum liquidity standards approved by the U.S. federal bank regulatory agencies are generally consistent with the Basel Committee's framework as described above, but include accelerated transition provisions and more stringent requirements related to both the range of assets that qualify as HQLA and cash outflow assumptions for certain types of funding and other liquidity risks. Our GCLA is substantially the same in composition as the assets that qualify as HQLA under these rules. Under the accelerated transition timeline, the LCR became effective in the United States on January 1, 2015, with a phase-in period whereby firms have an 80% minimum in 2015, which will increase by 10% per year until 2017. In November 2015, the Federal Reserve Board proposed a rule that would require bank holding companies to disclose their LCR on a quarterly basis beginning in the quarter ended September 2016. These requirements include LCR averages over the prior quarter, detailed information on certain components of the LCR calculation and projected net cash outflows. For the three months ended December 2015, our average LCR exceeded the fully phased-in minimum requirement, based on our interpretation and understanding of the finalized framework, which may evolve as we review our interpretation and application with our regulators.

The Basel Committee's international framework for liquidity risk measurement, standards and monitoring also calls for a net stable funding ratio (NSFR) designed to promote more medium- and long-term stable funding of the assets and off-balance-sheet activities of banking organizations over a one-year time horizon. The Basel Committee's NSFR framework requires banking organizations to maintain a stable funding profile in relation to the composition of their assets and off-balance-sheet activities and will be effective on January 1, 2018. The U.S. federal bank regulatory agencies have not yet proposed rules implementing the NSFR for U.S. banks and bank holding companies. We are currently evaluating the impact of the Basel Committee's NSFR framework.

The following is information on our subsidiary liquidity regulatory requirements:

- **GS Bank USA.** GS Bank USA is subject to minimum liquidity standards under the LCR rule approved by the U.S. federal bank regulatory agencies that became effective on January 1, 2015, with the same phase-in through 2017 described above.
- **GSI.** The LCR rule issued by the U.K. regulatory authorities became effective in the United Kingdom on October 1, 2015, with a phase-in period whereby certain financial institutions, including GSI, must have an 80% minimum ratio initially, increasing to 90% on January 1, 2017 and 100% on January 1, 2018.
- **Other Subsidiaries.** We monitor the local regulatory liquidity requirements of our subsidiaries to ensure compliance. For many of our subsidiaries, these requirements either have changed or are likely to change in the future due to the implementation of the Basel Committee's framework for liquidity risk measurement, standards and monitoring, as well as other regulatory developments.

The implementation of these rules, and any amendments adopted by the applicable regulatory authorities, could impact our liquidity and funding requirements and practices in the future.

Credit Ratings

We rely on the short-term and long-term debt capital markets to fund a significant portion of our day-to-day operations and the cost and availability of debt financing is influenced by our credit ratings. Credit ratings are also important when we are competing in certain markets, such as OTC derivatives, and when we seek to engage in longer-term transactions. See "Risk Factors" in Part I, Item 1A of the 2015 Form 10-K for information about the risks associated with a reduction in our credit ratings.

During the fourth quarter of 2015, Standard & Poor's Ratings Services (S&P) downgraded the long-term debt ratings of Group Inc. from A- to BBB+ and the subordinated debt ratings of Group Inc. from BBB+ to BBB-, and changed the outlook of Group Inc. from negative to stable and the outlook for GS Bank USA, GSIB, GS&Co. and GSI from positive to watch positive. Additionally, Rating and Investment Information, Inc. (R&I) downgraded the long-term debt ratings of Group Inc. from A+ to A and the subordinated debt ratings for Group Inc. from A to A-, and changed the outlook for Group Inc. from negative to stable.

Management's Discussion and Analysis

The table below presents the unsecured credit ratings and outlook of Group Inc. by DBRS, Inc. (DBRS), Fitch, Inc. (Fitch), Moody's Investors Service (Moody's), S&P, and R&I.

	As of December 2015				
	DBRS	Fitch	Moody's	S&P	R&I
Short-term Debt	R-1 (middle)	F1	P-2	A-2	a-1
Long-term Debt ¹	A (high)	A	A3	BBB+	A
Subordinated Debt	A	A-	Baa2	BBB-	A-
Trust Preferred ²	A	BBB-	Baa3	BB	N/A
Preferred Stock ³	BBB (high)	BB+	Ba1	BB	N/A
Ratings Outlook	Stable	Stable	Stable	Stable	Stable

1. Fitch, Moody's and S&P include the senior guaranteed trust securities issued by Murray Street Investment Trust I and Vesey Street Investment Trust I.

2. Trust preferred securities issued by Goldman Sachs Capital I.

3. DBRS, Fitch, Moody's and S&P include the APEX issued by Goldman Sachs Capital II and Goldman Sachs Capital III.

The table below presents the unsecured credit ratings and outlook of GS Bank USA, GSIB, GS&Co. and GSI, by Fitch, Moody's and S&P.

	As of December 2015		
	Fitch	Moody's	S&P
GS Bank USA			
Short-term Debt	F1	P-1	A-1
Long-term Debt	A+	A1	A
Short-term Bank Deposits	F1+	P-1	N/A
Long-term Bank Deposits	AA-	A1	N/A
Ratings Outlook	Stable	Stable	Watch Positive
GSIB			
Short-term Debt	F1	P-1	A-1
Long-term Debt	A	A1	A
Short-term Bank Deposits	F1	P-1	N/A
Long-term Bank Deposits	A	A1	N/A
Ratings Outlook	Positive	Stable	Watch Positive
GS&Co.			
Short-term Debt	F1	N/A	A-1
Long-term Debt	A+	N/A	A
Ratings Outlook	Stable	N/A	Watch Positive
GSI			
Short-term Debt	F1	P-1	A-1
Long-term Debt	A	A1	A
Ratings Outlook	Positive	Stable	Watch Positive

We believe our credit ratings are primarily based on the credit rating agencies' assessment of:

- Our liquidity, market, credit and operational risk management practices;
- The level and variability of our earnings;
- Our capital base;
- Our franchise, reputation and management;
- Our corporate governance; and
- The external operating environment, including, in some cases, the assumed level of government or other systemic support.

Certain of our derivatives have been transacted under bilateral agreements with counterparties who may require us to post collateral or terminate the transactions based on changes in our credit ratings. We assess the impact of these bilateral agreements by determining the collateral or termination payments that would occur assuming a downgrade by all rating agencies. A downgrade by any one rating agency, depending on the agency's relative ratings of us at the time of the downgrade, may have an impact which is comparable to the impact of a downgrade by all rating agencies. We allocate a portion of our GCLA to ensure we would be able to make the additional collateral or termination payments that may be required in the event of a two-notch reduction in our long-term credit ratings, as well as collateral that has not been called by counterparties, but is available to them. The table below presents the additional collateral or termination payments related to our net derivative liabilities under bilateral agreements that could have been called at the reporting date by counterparties in the event of a one-notch and two-notch downgrade in our credit ratings.

	As of December	
	2015	2014
<i>\$ in millions</i>		
Additional collateral or termination payments for a one-notch downgrade	\$1,061	\$1,072
Additional collateral or termination payments for a two-notch downgrade	2,689	2,815

Management's Discussion and Analysis

Cash Flows

As a global financial institution, our cash flows are complex and bear little relation to our net earnings and net assets. Consequently, we believe that traditional cash flow analysis is less meaningful in evaluating our liquidity position than the liquidity and asset-liability management policies described above. Cash flow analysis may, however, be helpful in highlighting certain macro trends and strategic initiatives in our businesses.

Year Ended December 2015. Our cash and cash equivalents increased by \$17.51 billion to \$75.11 billion at the end of 2015. We used \$18.57 billion in net cash for investing activities, primarily due to funding of loans receivable. We generated \$36.08 billion in net cash from financing activities and operating activities primarily from net issuances of long-term borrowings and bank deposits, partially offset by repurchases of common stock.

Year Ended December 2014. Our cash and cash equivalents decreased by \$3.53 billion to \$57.60 billion at the end of 2014. We used \$22.53 billion in net cash for operating and investing activities, which reflects an initiative to reduce our balance sheet, and the funding of loans receivable. We generated \$19.00 billion in net cash from financing activities from an increase in bank deposits and net proceeds from issuances of unsecured long-term borrowings, partially offset by repurchases of common stock.

Year Ended December 2013. Our cash and cash equivalents decreased by \$11.54 billion to \$61.13 billion at the end of 2013. We generated \$4.54 billion in net cash from operating activities. We used net cash of \$16.08 billion for investing and financing activities, primarily to fund loans receivable and repurchases of common stock.

Market Risk Management

Overview

Market risk is the risk of loss in the value of our inventory, as well as certain other financial assets and financial liabilities, due to changes in market conditions. We employ a variety of risk measures, each described in the respective sections below, to monitor market risk. We hold inventory primarily for market making for our clients and for our investing and lending activities. Our inventory therefore changes based on client demands and our investment opportunities. Our inventory is accounted for at fair value and therefore fluctuates on a daily basis, with the related gains and losses included in "Market making" and "Other principal transactions." Categories of market risk include the following:

- Interest rate risk: results from exposures to changes in the level, slope and curvature of yield curves, the volatilities of interest rates, mortgage prepayment speeds and credit spreads;
- Equity price risk: results from exposures to changes in prices and volatilities of individual equities, baskets of equities and equity indices;
- Currency rate risk: results from exposures to changes in spot prices, forward prices and volatilities of currency rates; and
- Commodity price risk: results from exposures to changes in spot prices, forward prices and volatilities of commodities, such as crude oil, petroleum products, natural gas, electricity, and precious and base metals.

Managers in revenue-producing units are accountable for managing risk within prescribed limits. These managers have in-depth knowledge of their positions, markets and the instruments available to hedge their exposures.

Market Risk Management, which is independent of the revenue-producing units and reports to our chief risk officer, has primary responsibility for assessing, monitoring and managing market risk at the firm. We monitor and control risks through strong firmwide oversight and independent control and support functions across our global businesses.

Managers in revenue-producing units and Market Risk Management discuss market information, positions and estimated risk and loss scenarios on an ongoing basis.

Management's Discussion and Analysis

Market Risk Management Process

We manage our market risk by diversifying exposures, controlling position sizes and establishing economic hedges in related securities or derivatives. This process includes:

- Accurate and timely exposure information incorporating multiple risk metrics;
- A dynamic limit setting framework; and
- Constant communication among revenue-producing units, risk managers and senior management.

Risk Measures. Market Risk Management produces risk measures and monitors them against market risk limits set by our risk committees. These measures reflect an extensive range of scenarios and the results are aggregated at product, business and firmwide levels.

We use a variety of risk measures to estimate the size of potential losses for both moderate and more extreme market moves over both short-term and long-term time horizons. Our primary risk measures are VaR, which is used for shorter-term periods, and stress tests. Our risk reports detail key risks, drivers and changes for each desk and business, and are distributed daily to senior management of both our revenue-producing units and our independent control and support functions.

Value-at-Risk. VaR is the potential loss in value due to adverse market movements over a defined time horizon with a specified confidence level. For assets and liabilities included in VaR, see "Financial Statement Linkages to Market Risk Measures." We typically employ a one-day time horizon with a 95% confidence level. We use a single VaR model which captures risks including interest rates, equity prices, currency rates and commodity prices. As such, VaR facilitates comparison across portfolios of different risk characteristics. VaR also captures the diversification of aggregated risk at the firmwide level.

We are aware of the inherent limitations to VaR and therefore use a variety of risk measures in our market risk management process. Inherent limitations to VaR include:

- VaR does not estimate potential losses over longer time horizons where moves may be extreme;
- VaR does not take account of the relative liquidity of different risk positions; and
- Previous moves in market risk factors may not produce accurate predictions of all future market moves.

When calculating VaR, we use historical simulations with full valuation of approximately 70,000 market factors. VaR is calculated at a position level based on simultaneously shocking the relevant market risk factors for that position. We sample from five years of historical data to generate the scenarios for our VaR calculation. The historical data is weighted so that the relative importance of the data reduces over time. This gives greater importance to more recent observations and reflects current asset volatilities, which improves the accuracy of our estimates of potential loss. As a result, even if our positions included in VaR were unchanged, our VaR would increase with increasing market volatility and vice versa.

Given its reliance on historical data, VaR is most effective in estimating risk exposures in markets in which there are no sudden fundamental changes or shifts in market conditions.

Our VaR measure does not include:

- Positions that are best measured and monitored using sensitivity measures; and
- The impact of changes in counterparty and our own credit spreads on derivatives, as well as changes in our own credit spreads on unsecured borrowings for which the fair value option was elected.

We perform daily backtesting of our VaR model (i.e., comparing daily trading net revenues to the VaR measure calculated as of the prior business day) at the firmwide level and for each of our businesses and major regulated subsidiaries.

Stress Testing. Stress testing is a method of determining the effect of various hypothetical stress scenarios on the firm. We use stress testing to examine risks of specific portfolios as well as the potential impact of significant risk exposures across the firm. We use a variety of stress testing techniques to calculate the potential loss from a wide range of market moves on our portfolios, including sensitivity analysis, scenario analysis and firmwide stress tests. The results of our various stress tests are analyzed together for risk management purposes.

Sensitivity analysis is used to quantify the impact of a market move in a single risk factor across all positions (e.g., equity prices or credit spreads) using a variety of defined market shocks, ranging from those that could be expected over a one-day time horizon up to those that could take many months to occur. We also use sensitivity analysis to quantify the impact of the default of any single entity, which captures the risk of large or concentrated exposures.

Management's Discussion and Analysis

Scenario analysis is used to quantify the impact of a specified event, including how the event impacts multiple risk factors simultaneously. For example, for sovereign stress testing we calculate potential direct exposure associated with our sovereign inventory as well as the corresponding debt, equity and currency exposures associated with our non-sovereign inventory that may be impacted by the sovereign distress. When conducting scenario analysis, we typically consider a number of possible outcomes for each scenario, ranging from moderate to severely adverse market impacts. In addition, these stress tests are constructed using both historical events and forward-looking hypothetical scenarios.

Firmwide stress testing combines market, credit, operational and liquidity risks into a single combined scenario. Firmwide stress tests are primarily used to assess capital adequacy as part of our capital planning and stress testing process; however, we also ensure that firmwide stress testing is integrated into our risk governance framework. This includes selecting appropriate scenarios to use for our capital planning and stress testing process. See "Equity Capital Management and Regulatory Capital — Equity Capital Management" above for further information.

Unlike VaR measures, which have an implied probability because they are calculated at a specified confidence level, there is generally no implied probability that our stress test scenarios will occur. Instead, stress tests are used to model both moderate and more extreme moves in underlying market factors. When estimating potential loss, we generally assume that our positions cannot be reduced or hedged (although experience demonstrates that we are generally able to do so).

Stress test scenarios are conducted on a regular basis as part of our routine risk management process and on an ad hoc basis in response to market events or concerns. Stress testing is an important part of our risk management process because it allows us to quantify our exposure to tail risks, highlight potential loss concentrations, undertake risk/reward analysis, and assess and mitigate our risk positions.

Limits. We use risk limits at various levels in the firm (including firmwide, business and product) to govern risk appetite by controlling the size of our exposures to market risk. Limits are set based on VaR and on a range of stress tests relevant to our exposures. Limits are reviewed frequently and amended on a permanent or temporary basis to reflect changing market conditions, business conditions or tolerance for risk.

The Risk Committee of the Board and the Firmwide Risk Committee approve market risk limits at firmwide and business levels and our divisional risk committees set sub-limits below the approved business-level risk limits. The purpose of the firmwide limits is to assist senior management in controlling our overall risk profile. Sub-limits set the desired maximum amount of exposure that may be managed by any particular business on a day-to-day basis without additional levels of senior management approval, effectively leaving day-to-day decisions to individual desk managers and traders. Accordingly, sub-limits are a management tool designed to ensure appropriate escalation rather than to establish maximum risk tolerance. Sub-limits also distribute risk among various businesses in a manner that is consistent with their level of activity and client demand, taking into account the relative performance of each area.

Our market risk limits are monitored daily by Market Risk Management, which is responsible for identifying and escalating, on a timely basis, instances where limits have been exceeded. The business-level limits that are set by the divisional risk committees are subject to the same scrutiny and limit escalation policy as the firmwide limits.

When a risk limit has been exceeded (e.g., due to changes in market conditions, such as increased volatilities or changes in correlations), it is escalated to the appropriate risk committee and remediated by an inventory reduction and/or a temporary or permanent increase to the risk limit.

Model Review and Validation

Our VaR and stress testing models are regularly reviewed by Market Risk Management and enhanced in order to incorporate changes in the composition of positions included in our market risk measures, as well as variations in market conditions. Prior to implementing significant changes to our assumptions and/or models, Model Risk Management performs model validations. Significant changes to our VaR and stress testing models are reviewed with our chief risk officer and chief financial officer, and approved by the Firmwide Risk Committee.

See "Model Risk Management" for further information about the review and validation of these models.

Systems

We have made a significant investment in technology to monitor market risk including:

- An independent calculation of VaR and stress measures;
- Risk measures calculated at individual position levels;
- Attribution of risk measures to individual risk factors of each position;
- The ability to report many different views of the risk measures (e.g., by desk, business, product type or legal entity); and
- The ability to produce ad hoc analyses in a timely manner.

Metrics

We analyze VaR at the firmwide level and a variety of more detailed levels, including by risk category, business, and region. The tables below present, by risk category, average daily VaR and period-end VaR, as well as the high and low VaR for the period. Diversification effect in the tables below represents the difference between total VaR and the sum of the VaRs for the four risk categories. This effect arises because the four market risk categories are not perfectly correlated.

The table below presents average daily VaR.

<i>\$ in millions</i>	Year Ended December		
	2015	2014	2013
Risk Categories			
Interest rates	\$ 47	\$ 51	\$ 63
Equity prices	26	26	32
Currency rates	30	19	17
Commodity prices	20	21	19
Diversification effect	(47)	(45)	(51)
Total	\$ 76	\$ 72	\$ 80

Our average daily VaR increased to \$76 million in 2015 from \$72 million in 2014, reflecting an increase in the currency rates category due to higher levels of volatility, partially offset by a decrease in the interest rates category due to decreased exposures.

Our average daily VaR decreased to \$72 million in 2014 from \$80 million in 2013, primarily reflecting a decrease in the interest rates category due to decreased exposures and lower levels of volatility, and a decrease in the equity prices category principally due to lower levels of volatility. These decreases were partially offset by a decrease in the diversification benefit across risk categories.

The table below presents period-end VaR, and high and low VaR.

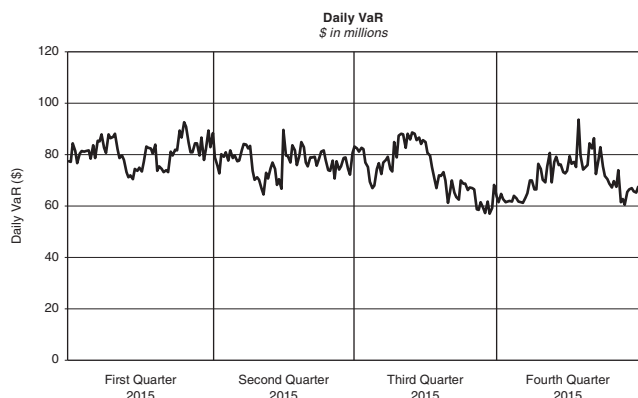
<i>\$ in millions</i>	As of December		Year Ended December 2015	
	2015	2014	High	Low
Risk Categories				
Interest rates	\$ 43	\$ 53	\$62	\$38
Equity prices	24	19	52	18
Currency rates	31	24	47	18
Commodity prices	17	23	38	13
Diversification effect	(48)	(42)		
Total	\$ 67	\$ 77	\$94	\$57

Our daily VaR decreased to \$67 million as of December 2015 from \$77 million as of December 2014, primarily reflecting decreases in the interest rates and commodity prices categories due to decreased exposures, and an increase in the diversification benefit across risk categories. In addition, the currency rates and equity prices categories increased due to higher levels of volatility.

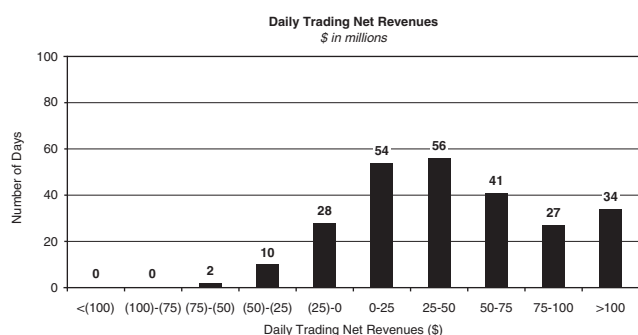
During 2015, the firmwide VaR risk limit was temporarily raised on two occasions in order to facilitate client transactions. Separately, in March 2015, the firmwide VaR risk limit was reduced, reflecting lower risk utilization over the last year.

During 2014, the firmwide VaR risk limit was not exceeded, raised or reduced.

The chart below reflects our daily VaR over the last four quarters.



The chart below presents the frequency distribution of our daily trading net revenues for substantially all positions included in VaR for 2015.



Daily trading net revenues are compared with VaR calculated as of the end of the prior business day. Trading losses incurred on a single day did not exceed our 95% one-day VaR during 2015 (i.e., a VaR exception). Trading losses incurred on a single day exceeded our 95% one-day VaR on one occasion during 2014.

During periods in which we have significantly more positive net revenue days than net revenue loss days, we expect to have fewer VaR exceptions because, under normal conditions, our business model generally produces positive net revenues. In periods in which our franchise revenues are adversely affected, we generally have more loss days, resulting in more VaR exceptions. The daily market-making revenues used to determine VaR exceptions reflect the impact of any intraday activity, including bid/offer net revenues, which are more likely than not to be positive by their nature.

Sensitivity Measures

Certain portfolios and individual positions are not included in VaR because VaR is not the most appropriate risk measure. Other sensitivity measures we use to analyze market risk are described below.

10% Sensitivity Measures. The table below presents market risk for inventory positions that are not included in VaR. The market risk of these positions is determined by estimating the potential reduction in net revenues of a 10% decline in the underlying asset value. Equity positions below relate to private and restricted public equity securities, including interests in funds that invest in corporate equities and real estate and interests in hedge funds, which are included in “Financial instruments owned, at fair value.” Debt positions include interests in funds that invest in corporate mezzanine and senior debt instruments, loans backed by commercial and residential real estate, corporate bank loans and other corporate debt, including acquired portfolios of distressed loans. These debt positions are included in “Financial instruments owned, at fair value.” See Note 6 to the consolidated financial statements for further information about cash instruments. These measures do not reflect diversification benefits across asset categories or across other market risk measures.

<i>\$ in millions</i>	As of December	
	2015	2014
Asset Categories		
Equity	\$2,157	\$2,132
Debt	1,479	1,686
Total	\$3,636	\$3,818

Management's Discussion and Analysis

Credit Spread Sensitivity on Derivatives and Borrowings. VaR excludes the impact of changes in counterparty and our own credit spreads on derivatives as well as changes in our own credit spreads on unsecured borrowings for which the fair value option was elected. The estimated sensitivity to a one basis point increase in credit spreads (counterparty and our own) on derivatives was a gain of \$3 million (including hedges) as of both December 2015 and December 2014. In addition, the estimated sensitivity to a one basis point increase in our own credit spreads on unsecured borrowings for which the fair value option was elected was a gain of \$17 million and \$10 million (including hedges) as of December 2015 and December 2014, respectively. However, the actual net impact of a change in our own credit spreads is also affected by the liquidity, duration and convexity (as the sensitivity is not linear to changes in yields) of those unsecured borrowings for which the fair value option was elected, as well as the relative performance of any hedges undertaken.

Interest Rate Sensitivity. “Loans receivable” as of December 2015 and December 2014 were \$45.41 billion and \$28.94 billion, respectively, substantially all of which had floating interest rates. As of December 2015 and December 2014, the estimated sensitivity to a 100 basis point increase in interest rates on such loans was \$396 million and \$254 million, respectively, of additional interest income over a twelve-month period, which does not take into account the potential impact of an increase in costs to fund such loans. See Note 9 to the consolidated financial statements for further information about loans receivable.

Other Market Risk Considerations

In addition, as of December 2015 and December 2014, we had commitments and held loans for which we have obtained credit loss protection from Sumitomo Mitsui Financial Group, Inc. See Note 18 to the consolidated financial statements for further information about such lending commitments.

Additionally, we make investments accounted for under the equity method and we also make direct investments in real estate, both of which are included in “Other assets.” Direct investments in real estate are accounted for at cost less accumulated depreciation. See Note 13 to the consolidated financial statements for information about “Other assets.”

Financial Statement Linkages to Market Risk Measures

We employ a variety of risk measures, each described in the respective sections above, to monitor market risk across the consolidated statements of financial condition and consolidated statements of earnings. The related gains and losses on these positions are included in “Market making,” “Other principal transactions,” “Interest income” and “Interest expense.”

The table below presents certain categories in our consolidated statements of financial condition and the market risk measures used to assess those assets and liabilities. Certain categories on the consolidated statements of financial condition are incorporated in more than one risk measure.

Categories on the Consolidated Statements of Financial Condition Included in Market Risk Measures	Market Risk Measures
Securities segregated for regulatory and other purposes, at fair value	• VaR
Collateralized agreements <ul style="list-style-type: none"> • Securities purchased under agreements to resell, at fair value • Securities borrowed, at fair value 	• VaR
Receivables <ul style="list-style-type: none"> • Certain secured loans, at fair value • Loans receivable 	• VaR • Interest Rate Sensitivity
Financial instruments owned, at fair value	• VaR • 10% Sensitivity Measures • Credit Spread Sensitivity — Derivatives
Collateralized financings <ul style="list-style-type: none"> • Securities sold under agreements to repurchase, at fair value • Securities loaned, at fair value • Other secured financings, at fair value 	• VaR
Financial instruments sold, but not yet purchased, at fair value	• VaR • Credit Spread Sensitivity — Derivatives
Unsecured short-term borrowings and unsecured long-term borrowings, at fair value	• VaR • Credit Spread Sensitivity — Borrowings

Management's Discussion and Analysis**Credit Risk Management****Overview**

Credit risk represents the potential for loss due to the default or deterioration in credit quality of a counterparty (e.g., an OTC derivatives counterparty or a borrower) or an issuer of securities or other instruments we hold. Our exposure to credit risk comes mostly from client transactions in OTC derivatives and loans and lending commitments. Credit risk also comes from cash placed with banks, securities financing transactions (i.e., resale and repurchase agreements and securities borrowing and lending activities) and receivables from brokers, dealers, clearing organizations, customers and counterparties.

Credit Risk Management, which is independent of the revenue-producing units and reports to our chief risk officer, has primary responsibility for assessing, monitoring and managing credit risk at the firm. The Credit Policy Committee and the Firmwide Risk Committee establish and review credit policies and parameters. In addition, we hold other positions that give rise to credit risk (e.g., bonds held in our inventory and secondary bank loans). These credit risks are captured as a component of market risk measures, which are monitored and managed by Market Risk Management, consistent with other inventory positions. We also enter into derivatives to manage market risk exposures. Such derivatives also give rise to credit risk, which is monitored and managed by Credit Risk Management.

Credit Risk Management Process

Effective management of credit risk requires accurate and timely information, a high level of communication and knowledge of customers, countries, industries and products. Our process for managing credit risk includes:

- Approving transactions and setting and communicating credit exposure limits;
- Monitoring compliance with established credit exposure limits;
- Assessing the likelihood that a counterparty will default on its payment obligations;
- Measuring our current and potential credit exposure and losses resulting from counterparty default;
- Reporting of credit exposures to senior management, the Board and regulators;
- Use of credit risk mitigants, including collateral and hedging; and
- Communication and collaboration with other independent control and support functions such as operations, legal and compliance.

As part of the risk assessment process, Credit Risk Management performs credit reviews which include initial and ongoing analyses of our counterparties. For substantially all of our credit exposures, the core of our process is an annual counterparty credit review. A credit review is an independent analysis of the capacity and willingness of a counterparty to meet its financial obligations, resulting in an internal credit rating. The determination of internal credit ratings also incorporates assumptions with respect to the nature of and outlook for the counterparty's industry, and the economic environment. Senior personnel within Credit Risk Management, with expertise in specific industries, inspect and approve credit reviews and internal credit ratings.

Our global credit risk management systems capture credit exposure to individual counterparties and on an aggregate basis to counterparties and their subsidiaries (economic groups). These systems also provide management with comprehensive information on our aggregate credit risk by product, internal credit rating, industry, country and region.

Risk Measures and Limits

We measure our credit risk based on the potential loss in the event of non-payment by a counterparty using current and potential exposure. For derivatives and securities financing transactions, current exposure represents the amount presently owed to us after taking into account applicable netting and collateral arrangements while potential exposure represents our estimate of the future exposure that could arise over the life of a transaction based on market movements within a specified confidence level. Potential exposure also takes into account netting and collateral arrangements. For loans and lending commitments, the primary measure is a function of the notional amount of the position.

We use credit limits at various levels (counterparty, economic group, industry, country) to control the size of our credit exposures. Limits for counterparties and economic groups are reviewed regularly and revised to reflect changing risk appetites for a given counterparty or group of counterparties. Limits for industries and countries are based on our risk tolerance and are designed to allow for regular monitoring, review, escalation and management of credit risk concentrations. The Risk Committee of the Board and the Firmwide Risk Committee approve credit risk limits at the firmwide and business levels. Credit Risk Management sets credit limits for individual counterparties, economic groups, industries and countries. Policies authorized by the Firmwide Risk Committee and the Credit Policy Committee prescribe the level of formal approval required for us to assume credit exposure to a counterparty across all product areas, taking into account any applicable netting provisions, collateral or other credit risk mitigants.

Management's Discussion and Analysis

Stress Tests

We use regular stress tests to calculate the credit exposures, including potential concentrations that would result from applying shocks to counterparty credit ratings or credit risk factors (e.g., currency rates, interest rates, equity prices). These shocks include a wide range of moderate and more extreme market movements. Some of our stress tests include shocks to multiple risk factors, consistent with the occurrence of a severe market or economic event. In the case of sovereign default, we estimate the direct impact of the default on our sovereign credit exposures, changes to our credit exposures arising from potential market moves in response to the default, and the impact of credit market deterioration on corporate borrowers and counterparties that may result from the sovereign default. Unlike potential exposure, which is calculated within a specified confidence level, with a stress test there is generally no assumed probability of these events occurring.

We run stress tests on a regular basis as part of our routine risk management processes and conduct tailored stress tests on an ad hoc basis in response to market developments. Stress tests are regularly conducted jointly with our market and liquidity risk functions.

Model Review and Validation

Our potential credit exposure and stress testing models, and any changes to such models or assumptions, are reviewed by Model Risk Management. See "Model Risk Management" for further information about the review and validation of these models.

Risk Mitigants

To reduce our credit exposures on derivatives and securities financing transactions, we may enter into netting agreements with counterparties that permit us to offset receivables and payables with such counterparties. We may also reduce credit risk with counterparties by entering into agreements that enable us to obtain collateral from them on an upfront or contingent basis and/or to terminate transactions if the counterparty's credit rating falls below a specified level. We monitor the fair value of the collateral on a daily basis to ensure that our credit exposures are appropriately collateralized. We seek to minimize exposures where there is a significant positive correlation between the creditworthiness of our counterparties and the market value of collateral we receive.

For loans and lending commitments, depending on the credit quality of the borrower and other characteristics of the transaction, we employ a variety of potential risk mitigants. Risk mitigants include: collateral provisions, guarantees, covenants, structural seniority of the bank loan claims and, for certain lending commitments, provisions in the legal documentation that allow us to adjust loan amounts, pricing, structure and other terms as market conditions change. The type and structure of risk mitigants employed can significantly influence the degree of credit risk involved in a loan or lending commitment.

When we do not have sufficient visibility into a counterparty's financial strength or when we believe a counterparty requires support from its parent, we may obtain third-party guarantees of the counterparty's obligations. We may also mitigate our credit risk using credit derivatives or participation agreements.

Credit Exposures

As of December 2015, our credit exposures increased as compared with December 2014, primarily reflecting increases in loans and lending commitments. The percentage of our credit exposure arising from non-investment-grade counterparties (based on our internally determined public rating agency equivalents) increased as compared with December 2014, primarily reflecting an increase in loans and lending commitments. During 2015, the number of counterparty defaults decreased as compared with 2014, and such defaults primarily occurred within loans and lending commitments. The total number of counterparty defaults remained low, representing less than 0.5% of all counterparties. Estimated losses associated with counterparty defaults were lower compared with the prior year and were not material to the firm. Our credit exposures are described further below.

Cash and Cash Equivalents. Cash and cash equivalents include both interest-bearing and non-interest-bearing deposits. To mitigate the risk of credit loss, we place substantially all of our deposits with highly-rated banks and central banks.

OTC Derivatives. Our credit exposure on OTC derivatives arises primarily from our market-making activities. As a market maker, we enter into derivative transactions to provide liquidity to clients and to facilitate the transfer and hedging of their risks. We also enter into derivatives to manage market risk exposures. We manage our credit exposure on OTC derivatives using the credit risk process, measures, limits and risk mitigants described above.

Management's Discussion and Analysis

Derivatives are reported on a net-by-counterparty basis (i.e., the net payable or receivable for derivative assets and liabilities for a given counterparty) when a legal right of setoff exists under an enforceable netting agreement. Derivatives are accounted for at fair value, net of cash collateral received or posted under enforceable credit support agreements. We generally enter into OTC derivatives transactions under bilateral collateral arrangements with daily exchange of collateral. As credit risk is an essential component of fair value, we include a credit valuation adjustment (CVA) in the fair value of derivatives to reflect counterparty credit risk, as described in Note 7 to the consolidated financial statements. CVA is a function of the present value of expected exposure, the probability of counterparty default and the assumed recovery upon default.

The table below presents the distribution of our exposure to OTC derivatives by tenor, both before and after the effect of collateral and netting agreements. In the table below:

- Tenor is based on expected duration for mortgage-related credit derivatives and generally on remaining contractual maturity for other derivatives.
- Receivable and payable balances for the same counterparty across tenor categories are netted under enforceable netting agreements, and cash collateral received is netted under enforceable credit support agreements.
- Receivable and payable balances with the same counterparty in the same tenor category are netted within such tenor category.
- Net credit exposure represents OTC derivative assets, all of which are included in "Financial instruments owned, at fair value," less cash collateral and the fair value of securities collateral, primarily U.S. government and federal agency obligations and non-U.S. government and agency obligations, received under credit support agreements, which management considers when determining credit risk, but such collateral is not eligible for netting under U.S. GAAP.

<i>\$ in millions</i>	Investment-Grade	Non-Investment-Grade / Unrated	Total
As of December 2015			
Less than 1 year	\$ 23,950	\$ 3,965	\$ 27,915
1 - 5 years	35,249	6,749	41,998
Greater than 5 years	85,394	4,713	90,107
Total	144,593	15,427	160,020
Netting	(103,087)	(6,507)	(109,594)
OTC derivative assets	\$ 41,506	\$ 8,920	\$ 50,426
Net credit exposure	\$ 27,001	\$ 7,368	\$ 34,369
As of December 2014			
Less than 1 year	\$ 30,147	\$ 5,038	\$ 35,185
1 - 5 years	40,787	6,589	47,376
Greater than 5 years	96,679	5,820	102,499
Total	167,613	17,447	185,060
Netting	(117,144)	(7,179)	(124,323)
OTC derivative assets	\$ 50,469	\$10,268	\$ 60,737
Net credit exposure	\$ 34,658	\$ 8,694	\$ 43,352

The tables below present the distribution of our exposure to OTC derivatives by tenor and our internally determined public rating agency equivalents.

<i>\$ in millions</i>	Investment-Grade				Total
	AAA/ Aaa	AA/ Aa2	A/ A2	BBB/ Baa2	
As of December 2015					
Less than 1 year	\$ 411	\$ 6,059	\$ 10,051	\$ 7,429	\$ 23,950
1 - 5 years	1,214	10,374	16,995	6,666	35,249
Greater than 5 years	3,205	40,879	20,507	20,803	85,394
Total	4,830	57,312	47,553	34,898	144,593
Netting	(2,202)	(40,872)	(36,847)	(23,166)	(103,087)
OTC derivative assets	\$ 2,628	\$ 16,440	\$ 10,706	\$ 11,732	\$ 41,506
Net credit exposure	\$ 2,427	\$ 10,269	\$ 6,652	\$ 7,653	\$ 27,001
As of December 2014					
Less than 1 year	\$ 1,119	\$ 8,260	\$ 13,719	\$ 7,049	\$ 30,147
1 - 5 years	898	12,182	18,949	8,758	40,787
Greater than 5 years	3,500	40,443	26,649	26,087	96,679
Total	5,517	60,885	59,317	41,894	167,613
Netting	(2,163)	(42,513)	(44,147)	(28,321)	(117,144)
OTC derivative assets	\$ 3,354	\$ 18,372	\$ 15,170	\$ 13,573	\$ 50,469
Net credit exposure	\$ 3,135	\$ 12,453	\$ 9,493	\$ 9,577	\$ 34,658

<i>\$ in millions</i>	Non-Investment-Grade / Unrated		
	BB/Ba2 or lower	Unrated	Total
As of December 2015			
Less than 1 year	\$ 3,657	\$ 308	\$ 3,965
1 - 5 years	6,505	244	6,749
Greater than 5 years	4,434	279	4,713
Total	14,596	831	15,427
Netting	(6,472)	(35)	(6,507)
OTC derivative assets	\$ 8,124	\$ 796	\$ 8,920
Net credit exposure	\$ 6,769	\$ 599	\$ 7,368
As of December 2014			
Less than 1 year	\$ 4,959	\$ 79	\$ 5,038
1 - 5 years	6,226	363	6,589
Greater than 5 years	5,660	160	5,820
Total	16,845	602	17,447
Netting	(7,062)	(117)	(7,179)
OTC derivative assets	\$ 9,783	\$ 485	\$10,268
Net credit exposure	\$ 8,506	\$ 188	\$ 8,694

Management's Discussion and Analysis

Lending and Financing Activities. We manage our lending and financing activities using the credit risk process, measures, limits and risk mitigants described above. Other lending positions, including secondary trading positions, are risk-managed as a component of market risk.

- **Lending Activities.** Our lending activities include lending to investment-grade and non-investment-grade corporate borrowers. Loans and lending commitments associated with these activities are principally used for operating liquidity and general corporate purposes or in connection with contingent acquisitions. Our lending activities also include extending loans to borrowers that are secured by commercial and other real estate. See the tables below for further information about our credit exposures associated with these lending activities.

- **Securities Financing Transactions.** We enter into securities financing transactions in order to, among other things, facilitate client activities, invest excess cash, acquire securities to cover short positions and finance certain firm activities. We bear credit risk related to resale agreements and securities borrowed only to the extent that cash advanced or the value of securities pledged or delivered to the counterparty exceeds the value of the collateral received. We also have credit exposure on repurchase agreements and securities loaned to the extent that the value of securities pledged or delivered to the counterparty for these transactions exceeds the amount of cash or collateral received. Securities collateral obtained for securities financing transactions primarily includes U.S. government and federal agency obligations and non-U.S. government and agency obligations. We had approximately \$27 billion and \$36 billion as of December 2015 and December 2014, respectively, of credit exposure related to securities financing transactions reflecting both netting agreements and collateral that management considers when determining credit risk. As of both December 2015 and December 2014, substantially all of our credit exposure related to securities financing transactions was with investment-grade financial institutions, funds and governments, primarily located in the Americas and EMEA.

- **Other Credit Exposures.** We are exposed to credit risk from our receivables from brokers, dealers and clearing organizations and customers and counterparties. Receivables from brokers, dealers and clearing organizations are primarily comprised of initial margin placed with clearing organizations and receivables related to sales of securities which have traded, but not yet settled. These receivables generally have minimal credit risk due to the low probability of clearing organization default and the short-term nature of receivables related to securities settlements. Receivables from customers and counterparties are generally comprised of collateralized receivables related to customer securities transactions and generally have minimal credit risk due to both the value of the collateral received and the short-term nature of these receivables. Our net credit exposure related to these activities was approximately \$33 billion and \$26 billion as of December 2015 and December 2014, respectively, and was primarily comprised of initial margin (both cash and securities) placed with investment-grade clearing organizations. The regional breakdown of our net credit exposure related to these activities was approximately 44% and 48% in the Americas, approximately 45% and 39% in EMEA, and approximately 11% and 13% in Asia as of December 2015 and December 2014, respectively.

In addition, we extend other loans and lending commitments to our private wealth management clients that are primarily secured by residential real estate, securities or other assets. We also purchase performing and distressed loans backed by residential real estate and consumer loans. The gross exposure related to such loans and lending commitments was approximately \$28 billion and \$17 billion as of December 2015 and December 2014, respectively, and was substantially all concentrated in the Americas region. The fair value of the collateral received against such loans and lending commitments generally exceeded the gross exposure as of both December 2015 and December 2014.

Management's Discussion and Analysis**Credit Exposure by Industry, Region and Credit Quality**

The tables below present our credit exposure related to cash, OTC derivatives, and loans and lending commitments (excluding credit exposures described above in "Securities Financing Transactions" and "Other Credit Exposures") broken down by industry, region and credit quality.

\$ in millions	Cash as of December	
	2015	2014
Credit Exposure by Industry		
Funds	\$ 176	\$ 96
Financial Institutions	12,799	12,469
Sovereign	62,130	45,029
Real Estate	—	6
Total	\$75,105	\$57,600

Credit Exposure by Region		
Americas	\$54,846	\$45,599
EMEA	8,496	1,666
Asia	11,763	10,335
Total	\$75,105	\$57,600

Credit Exposure by Credit Quality (Credit Rating Equivalent)		
AAA/Aaa	\$55,626	\$38,778
AA/Aa2	4,286	4,598
A/A2	14,243	13,346
BBB/Baa2	855	730
BB/Ba2 or lower	95	148
Total	\$75,105	\$57,600

\$ in millions	OTC Derivatives as of December	
	2015	2014
Credit Exposure by Industry		
Funds	\$10,899	\$13,114
Financial Institutions	13,148	15,051
Consumer, Retail & Healthcare	1,553	3,325
Sovereign	7,566	10,004
Municipalities & Nonprofit	3,984	4,303
Natural Resources & Utilities	4,846	5,741
Real Estate	205	407
Technology, Media & Telecommunications	1,839	2,995
Diversified Industrials	5,008	4,321
Other	1,378	1,476
Total	\$50,426	\$60,737

Credit Exposure by Region		
Americas	\$17,724	\$22,032
EMEA	27,113	31,295
Asia	5,589	7,410
Total	\$50,426	\$60,737

Credit Exposure by Credit Quality (Credit Rating Equivalent)		
AAA/Aaa	\$ 2,628	\$ 3,354
AA/Aa2	16,440	18,372
A/A2	10,706	15,170
BBB/Baa2	11,732	13,573
BB/Ba2 or lower	8,124	9,783
Unrated	796	485
Total	\$50,426	\$60,737

Loans and Lending
Commitments
as of December

\$ in millions	2015	2014
Credit Exposure by Industry		
Funds	\$ 2,595	\$ 1,706
Financial Institutions	14,063	11,316
Consumer, Retail & Healthcare	31,944	30,216
Sovereign	419	450
Municipalities & Nonprofit	628	541
Natural Resources & Utilities	24,476	24,275
Real Estate	15,045	12,366
Technology, Media & Telecommunications	36,444	20,633
Diversified Industrials	20,047	16,392
Other	13,941	11,998
Total	\$159,602	\$129,893

Credit Exposure by Region		
Americas	\$121,271	\$ 91,378
EMEA	33,061	34,397
Asia	5,270	4,118
Total	\$159,602	\$129,893

Credit Exposure by Credit Quality (Credit Rating Equivalent)		
AAA/Aaa	\$ 4,148	\$ 3,969
AA/Aa2	7,716	8,097
A/A2	27,212	22,623
BBB/Baa2	43,937	35,706
BB/Ba2 or lower	76,049	58,670
Unrated	540	828
Total	\$159,602	\$129,893

Selected Exposures

The section below provides information about our credit and market exposure to certain jurisdictions and industries that have had heightened focus due to recent events and broad market concerns. Credit exposure represents the potential for loss due to the default or deterioration in credit quality of a counterparty or borrower. Market exposure represents the potential for loss in value of our long and short inventory due to changes in market prices. There is no overlap between the credit and market exposures in the amounts below.

Country Exposures. The decline in oil prices continues to raise concerns about Venezuela and Nigeria, and their sovereign debt. The political situations in Iraq and Russia, as well as the decline in oil prices, have led to continued concerns about their economic and financial stability. In addition, Argentina's default on its sovereign debt coupled with its contracting economy has raised concerns about its long term financial stability. Separately, signs of slowing growth in China and deteriorating macroeconomic conditions in Brazil have led to heightened focus and broad market concerns relating to these countries.

Management's Discussion and Analysis

As of December 2015, our total credit exposure to Russia was \$292 million and primarily related to loans and lending commitments. Such exposure was substantially all with non-sovereign counterparties or borrowers. In addition, our total market exposure to Russia as of December 2015 was \$791 million, which was primarily with non-sovereign issuers or underliers and was primarily related to equities and credit derivatives.

As of December 2015, our total credit exposure to China was \$3.7 billion and primarily related to deposits with banks and loans and lending commitments. Such exposure was primarily with non-sovereign counterparties or borrowers. In addition, our total market exposure to China as of December 2015 was \$2.5 billion and was primarily related to equities.

As of December 2015, our total credit exposure to Brazil was \$3.2 billion and primarily related to secured receivables and initial margin placed with clearing organizations. Substantially all of such exposure was with non-sovereign counterparties or borrowers. In addition, our total market exposure to Brazil as of December 2015 was \$1.9 billion and was primarily related to sovereign debt.

Our total credit and market exposure to each of Argentina, Iraq, Venezuela and Nigeria as of December 2015 was not material.

We have a comprehensive framework to monitor, measure and assess our country exposures and to determine our risk appetite. We determine the country of risk by the location of the counterparty, issuer or underlier's assets, where they generate revenue, the country in which they are headquartered, the jurisdiction where a claim against them could be enforced, and/or the government whose policies affect their ability to repay their obligations. We monitor our credit exposure to a specific country both at the individual counterparty level as well as at the aggregate country level.

We use regular stress tests, described above, to calculate the credit exposures, including potential concentrations that would result from applying shocks to counterparty credit ratings or credit risk factors. To supplement these regular stress tests, we also conduct tailored stress tests on an ad hoc basis in response to specific market events that we deem significant. These stress tests are designed to estimate the direct impact of the event on our credit and market exposures resulting from shocks to risk factors including, but not limited to, currency rates, interest rates, and equity prices. We also utilize these stress tests to estimate the indirect impact of certain hypothetical events on our country exposures, such as the impact of credit market deterioration on corporate borrowers and counterparties along with the shocks to the risk factors described above. The parameters of these shocks vary based on the scenario reflected in each stress test. We review estimated losses produced by the stress tests in order to understand their magnitude, highlight potential loss concentrations, and assess and mitigate our exposures where necessary.

See "Stress Tests" above, "Liquidity Risk Management — Liquidity Stress Tests" and "Market Risk Management — Stress Testing" for further information about stress tests.

Industry Exposures. Significant declines in the price of oil have led to market concerns regarding the creditworthiness of certain companies in the oil and gas industry. As of December 2015, our credit exposure to oil and gas companies related to loans and lending commitments was \$10.6 billion (\$1.8 billion of loans and \$8.8 billion of lending commitments). Such exposure included \$4.2 billion of exposure to non-investment-grade counterparties (\$1.5 billion related to loans and \$2.7 billion related to lending commitments). In addition, we have exposure to our clients in the oil and gas industry arising from derivatives. As of December 2015, our credit exposure related to derivatives and receivables with oil and gas companies was \$1.9 billion, primarily with investment-grade counterparties. As of December 2015, our market exposure related to oil and gas companies was \$(677) million, which was primarily to investment-grade issuers or underliers.

Management's Discussion and Analysis**Operational Risk Management****Overview**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Our exposure to operational risk arises from routine processing errors as well as extraordinary incidents, such as major systems failures or legal and regulatory matters. Potential types of loss events related to internal and external operational risk include:

- Clients, products and business practices;
- Execution, delivery and process management;
- Business disruption and system failures;
- Employment practices and workplace safety;
- Damage to physical assets;
- Internal fraud; and
- External fraud.

We maintain a comprehensive control framework designed to provide a well-controlled environment to minimize operational risks. The Firmwide Operational Risk Committee provides oversight of the ongoing development and implementation of our operational risk policies and framework. Operational Risk Management is a risk management function independent of our revenue-producing units, reports to our chief risk officer, and is responsible for developing and implementing policies, methodologies and a formalized framework for operational risk management with the goal of minimizing our exposure to operational risk.

Operational Risk Management Process

Managing operational risk requires timely and accurate information as well as a strong control culture. We seek to manage our operational risk through:

- Training, supervision and development of our people;
- Active participation of senior management in identifying and mitigating key operational risks across the firm;
- Independent control and support functions that monitor operational risk on a daily basis, and implementation of extensive policies and procedures, and controls designed to prevent the occurrence of operational risk events;
- Proactive communication between our revenue-producing units and our independent control and support functions; and
- A network of systems throughout the firm to facilitate the collection of data used to analyze and assess our operational risk exposure.

We combine top-down and bottom-up approaches to manage and measure operational risk. From a top-down perspective, our senior management assesses firmwide and business-level operational risk profiles. From a bottom-up perspective, revenue-producing units and independent control and support functions are responsible for risk management on a day-to-day basis, including identifying, mitigating, and escalating operational risks to senior management.

Our operational risk framework is in part designed to comply with the operational risk measurement rules under the Revised Capital Framework and has evolved based on the changing needs of our businesses and regulatory guidance. Our framework comprises the following practices:

- Risk identification and reporting;
- Risk measurement; and
- Risk monitoring.

Internal Audit performs an independent review of our operational risk framework, including our key controls, processes and applications, on an annual basis to assess the effectiveness of our framework.

Management's Discussion and Analysis

Risk Identification and Reporting

The core of our operational risk management framework is risk identification and reporting. We have a comprehensive data collection process, including firmwide policies and procedures, for operational risk events.

We have established policies that require managers in our revenue-producing units and our independent control and support functions to escalate operational risk events. When operational risk events are identified, our policies require that the events be documented and analyzed to determine whether changes are required in our systems and/or processes to further mitigate the risk of future events.

We have established thresholds to monitor the impact of an operational risk event, including single loss events and cumulative losses over a twelve-month period, as well as escalation protocols. We also provide periodic operational risk reports, which include incidents that breach escalation thresholds, to senior management, firmwide and divisional risk committees and the Risk Committee of the Board.

In addition, our firmwide systems capture internal operational risk event data, key metrics such as transaction volumes, and statistical information such as performance trends. We use an internally-developed operational risk management application to aggregate and organize this information. Managers from both revenue-producing units and independent control and support functions analyze the information to evaluate operational risk exposures and identify businesses, activities or products with heightened levels of operational risk. We also provide periodic operational risk reports to senior management, risk committees and the Board.

Risk Measurement

We measure our operational risk exposure over a twelve-month time horizon using both statistical modeling and scenario analyses, which involve qualitative assessments of the potential frequency and extent of potential operational risk losses, for each of our businesses. Operational risk measurement incorporates qualitative and quantitative assessments of factors including:

- Internal and external operational risk event data;
- Assessments of our internal controls;
- Evaluations of the complexity of our business activities;
- The degree of and potential for automation in our processes;
- New product information;
- The legal and regulatory environment;
- Changes in the markets for our products and services, including the diversity and sophistication of our customers and counterparties; and
- Liquidity of the capital markets and the reliability of the infrastructure that supports the capital markets.

The results from these scenario analyses are used to monitor changes in operational risk and to determine business lines that may have heightened exposure to operational risk. These analyses ultimately are used in the determination of the appropriate level of operational risk capital to hold.

Risk Monitoring

We evaluate changes in the operational risk profile of the firm and its businesses, including changes in business mix or jurisdictions in which we operate, by monitoring the factors noted above at a firmwide level. We have both detective and preventive internal controls, which are designed to reduce the frequency and severity of operational risk losses and the probability of operational risk events. We monitor the results of assessments and independent internal audits of these internal controls.

Model Review and Validation

The statistical models utilized by Operational Risk Management are subject to independent review and validation by Model Risk Management. See "Model Risk Management" for further information about the review and validation of these models.

Management's Discussion and Analysis**Model Risk Management****Overview**

Model risk is the potential for adverse consequences from decisions made based on model outputs that may be incorrect or used inappropriately. We rely on quantitative models across our business activities primarily to value certain financial assets and liabilities, to monitor and manage our risk, and to measure and monitor our regulatory capital.

Our model risk management framework is managed through a governance structure and risk management controls, which encompass standards designed to ensure we maintain a comprehensive model inventory, including risk assessment and classification, sound model development practices, independent review and model-specific usage controls. The Firmwide Risk Committee and the Firmwide Model Risk Control Committee oversee our model risk management framework. Model Risk Management, which is independent of model developers, model owners and model users, reports to our chief risk officer, is responsible for identifying and reporting significant risks associated with models, and provides periodic updates to senior management, risk committees and the Risk Committee of the Board.

Model Review and Validation

Model Risk Management consists of quantitative professionals who perform an independent review, validation and approval of our models. This review includes an analysis of the model documentation, independent testing, an assessment of the appropriateness of the methodology used, and verification of compliance with model development and implementation standards. Model Risk Management reviews all existing models on an annual basis, as well as new models or significant changes to models.

The model validation process incorporates a review of models and trade and risk parameters across a broad range of scenarios (including extreme conditions) in order to critically evaluate and verify:

- The model's conceptual soundness, including the reasonableness of model assumptions, and suitability for intended use;
- The testing strategy utilized by the model developers to ensure that the models function as intended;
- The suitability of the calculation techniques incorporated in the model;
- The model's accuracy in reflecting the characteristics of the related product and its significant risks;
- The model's consistency with models for similar products; and
- The model's sensitivity to input parameters and assumptions.

See "Critical Accounting Policies — Fair Value — Review of Valuation Models," "Liquidity Risk Management," "Market Risk Management," "Credit Risk Management" and "Operational Risk Management" for further information about our use of models within these areas.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Quantitative and qualitative disclosures about market risk are set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview and Structure of Risk Management" in Part II, Item 7 of the 2015 Form 10-K.

Item 8. Financial Statements and Supplementary Data

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Management's Report on Internal Control over Financial Reporting

Management of The Goldman Sachs Group, Inc., together with its consolidated subsidiaries (the firm), is responsible for establishing and maintaining adequate internal control over financial reporting. The firm's internal control over financial reporting is a process designed under the supervision of the firm's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the firm's financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

As of December 31, 2015, management conducted an assessment of the firm's internal control over financial reporting based on the framework established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has determined that the firm's internal control over financial reporting as of December 31, 2015 was effective.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the firm; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the firm's assets that could have a material effect on our financial statements.

The firm's internal control over financial reporting as of December 31, 2015 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing on page 115, which expresses an unqualified opinion on the effectiveness of the firm's internal control over financial reporting as of December 31, 2015.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and the Shareholders of
The Goldman Sachs Group, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of The Goldman Sachs Group, Inc. and its subsidiaries (the Company) at December 31, 2015 and 2014, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing on page 114. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York
February 19, 2016

Consolidated Statements of Earnings

	Year Ended December		
	2015	2014	2013
<i>in millions, except per share amounts</i>			
Revenues			
Investment banking	\$ 7,027	\$ 6,464	\$ 6,004
Investment management	5,868	5,748	5,194
Commissions and fees	3,320	3,316	3,255
Market making	9,523	8,365	9,368
Other principal transactions	5,018	6,588	6,993
Total non-interest revenues	30,756	30,481	30,814
Interest income	8,452	9,604	10,060
Interest expense	5,388	5,557	6,668
Net interest income	3,064	4,047	3,392
Net revenues, including net interest income	33,820	34,528	34,206
Operating expenses			
Compensation and benefits	12,678	12,691	12,613
Brokerage, clearing, exchange and distribution fees	2,576	2,501	2,341
Market development	557	549	541
Communications and technology	806	779	776
Depreciation and amortization	991	1,337	1,322
Occupancy	772	827	839
Professional fees	963	902	930
Insurance reserves	—	—	176
Other expenses	5,699	2,585	2,931
Total non-compensation expenses	12,364	9,480	9,856
Total operating expenses	25,042	22,171	22,469
Pre-tax earnings	8,778	12,357	11,737
Provision for taxes	2,695	3,880	3,697
Net earnings	6,083	8,477	8,040
Preferred stock dividends	515	400	314
Net earnings applicable to common shareholders	\$ 5,568	\$ 8,077	\$ 7,726
Earnings per common share			
Basic	\$ 12.35	\$ 17.55	\$ 16.34
Diluted	12.14	17.07	15.46
Average common shares outstanding			
Basic	448.9	458.9	471.3
Diluted	458.6	473.2	499.6

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

<i>\$ in millions</i>	Year Ended December		
	2015	2014	2013
Net earnings	\$6,083	\$8,477	\$8,040
Other comprehensive income/(loss) adjustments, net of tax:			
Currency translation	(114)	(109)	(50)
Pension and postretirement liabilities	139	(102)	38
Available-for-sale securities	—	—	(327)
Cash flow hedges	—	(8)	8
Other comprehensive income/(loss)	25	(219)	(331)
Comprehensive income	\$6,108	\$8,258	\$7,709

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Financial Condition

	As of December	
	2015	2014
<i>\$ in millions, except per share amounts</i>		
Assets		
Cash and cash equivalents	\$ 75,105	\$ 57,600
Cash and securities segregated for regulatory and other purposes (includes \$38,504 and \$34,291 at fair value as of December 2015 and December 2014, respectively)	56,838	51,716
Collateralized agreements:		
Securities purchased under agreements to resell and federal funds sold (includes \$119,450 and \$126,036 at fair value as of December 2015 and December 2014, respectively)	120,905	127,938
Securities borrowed (includes \$69,801 and \$66,769 at fair value as of December 2015 and December 2014, respectively)	172,099	160,722
Receivables:		
Brokers, dealers and clearing organizations	25,453	30,671
Customers and counterparties (includes \$4,992 and \$6,944 at fair value as of December 2015 and December 2014, respectively)	46,430	63,808
Loans receivable	45,407	28,938
Financial instruments owned, at fair value (includes \$54,426 and \$64,473 pledged as collateral as of December 2015 and December 2014, respectively)	293,940	312,248
Other assets	25,218	22,201
Total assets	\$861,395	\$855,842
Liabilities and shareholders' equity		
Deposits (includes \$14,680 and \$13,523 at fair value as of December 2015 and December 2014, respectively)	\$ 97,519	\$ 82,880
Collateralized financings:		
Securities sold under agreements to repurchase, at fair value	86,069	88,215
Securities loaned (includes \$466 and \$765 at fair value as of December 2015 and December 2014, respectively)	3,614	5,570
Other secured financings (includes \$23,207 and \$21,450 at fair value as of December 2015 and December 2014, respectively)	24,753	22,809
Payables:		
Brokers, dealers and clearing organizations	5,406	6,636
Customers and counterparties	204,956	206,936
Financial instruments sold, but not yet purchased, at fair value	115,248	132,083
Unsecured short-term borrowings, including the current portion of unsecured long-term borrowings (includes \$17,743 and \$18,826 at fair value as of December 2015 and December 2014, respectively)	42,787	44,539
Unsecured long-term borrowings (includes \$22,273 and \$16,005 at fair value as of December 2015 and December 2014, respectively)	175,422	167,302
Other liabilities and accrued expenses (includes \$1,253 and \$831 at fair value as of December 2015 and December 2014, respectively)	18,893	16,075
Total liabilities	774,667	773,045
Commitments, contingencies and guarantees		
Shareholders' equity		
Preferred stock, par value \$0.01 per share; aggregate liquidation preference of \$11,200 and \$9,200 as of December 2015 and December 2014, respectively	11,200	9,200
Common stock, par value \$0.01 per share; 4,000,000,000 shares authorized, 863,976,731 and 852,784,764 shares issued as of December 2015 and December 2014, respectively, and 419,480,736 and 430,259,102 shares outstanding as of December 2015 and December 2014, respectively	9	9
Share-based awards	4,151	3,766
Nonvoting common stock, par value \$0.01 per share; 200,000,000 shares authorized, no shares issued and outstanding	—	—
Additional paid-in capital	51,340	50,049
Retained earnings	83,386	78,984
Accumulated other comprehensive loss	(718)	(743)
Stock held in treasury, at cost, par value \$0.01 per share; 444,495,997 and 422,525,664 shares as of December 2015 and December 2014, respectively	(62,640)	(58,468)
Total shareholders' equity	86,728	82,797
Total liabilities and shareholders' equity	\$861,395	\$855,842

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

<i>\$ in millions</i>	Year Ended December		
	2015	2014	2013
Preferred stock			
Balance, beginning of year	\$ 9,200	\$ 7,200	\$ 6,200
Issued	2,000	2,000	1,000
Balance, end of year	11,200	9,200	7,200
Common stock			
Balance, beginning of year	9	8	8
Issued	—	1	—
Balance, end of year	9	9	8
Share-based awards			
Balance, beginning of year	3,766	3,839	3,298
Issuance and amortization of share-based awards	2,308	2,079	2,017
Delivery of common stock underlying share-based awards	(1,742)	(1,725)	(1,378)
Forfeiture of share-based awards	(72)	(92)	(79)
Exercise of share-based awards	(109)	(335)	(19)
Balance, end of year	4,151	3,766	3,839
Additional paid-in capital			
Balance, beginning of year	50,049	48,998	48,030
Delivery of common stock underlying share-based awards	2,092	2,206	1,483
Cancellation of share-based awards in satisfaction of withholding tax requirements	(1,198)	(1,922)	(599)
Preferred stock issuance costs	(7)	(20)	(9)
Excess net tax benefit related to share-based awards	406	788	94
Cash settlement of share-based awards	(2)	(1)	(1)
Balance, end of year	51,340	50,049	48,998
Retained earnings			
Balance, beginning of year	78,984	71,961	65,223
Net earnings	6,083	8,477	8,040
Dividends and dividend equivalents declared on common stock and share-based awards	(1,166)	(1,054)	(988)
Dividends declared on preferred stock	(515)	(400)	(314)
Balance, end of year	83,386	78,984	71,961
Accumulated other comprehensive loss			
Balance, beginning of year	(743)	(524)	(193)
Other comprehensive income/(loss)	25	(219)	(331)
Balance, end of year	(718)	(743)	(524)
Stock held in treasury, at cost			
Balance, beginning of year	(58,468)	(53,015)	(46,850)
Repurchased	(4,195)	(5,469)	(6,175)
Reissued	32	49	40
Other	(9)	(33)	(30)
Balance, end of year	(62,640)	(58,468)	(53,015)
Total shareholders' equity	\$ 86,728	\$ 82,797	\$ 78,467

The accompanying notes are an integral part of these consolidated financial statements.

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Year Ended December		
	2015	2014	2013
<i>\$ in millions</i>			
Cash flows from operating activities			
Net earnings	\$ 6,083	\$ 8,477	\$ 8,040
Adjustments to reconcile net earnings to net cash provided by/(used for) operating activities			
Depreciation and amortization	991	1,337	1,322
Deferred income taxes	425	495	29
Share-based compensation	2,272	2,085	2,015
Gain on sale of European insurance business	—	—	(211)
Gain related to extinguishment of junior subordinated debt	(34)	(289)	—
Changes in operating assets and liabilities			
Cash and securities segregated for regulatory and other purposes	(5,123)	(2,046)	(143)
Receivables and payables (excluding loans receivable), net	19,132	12,328	(3,682)
Collateralized transactions (excluding other secured financings), net	(9,005)	(52,104)	(51,669)
Financial instruments owned, at fair value	14,472	27,547	51,079
Financial instruments sold, but not yet purchased, at fair value	(16,835)	4,642	933
Other, net	(5,417)	(10,095)	(3,170)
Net cash provided by/(used for) operating activities	6,961	(7,623)	4,543
Cash flows from investing activities			
Purchase of property, leasehold improvements and equipment	(1,833)	(678)	(706)
Proceeds from sales of property, leasehold improvements and equipment	228	30	62
Business acquisitions, net of cash acquired	(1,808)	(1,732)	(2,274)
Proceeds from sales of investments	1,019	1,514	2,503
Purchase of available-for-sale securities	—	—	(738)
Proceeds from sales of available-for-sale securities	—	—	817
Loans receivable, net	(16,180)	(14,043)	(8,392)
Net cash used for investing activities	(18,574)	(14,909)	(8,728)
Cash flows from financing activities			
Unsecured short-term borrowings, net	(369)	1,659	1,336
Other secured financings (short-term), net	(867)	(837)	(7,272)
Proceeds from issuance of other secured financings (long-term)	10,349	6,900	6,604
Repayment of other secured financings (long-term), including the current portion	(6,502)	(7,636)	(3,630)
Proceeds from issuance of unsecured long-term borrowings	44,595	39,857	30,851
Repayment of unsecured long-term borrowings, including the current portion	(29,520)	(28,138)	(30,473)
Purchase of trust preferred securities	(1)	(1,611)	—
Derivative contracts with a financing element, net	(47)	643	874
Deposits, net	14,639	12,201	683
Common stock repurchased	(4,135)	(5,469)	(6,175)
Dividends and dividend equivalents paid on common stock, preferred stock and share-based awards	(1,681)	(1,454)	(1,302)
Proceeds from issuance of preferred stock, net of issuance costs	1,993	1,980	991
Proceeds from issuance of common stock, including exercise of share-based awards	259	123	65
Excess tax benefit related to share-based awards	407	782	98
Cash settlement of share-based awards	(2)	(1)	(1)
Net cash provided by/(used for) financing activities	29,118	18,999	(7,351)
Net increase/(decrease) in cash and cash equivalents	17,505	(3,533)	(11,536)
Cash and cash equivalents, beginning of year	57,600	61,133	72,669
Cash and cash equivalents, end of year	\$ 75,105	\$ 57,600	\$ 61,133

SUPPLEMENTAL DISCLOSURES:

Cash payments for interest, net of capitalized interest, were \$4.82 billion, \$6.43 billion and \$5.69 billion for 2015, 2014 and 2013, respectively.

Cash payments for income taxes, net of refunds, were \$2.65 billion, \$3.05 billion and \$4.07 billion for 2015, 2014 and 2013, respectively.

Non-cash activities:

During 2015, the firm exchanged \$262 million of Trust Preferred Securities and common beneficial interests held by the firm for \$296 million of the firm's junior subordinated debt held by the issuing trust. Following the exchange, this junior subordinated debt was extinguished.

During 2015, the firm repurchased \$60 million of its common stock for which settlement occurred and cash was paid in 2016.

During 2014, the firm exchanged \$1.58 billion of Trust Preferred Securities, common beneficial interests and senior guaranteed trust securities held by the firm for \$1.87 billion of the firm's junior subordinated debt held by the issuing trusts. Following the exchange, this junior subordinated debt was extinguished.

During 2014, the firm sold certain consolidated investments and provided seller financing, which resulted in a non-cash increase to loans receivable of \$115 million.

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements**Note 1.****Description of Business**

The Goldman Sachs Group, Inc. (Group Inc. or parent company), a Delaware corporation, together with its consolidated subsidiaries (collectively, the firm), is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals. Founded in 1869, the firm is headquartered in New York and maintains offices in all major financial centers around the world.

The firm reports its activities in the following four business segments:

Investment Banking

The firm provides a broad range of investment banking services to a diverse group of corporations, financial institutions, investment funds and governments. Services include strategic advisory assignments with respect to mergers and acquisitions, divestitures, corporate defense activities, restructurings, spin-offs and risk management, and debt and equity underwriting of public offerings and private placements, including local and cross-border transactions and acquisition financing, as well as derivative transactions directly related to these activities.

Institutional Client Services

The firm facilitates client transactions and makes markets in fixed income, equity, currency and commodity products, primarily with institutional clients such as corporations, financial institutions, investment funds and governments. The firm also makes markets in and clears client transactions on major stock, options and futures exchanges worldwide and provides financing, securities lending and other prime brokerage services to institutional clients.

Investing & Lending

The firm invests in and originates loans to provide financing to clients. These investments and loans are typically longer-term in nature. The firm makes investments, some of which are consolidated, directly and indirectly through funds and separate accounts that the firm manages, in debt securities and loans, public and private equity securities, and real estate entities.

Investment Management

The firm provides investment management services and offers investment products (primarily through separately managed accounts and commingled vehicles, such as mutual funds and private investment funds) across all major asset classes to a diverse set of institutional and individual clients. The firm also offers wealth advisory services, including portfolio management and financial counseling, and brokerage and other transaction services to high-net-worth individuals and families.

Note 2.**Basis of Presentation**

These consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and include the accounts of Group Inc. and all other entities in which the firm has a controlling financial interest. Intercompany transactions and balances have been eliminated.

All references to 2015, 2014 and 2013 refer to the firm's years ended, or the dates, as the context requires, December 31, 2015, December 31, 2014 and December 31, 2013, respectively. Any reference to a future year refers to a year ending on December 31 of that year. Certain reclassifications have been made to previously reported amounts to conform to the current presentation.

Notes to Consolidated Financial Statements**Note 3.****Significant Accounting Policies**

The firm's significant accounting policies include when and how to measure the fair value of assets and liabilities, accounting for goodwill and identifiable intangible assets, and when to consolidate an entity. See Notes 5 through 8 for policies on fair value measurements, Note 13 for policies on goodwill and identifiable intangible assets, and below and Note 12 for policies on consolidation accounting. All other significant accounting policies are either described below or included in the following footnotes:

Financial Instruments Owned, at Fair Value and Financial Instruments Sold, But Not Yet Purchased, at Fair Value	Note 4
Fair Value Measurements	Note 5
Cash Instruments	Note 6
Derivatives and Hedging Activities	Note 7
Fair Value Option	Note 8
Loans Receivable	Note 9
Collateralized Agreements and Financings	Note 10
Securitization Activities	Note 11
Variable Interest Entities	Note 12
Other Assets, including Goodwill and Identifiable Intangible Assets	Note 13
Deposits	Note 14
Short-Term Borrowings	Note 15
Long-Term Borrowings	Note 16
Other Liabilities and Accrued Expenses	Note 17
Commitments, Contingencies and Guarantees	Note 18
Shareholders' Equity	Note 19
Regulation and Capital Adequacy	Note 20
Earnings Per Common Share	Note 21
Transactions with Affiliated Funds	Note 22
Interest Income and Interest Expense	Note 23
Income Taxes	Note 24
Business Segments	Note 25
Credit Concentrations	Note 26
Legal Proceedings	Note 27
Employee Benefit Plans	Note 28
Employee Incentive Plans	Note 29
Parent Company	Note 30

Consolidation

The firm consolidates entities in which the firm has a controlling financial interest. The firm determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity (VIE).

Voting Interest Entities. Voting interest entities are entities in which (i) the total equity investment at risk is sufficient to enable the entity to finance its activities independently and (ii) the equity holders have the power to direct the activities of the entity that most significantly impact its economic performance, the obligation to absorb the losses of the entity and the right to receive the residual returns of the entity. The usual condition for a controlling financial interest in a voting interest entity is ownership of a majority voting interest. If the firm has a majority voting interest in a voting interest entity, the entity is consolidated.

Variable Interest Entities. A VIE is an entity that lacks one or more of the characteristics of a voting interest entity. The firm has a controlling financial interest in a VIE when the firm has a variable interest or interests that provide it with (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. See Note 12 for further information about VIEs.

Equity-Method Investments. When the firm does not have a controlling financial interest in an entity but can exert significant influence over the entity's operating and financial policies, the investment is accounted for either (i) under the equity method of accounting or (ii) at fair value by electing the fair value option available under U.S. GAAP. Significant influence generally exists when the firm owns 20% to 50% of the entity's common stock or in-substance common stock.

In general, the firm accounts for investments acquired after the fair value option became available, at fair value. In certain cases, the firm applies the equity method of accounting to new investments that are strategic in nature or closely related to the firm's principal business activities, when the firm has a significant degree of involvement in the cash flows or operations of the investee or when cost-benefit considerations are less significant. See Note 13 for further information about equity-method investments.

Notes to Consolidated Financial Statements

Investment Funds. The firm has formed numerous investment funds with third-party investors. These funds are typically organized as limited partnerships or limited liability companies for which the firm acts as general partner or manager. Generally, the firm does not hold a majority of the economic interests in these funds. These funds are usually voting interest entities and generally are not consolidated because third-party investors typically have rights to terminate the funds or to remove the firm as general partner or manager. Investments in these funds are included in “Financial instruments owned, at fair value.” See Notes 6, 18 and 22 for further information about investments in funds.

Use of Estimates

Preparation of these consolidated financial statements requires management to make certain estimates and assumptions, the most important of which relate to fair value measurements, accounting for goodwill and identifiable intangible assets, the provisions for losses that may arise from litigation, regulatory proceedings and tax audits, and the allowance for losses on loans and lending commitments held for investment. These estimates and assumptions are based on the best available information but actual results could be materially different.

Revenue Recognition

Financial Assets and Financial Liabilities at Fair Value.

Financial instruments owned, at fair value and Financial instruments sold, but not yet purchased, at fair value are recorded at fair value either under the fair value option or in accordance with other U.S. GAAP. In addition, the firm has elected to account for certain of its other financial assets and financial liabilities at fair value by electing the fair value option. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. Fair value gains or losses are generally included in “Market making” for positions in Institutional Client Services and “Other principal transactions” for positions in Investing & Lending. See Notes 5 through 8 for further information about fair value measurements.

Investment Banking. Fees from financial advisory assignments and underwriting revenues are recognized in earnings when the services related to the underlying transaction are completed under the terms of the assignment. Expenses associated with such transactions are deferred until the related revenue is recognized or the assignment is otherwise concluded. Expenses associated with financial advisory assignments are recorded as non-compensation expenses, net of client reimbursements. Underwriting revenues are presented net of related expenses.

Investment Management. The firm earns management fees and incentive fees for investment management services. Management fees for mutual funds are calculated as a percentage of daily net asset value and are received monthly. Management fees for hedge funds and separately managed accounts are calculated as a percentage of month-end net asset value and are generally received quarterly. Management fees for private equity funds are calculated as a percentage of monthly invested capital or commitments and are received quarterly, semi-annually or annually, depending on the fund. All management fees are recognized over the period that the related service is provided. Incentive fees are calculated as a percentage of a fund’s or separately managed account’s return, or excess return above a specified benchmark or other performance target. Incentive fees are generally based on investment performance over a 12-month period or over the life of a fund. Fees that are based on performance over a 12-month period are subject to adjustment prior to the end of the measurement period. For fees that are based on investment performance over the life of the fund, future investment underperformance may require fees previously distributed to the firm to be returned to the fund. Incentive fees are recognized only when all material contingencies have been resolved. Management and incentive fee revenues are included in “Investment management” revenues.

The firm makes payments to brokers and advisors related to the placement of the firm’s investment funds. These payments are computed based on either a percentage of the management fee or the investment fund’s net asset value. Where the firm is principal to the arrangement, such costs are recorded on a gross basis and included in “Brokerage, clearing, exchange and distribution fees,” and where the firm is agent to the arrangement, such costs are recorded on a net basis in “Investment management” revenues.

Notes to Consolidated Financial Statements

Commissions and Fees. The firm earns “Commissions and fees” from executing and clearing client transactions on stock, options and futures markets, as well as over-the-counter (OTC) transactions. Commissions and fees are recognized on the day the trade is executed.

Transfers of Assets

Transfers of assets are accounted for as sales when the firm has relinquished control over the assets transferred. For transfers of assets accounted for as sales, any gains or losses are recognized in net revenues. Assets or liabilities that arise from the firm’s continuing involvement with transferred assets are recognized at fair value. For transfers of assets that are not accounted for as sales, the assets remain in “Financial instruments owned, at fair value” and the transfer is accounted for as a collateralized financing, with the related interest expense recognized over the life of the transaction. See Note 10 for further information about transfers of assets accounted for as collateralized financings and Note 11 for further information about transfers of assets accounted for as sales.

Cash and Cash Equivalents

The firm defines cash equivalents as highly liquid overnight deposits held in the ordinary course of business. As of December 2015 and December 2014, “Cash and cash equivalents” included \$6.47 billion and \$5.79 billion, respectively, of cash and due from banks, and \$68.64 billion and \$51.81 billion, respectively, of interest-bearing deposits with banks.

Receivables from and Payables to Brokers, Dealers and Clearing Organizations

Receivables from and payables to brokers, dealers and clearing organizations are accounted for at cost plus accrued interest, which generally approximates fair value. While these receivables and payables are carried at amounts that approximate fair value, they are not accounted for at fair value under the fair value option or at fair value in accordance with other U.S. GAAP and therefore are not included in the firm’s fair value hierarchy in Notes 6 through 8. Had these receivables and payables been included in the firm’s fair value hierarchy, substantially all would have been classified in level 2 as of December 2015 and December 2014.

Receivables from Customers and Counterparties

Receivables from customers and counterparties generally relate to collateralized transactions. Such receivables are primarily comprised of customer margin loans, certain transfers of assets accounted for as secured loans rather than purchases at fair value and collateral posted in connection with certain derivative transactions. Substantially all of these receivables are accounted for at amortized cost net of estimated uncollectible amounts. Certain of the firm’s receivables from customers and counterparties are accounted for at fair value under the fair value option, with changes in fair value generally included in “Market making” revenues. See Note 8 for further information about receivables from customers and counterparties accounted for at fair value under the fair value option. In addition, as of December 2015 and December 2014, the firm’s receivables from customers and counterparties included \$2.35 billion and \$400 million, respectively, of loans held for sale, accounted for at the lower of cost or fair value. See Note 5 for an overview of the firm’s fair value measurement policies.

As of December 2015 and December 2014, the carrying value of receivables not accounted for at fair value generally approximated fair value. While these items are carried at amounts that approximate fair value, they are not accounted for at fair value under the fair value option or at fair value in accordance with other U.S. GAAP and therefore are not included in the firm’s fair value hierarchy in Notes 6 through 8. Had these items been included in the firm’s fair value hierarchy, substantially all would have been classified in level 2 as of December 2015 and December 2014. Interest on receivables from customers and counterparties is recognized over the life of the transaction and included in “Interest income.”

Payables to Customers and Counterparties

Payables to customers and counterparties primarily consist of customer credit balances related to the firm’s prime brokerage activities. Payables to customers and counterparties are accounted for at cost plus accrued interest, which generally approximates fair value. While these payables are carried at amounts that approximate fair value, they are not accounted for at fair value under the fair value option or at fair value in accordance with other U.S. GAAP and therefore are not included in the firm’s fair value hierarchy in Notes 6 through 8. Had these payables been included in the firm’s fair value hierarchy, substantially all would have been classified in level 2 as of December 2015 and December 2014. Interest on payables to customers and counterparties is recognized over the life of the transaction and included in “Interest expense.”

Notes to Consolidated Financial Statements**Offsetting Assets and Liabilities**

To reduce credit exposures on derivatives and securities financing transactions, the firm may enter into master netting agreements or similar arrangements (collectively, netting agreements) with counterparties that permit it to offset receivables and payables with such counterparties. A netting agreement is a contract with a counterparty that permits net settlement of multiple transactions with that counterparty, including upon the exercise of termination rights by a non-defaulting party. Upon exercise of such termination rights, all transactions governed by the netting agreement are terminated and a net settlement amount is calculated. In addition, the firm receives and posts cash and securities collateral with respect to its derivatives and securities financing transactions, subject to the terms of the related credit support agreements or similar arrangements (collectively, credit support agreements). An enforceable credit support agreement grants the non-defaulting party exercising termination rights the right to liquidate the collateral and apply the proceeds to any amounts owed. In order to assess enforceability of the firm's right of setoff under netting and credit support agreements, the firm evaluates various factors including applicable bankruptcy laws, local statutes and regulatory provisions in the jurisdiction of the parties to the agreement.

Derivatives are reported on a net-by-counterparty basis (i.e., the net payable or receivable for derivative assets and liabilities for a given counterparty) in the consolidated statements of financial condition when a legal right of setoff exists under an enforceable netting agreement. Resale and repurchase agreements and securities borrowed and loaned transactions with the same term and currency are presented on a net-by-counterparty basis in the consolidated statements of financial condition when such transactions meet certain settlement criteria and are subject to netting agreements.

In the consolidated statements of financial condition, derivatives are reported net of cash collateral received and posted under enforceable credit support agreements, when transacted under an enforceable netting agreement. In the consolidated statements of financial condition, resale and repurchase agreements, and securities borrowed and loaned, are not reported net of the related cash and securities received or posted as collateral. See Note 10 for further information about collateral received and pledged, including rights to deliver or repledge collateral. See Notes 7 and 10 for further information about offsetting.

Foreign Currency Translation

Assets and liabilities denominated in non-U.S. currencies are translated at rates of exchange prevailing on the date of the consolidated statements of financial condition and revenues and expenses are translated at average rates of exchange for the period. Foreign currency remeasurement gains or losses on transactions in nonfunctional currencies are recognized in earnings. Gains or losses on translation of the financial statements of a non-U.S. operation, when the functional currency is other than the U.S. dollar, are included, net of hedges and taxes, in the consolidated statements of comprehensive income.

Recent Accounting Developments

Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity (ASC 205 and ASC 360). In April 2014, the FASB issued ASU No. 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360) — Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." ASU No. 2014-08 limits discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results. The ASU requires expanded disclosures for discontinued operations and disposals of individually significant components of an entity that do not qualify for discontinued operations reporting. The ASU was effective for disposals and components classified as held for sale that occurred within annual periods beginning on or after December 15, 2014, and interim periods within those years. Early adoption was permitted. The firm early adopted ASU No. 2014-08 in 2014 and adoption did not materially affect the firm's financial condition, results of operations, or cash flows.

Revenue from Contracts with Customers (ASC 606).

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU No. 2014-09 provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services. The ASU also provides guidance on accounting for certain contract costs, and requires new disclosures. ASU No. 2014-09, as amended in August 2015 by ASU No. 2015-14, is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted for annual reporting periods beginning after December 15, 2016. The firm is still evaluating the effect of the ASU on its financial condition, results of operations, and cash flows.

Notes to Consolidated Financial Statements

Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures (ASC 860). In June 2014, the FASB issued ASU No. 2014-11, “Transfers and Servicing (Topic 860) — Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures.” ASU No. 2014-11 changes the accounting for repurchase-and resale-to-maturity agreements by requiring that such agreements be recognized as financing arrangements, and requires that a transfer of a financial asset and a repurchase agreement entered into contemporaneously be accounted for separately. ASU No. 2014-11 also requires additional disclosures about certain transferred financial assets accounted for as sales and certain securities financing transactions. The accounting changes and additional disclosures about certain transferred financial assets accounted for as sales were effective for the first interim and annual reporting periods beginning after December 15, 2014. The additional disclosures for certain securities financing transactions were required for annual reporting periods beginning after December 15, 2014 and for interim reporting periods beginning after March 15, 2015. Adoption of ASU No. 2014-11 did not materially affect the firm’s financial condition, results of operations, or cash flows.

Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity (ASC 810). In August 2014, the FASB issued ASU No. 2014-13, “Consolidation (Topic 810) — Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity (CFE).” ASU No. 2014-13 provides an alternative to reflect changes in the fair value of the financial assets and the financial liabilities of the CFE by measuring either the fair value of the assets or liabilities, whichever is more observable. ASU No. 2014-13 provides new disclosure requirements for those electing this approach, and was effective for interim and annual periods beginning after December 15, 2015. Adoption of ASU No. 2014-13 in the first quarter of 2016 did not materially affect the firm’s financial condition, results of operations, or cash flows.

Amendments to the Consolidation Analysis (ASC 810). In February 2015, the FASB issued ASU No. 2015-02, “Consolidation (Topic 810) — Amendments to the Consolidation Analysis.” ASU No. 2015-02 eliminates the deferral of the requirements of ASU No. 2009-17, “Consolidations (Topic 810) — Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities” for certain interests in investment funds and provides a scope exception from Topic 810 for certain investments in money market funds. The ASU also makes several modifications to the consolidation guidance for VIEs and general partners’ investments in limited partnerships, as well as modifications to the evaluation of whether limited partnerships are VIEs or voting interest entities. ASU No. 2015-02 is effective for interim and annual reporting periods beginning after December 15, 2015. ASU No. 2015-02 is required to be adopted under a modified retrospective approach or retrospectively to all periods presented. Early adoption was permitted. The firm adopted ASU No. 2015-02 effective January 1, 2016, using a modified retrospective approach. The impact of adoption was not material (approximately \$200 million on the firm’s statement of financial condition).

Simplifying the Presentation of Debt Issuance Costs (ASC 835). In April 2015, the FASB issued ASU No. 2015-03, “Interest — Imputation of Interest (Subtopic 835-30) — Simplifying the Presentation of Debt Issuance Costs.” ASU No. 2015-03 simplifies the presentation of debt issuance costs by requiring that these costs related to a recognized debt liability be presented in the statement of financial condition as a direct reduction from the carrying amount of that liability. ASU No. 2015-03 is effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. ASU No. 2015-03 is required to be applied retrospectively to all periods presented beginning in the year of adoption. Early adoption was permitted. The firm early adopted ASU No. 2015-03 in September 2015 and upon adoption the impact was a reduction to both total assets and total liabilities of \$444 million. In accordance with ASU No. 2015-03, previously reported amounts have been conformed to the current presentation, as reflected in Notes 13 through 16. The impact as of December 2014 was a reduction to both total assets and total liabilities of \$398 million.

Notes to Consolidated Financial Statements

Disclosures for Investments in Certain Entities That Calculate Net Asset Value (NAV) per Share (or Its Equivalent) (ASC 820). In May 2015, the FASB issued ASU No. 2015-07, “Fair Value Measurement (Topic 820) — Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).” ASU No. 2015-07 requires that investments for which the fair value is measured at NAV using the practical expedient (investments in funds measured at NAV) under “Fair Value Measurements and Disclosures” (Topic 820) be excluded from the fair value hierarchy. ASU No. 2015-07 is effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. ASU No. 2015-07 is required to be applied retrospectively to all periods presented beginning in the period of adoption. Early adoption was permitted. The firm early adopted ASU No. 2015-07 in June 2015 and adoption did not affect the firm’s financial condition, results of operations, or cash flows. In accordance with ASU No. 2015-07, previously reported amounts have been conformed to the current presentation. See Notes 4 through 6 for the disclosures required by ASU No. 2015-07.

Simplifying the Accounting for Measurement-Period Adjustments (ASC 805). In September 2015, the FASB issued ASU No. 2015-16, “Business Combinations (Topic 805) — Simplifying the Accounting for Measurement-Period Adjustments.” ASU No. 2015-16 eliminates the requirement for an acquirer in a business combination to account for measurement-period adjustments retrospectively. ASU No. 2015-16 was effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. Adoption of ASU No. 2015-16 in the first quarter of 2016 did not materially affect the firm’s financial condition, results of operations, or cash flows.

Recognition and Measurement of Financial Assets and Financial Liabilities (ASC 825). In January 2016, the FASB issued ASU No. 2016-01, “Financial Instruments (Topic 825) — Recognition and Measurement of Financial Assets and Financial Liabilities.” ASU No. 2016-01 amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments. This guidance includes a requirement to present separately in other comprehensive income changes in fair value attributable to a firm’s own credit spreads (debt valuation adjustments or DVA), net of tax, on financial liabilities for which the fair value option was elected. ASU No. 2016-01 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted under a modified retrospective approach for the requirements related to DVA. The cumulative DVA gain, net of tax, of approximately \$300 million as of December 2015, will be reclassified from retained earnings to accumulated other comprehensive loss if ASU No. 2016-01 is early adopted by the firm in 2016. In addition, any DVA recorded during 2016 would be classified as other comprehensive income/(loss).

Note 4.**Financial Instruments Owned, at Fair Value and Financial Instruments Sold, But Not Yet Purchased, at Fair Value**

Financial instruments owned, at fair value and financial instruments sold, but not yet purchased, at fair value are accounted for at fair value either under the fair value option or in accordance with other U.S. GAAP. See Note 8 for further information about other financial assets and financial liabilities accounted for at fair value primarily under the fair value option.

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The tables below present the firm's financial instruments owned, at fair value, and financial instruments sold, but not yet purchased, at fair value.

	As of December 2015	
	Financial Instruments Owned	Financial Instruments Sold, But Not Yet Purchased
<i>\$ in millions</i>		
Commercial paper, certificates of deposit, time deposits and other money market instruments	\$ 2,583	\$ —
U.S. government and federal agency obligations	46,382	15,516
Non-U.S. government and agency obligations	31,772	14,973
Loans and securities backed by commercial real estate	4,975 ¹	4
Loans and securities backed by residential real estate	13,183 ²	2
Bank loans and bridge loans	12,164	461
Corporate debt securities	16,640	6,123
State and municipal obligations	992	2
Other debt obligations	1,595 ³	2
Equities and convertible debentures	98,072	31,394
Commodities	3,935	—
Investments in funds measured at NAV	7,757	—
Subtotal	240,050	68,477
Derivatives	53,890	46,771
Total	\$293,940	\$115,248

	As of December 2014	
	Financial Instruments Owned	Financial Instruments Sold, But Not Yet Purchased
<i>\$ in millions</i>		
Commercial paper, certificates of deposit, time deposits and other money market instruments	\$ 3,654	\$ —
U.S. government and federal agency obligations	48,002	12,762
Non-U.S. government and agency obligations	37,059	20,500
Loans and securities backed by commercial real estate	7,140 ¹	1
Loans and securities backed by residential real estate	11,717 ²	—
Bank loans and bridge loans	14,171	464
Corporate debt securities	21,419	5,800
State and municipal obligations	1,203	—
Other debt obligations	3,257 ³	2
Equities and convertible debentures	87,900	28,314
Commodities	3,846	1,224
Investments in funds measured at NAV	9,610	—
Subtotal	248,978	69,067
Derivatives	63,270	63,016
Total	\$312,248	\$132,083

1. Includes \$3.11 billion and \$4.97 billion of loans backed by commercial real estate as of December 2015 and December 2014, respectively.
2. Includes \$10.22 billion and \$6.43 billion of loans backed by residential real estate as of December 2015 and December 2014, respectively.
3. Includes \$272 million and \$618 million of loans backed by consumer loans and other assets as of December 2015 and December 2014, respectively.

Gains and Losses from Market Making and Other Principal Transactions

The table below presents “Market making” revenues by major product type, as well as “Other principal transactions” revenues. These gains/(losses) include both realized and unrealized gains and losses, and are primarily related to the firm's financial instruments owned, at fair value and financial instruments sold, but not yet purchased, at fair value, including both derivative and non-derivative financial instruments. These gains/(losses) exclude related interest income and interest expense. See Note 23 for further information about interest income and interest expense.

The gains/(losses) in the table below are not representative of the manner in which the firm manages its business activities because many of the firm's market-making and client facilitation strategies utilize financial instruments across various product types. Accordingly, gains or losses in one product type frequently offset gains or losses in other product types. For example, most of the firm's longer-term derivatives across product types are sensitive to changes in interest rates and may be economically hedged with interest rate swaps. Similarly, a significant portion of the firm's cash instruments and derivatives across product types has exposure to foreign currencies and may be economically hedged with foreign currency contracts.

<i>\$ in millions</i>	Year Ended December		
	2015	2014	2013
Product Type			
Interest rates	\$ (1,360)	\$ (5,316)	\$ 930
Credit	920	2,982	1,845
Currencies	3,345	6,566	2,446
Equities	5,515	2,683	2,655
Commodities	1,103	1,450	902
Other	—	—	590 ²
Market making	9,523	8,365	9,368
Other principal transactions¹	5,018	6,588	6,993
Total	\$14,541	\$14,953	\$16,361

1. Other principal transactions are included in the firm's Investing & Lending segment. See Note 25 for net revenues, including net interest income, by product type for Investing & Lending, as well as the amount of net interest income included in Investing & Lending.
2. Includes a gain of \$211 million on the sale of a majority stake in the firm's European insurance business.

Note 5.

Fair Value Measurements

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. The firm measures certain financial assets and financial liabilities as a portfolio (i.e., based on its net exposure to market and/or credit risks).

The best evidence of fair value is a quoted price in an active market. If quoted prices in active markets are not available, fair value is determined by reference to prices for similar instruments, quoted prices or recent transactions in less active markets, or internally developed models that primarily use market-based or independently sourced parameters as inputs including, but not limited to, interest rates, volatilities, equity or debt prices, foreign exchange rates, commodity prices, credit spreads and funding spreads (i.e., the spread, or difference, between the interest rate at which a borrower could finance a given financial instrument relative to a benchmark interest rate).

U.S. GAAP has a three-level fair value hierarchy for disclosure of fair value measurements. The fair value hierarchy prioritizes inputs to the valuation techniques used to measure fair value, giving the highest priority to level 1 inputs and the lowest priority to level 3 inputs. A financial instrument's level in the fair value hierarchy is based on the lowest level of input that is significant to its fair value measurement. The fair value hierarchy is as follows:

Level 1. Inputs are unadjusted quoted prices in active markets to which the firm had access at the measurement date for identical, unrestricted assets or liabilities.

Level 2. Inputs to valuation techniques are observable, either directly or indirectly.

Level 3. One or more inputs to valuation techniques are significant and unobservable.

The fair values for substantially all of the firm's financial assets and financial liabilities are based on observable prices and inputs and are classified in levels 1 and 2 of the fair value hierarchy. Certain level 2 and level 3 financial assets and financial liabilities may require appropriate valuation adjustments that a market participant would require to arrive at fair value for factors such as counterparty and the firm's credit quality, funding risk, transfer restrictions, liquidity and bid/offer spreads. Valuation adjustments are generally based on market evidence.

See Notes 6 through 8 for further information about fair value measurements of cash instruments, derivatives and other financial assets and financial liabilities accounted for at fair value primarily under the fair value option (including information about unrealized gains and losses related to level 3 financial assets and financial liabilities, and transfers in and out of level 3), respectively.

The table below presents financial assets and financial liabilities accounted for at fair value under the fair value option or in accordance with other U.S. GAAP. Counterparty and cash collateral netting represents the impact on derivatives of netting across levels of the fair value hierarchy. Netting among positions classified in the same level is included in that level.

<i>\$ in millions</i>	As of December	
	2015	2014
Total level 1 financial assets	\$153,051	\$139,484
Total level 2 financial assets	432,445	466,030
Total level 3 financial assets	24,046	35,780
Investments in funds measured at NAV	7,757	9,610
Counterparty and cash collateral netting	(90,612)	(104,616)
Total financial assets at fair value	\$526,687	\$546,288
Total assets ¹	\$861,395	\$855,842
Total level 3 financial assets as a percentage of total assets	2.8%	4.2%
Total level 3 financial assets as a percentage of total financial assets at fair value	4.6%	6.5%
Total level 1 financial liabilities	\$ 59,798	\$ 59,697
Total level 2 financial liabilities	245,759	253,364
Total level 3 financial liabilities	16,812	15,904
Counterparty and cash collateral netting	(41,430)	(37,267)
Total financial liabilities at fair value	\$280,939	\$291,698
Total level 3 financial liabilities as a percentage of total financial liabilities at fair value	6.0%	5.5%

1. Includes \$836 billion and \$834 billion as of December 2015 and December 2014, respectively, that is carried at fair value or at amounts that generally approximate fair value.

The table below presents a summary of level 3 financial assets. See Notes 6 through 8 for further information about level 3 financial assets.

<i>\$ in millions</i>	Level 3 Financial Assets as of December	
	2015	2014
Cash instruments	\$ 18,131	\$ 28,650
Derivatives	5,870	7,074
Other financial assets	45	56
Total	\$ 24,046	\$ 35,780

Level 3 financial assets as of December 2015 decreased compared with December 2014, primarily reflecting a decrease in level 3 cash instruments. See Note 6 for further information about changes in level 3 cash instruments.

Note 6.

Cash Instruments

Cash instruments include U.S. government and federal agency obligations, non-U.S. government and agency obligations, mortgage-backed loans and securities, bank loans and bridge loans, corporate debt securities, equities and convertible debentures, investments in funds measured at NAV, and other non-derivative financial instruments owned and financial instruments sold, but not yet purchased. See below for the types of cash instruments included in each level of the fair value hierarchy and the valuation techniques and significant inputs used to determine their fair values. See Note 5 for an overview of the firm's fair value measurement policies.

Level 1 Cash Instruments

Level 1 cash instruments include U.S. government obligations and most non-U.S. government obligations, actively traded listed equities, certain government agency obligations and money market instruments. These instruments are valued using quoted prices for identical unrestricted instruments in active markets.

The firm defines active markets for equity instruments based on the average daily trading volume both in absolute terms and relative to the market capitalization for the instrument. The firm defines active markets for debt instruments based on both the average daily trading volume and the number of days with trading activity.

Level 2 Cash Instruments

Level 2 cash instruments include commercial paper, certificates of deposit, time deposits, most government agency obligations, certain non-U.S. government obligations, most corporate debt securities, commodities, certain mortgage-backed loans and securities, certain bank loans and bridge loans, restricted or less liquid listed equities, most state and municipal obligations and certain lending commitments.

Valuations of level 2 cash instruments can be verified to quoted prices, recent trading activity for identical or similar instruments, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. Consideration is given to the nature of the quotations (e.g., indicative or firm) and the relationship of recent market activity to the prices provided from alternative pricing sources.

Valuation adjustments are typically made to level 2 cash instruments (i) if the cash instrument is subject to transfer restrictions and/or (ii) for other premiums and liquidity discounts that a market participant would require to arrive at fair value. Valuation adjustments are generally based on market evidence.

Level 3 Cash Instruments

Level 3 cash instruments have one or more significant valuation inputs that are not observable. Absent evidence to the contrary, level 3 cash instruments are initially valued at transaction price, which is considered to be the best initial estimate of fair value. Subsequently, the firm uses other methodologies to determine fair value, which vary based on the type of instrument. Valuation inputs and assumptions are changed when corroborated by substantive observable evidence, including values realized on sales of financial assets.

Notes to Consolidated Financial Statements

Valuation Techniques and Significant Inputs

The table below presents the valuation techniques and the nature of significant inputs. These valuation techniques and

significant inputs are generally used to determine the fair values of each type of level 3 cash instrument.

Level 3 Cash Instruments	Valuation Techniques and Significant Inputs
<p>Loans and securities backed by commercial real estate</p> <ul style="list-style-type: none"> • Directly or indirectly collateralized by a single commercial real estate property or a portfolio of properties • May include tranches of varying levels of subordination 	<p>Valuation techniques vary by instrument, but are generally based on discounted cash flow techniques. Significant inputs are generally determined based on relative value analyses and include:</p> <ul style="list-style-type: none"> • Transaction prices in both the underlying collateral and instruments with the same or similar underlying collateral and the basis, or price difference, to such prices • Market yields implied by transactions of similar or related assets and/or current levels and changes in market indices such as the CMBX (an index that tracks the performance of commercial mortgage bonds) • A measure of expected future cash flows in a default scenario (recovery rates) implied by the value of the underlying collateral, which is mainly driven by current performance of the underlying collateral, capitalization rates and multiples. Recovery rates are expressed as a percentage of notional or face value of the instrument and reflect the benefit of credit enhancements on certain instruments • Timing of expected future cash flows (duration) which, in certain cases, may incorporate the impact of other unobservable inputs (e.g., prepayment speeds)
<p>Loans and securities backed by residential real estate</p> <ul style="list-style-type: none"> • Directly or indirectly collateralized by portfolios of residential real estate • May include tranches of varying levels of subordination 	<p>Valuation techniques vary by instrument, but are generally based on discounted cash flow techniques. Significant inputs are generally determined based on relative value analyses, which incorporate comparisons to instruments with similar collateral and risk profiles. Significant inputs include:</p> <ul style="list-style-type: none"> • Transaction prices in both the underlying collateral and instruments with the same or similar underlying collateral • Market yields implied by transactions of similar or related assets • Cumulative loss expectations, driven by default rates, home price projections, residential property liquidation timelines, related costs and subsequent recoveries • Duration, driven by underlying loan prepayment speeds and residential property liquidation timelines
<p>Bank loans and bridge loans</p>	<p>Valuation techniques vary by instrument, but are generally based on discounted cash flow techniques. Significant inputs are generally determined based on relative value analyses, which incorporate comparisons both to prices of credit default swaps that reference the same or similar underlying instrument or entity and to other debt instruments for the same issuer for which observable prices or broker quotations are available. Significant inputs include:</p> <ul style="list-style-type: none"> • Market yields implied by transactions of similar or related assets and/or current levels and trends of market indices such as CDX and LCDX (indices that track the performance of corporate credit and loans, respectively) • Current performance and recovery assumptions and, where the firm uses credit default swaps to value the related cash instrument, the cost of borrowing the underlying reference obligation • Duration
<p>Commercial paper, certificates of deposit, time deposits and other money market instruments</p> <p>Non-U.S. government and agency obligations</p> <p>Corporate debt securities</p> <p>State and municipal obligations</p> <p>Other debt obligations</p>	<p>Valuation techniques vary by instrument, but are generally based on discounted cash flow techniques. Significant inputs are generally determined based on relative value analyses, which incorporate comparisons both to prices of credit default swaps that reference the same or similar underlying instrument or entity and to other debt instruments for the same issuer for which observable prices or broker quotations are available. Significant inputs include:</p> <ul style="list-style-type: none"> • Market yields implied by transactions of similar or related assets and/or current levels and trends of market indices such as CDX and LCDX • Current performance and recovery assumptions and, where the firm uses credit default swaps to value the related cash instrument, the cost of borrowing the underlying reference obligation • Duration
<p>Equities and convertible debentures (including private equity investments and investments in real estate entities)</p>	<p>Recent third-party completed or pending transactions (e.g., merger proposals, tender offers, debt restructurings) are considered to be the best evidence for any change in fair value. When these are not available, the following valuation methodologies are used, as appropriate:</p> <ul style="list-style-type: none"> • Industry multiples (primarily EBITDA multiples) and public comparables • Transactions in similar instruments • Discounted cash flow techniques • Third-party appraisals <p>The firm also considers changes in the outlook for the relevant industry and financial performance of the issuer as compared to projected performance. Significant inputs include:</p> <ul style="list-style-type: none"> • Market and transaction multiples • Discount rates, long-term growth rates, earnings compound annual growth rates and capitalization rates • For equity instruments with debt-like features: market yields implied by transactions of similar or related assets, current performance and recovery assumptions, and duration

Notes to Consolidated Financial Statements

Significant Unobservable Inputs

The table below presents the ranges and weighted averages of significant unobservable inputs used to value the firm's level 3 cash instruments. In the table below:

- Ranges represent the significant unobservable inputs that were used in the valuation of each type of cash instrument.
- Weighted averages are calculated by weighting each input by the relative fair value of the financial instruments.
- The ranges and weighted averages of these inputs are not representative of the appropriate inputs to use when calculating the fair value of any one cash instrument. For example, the highest multiple presented in the tables below for private equity investments is appropriate for valuing a specific private equity investment but may not be appropriate for valuing any other private equity investment. Accordingly, the ranges of inputs presented below do not represent uncertainty in, or possible ranges of, fair value measurements of the firm's level 3 cash instruments.

- Increases in yield, discount rate, capitalization rate, duration or cumulative loss rate used in the valuation of the firm's level 3 cash instruments would result in a lower fair value measurement, while increases in recovery rate, basis, multiples, long-term growth rate or compound annual growth rate would result in a higher fair value measurement. Due to the distinctive nature of each of the firm's level 3 cash instruments, the interrelationship of inputs is not necessarily uniform within each product type.
- The fair value of any one instrument may be determined using multiple valuation techniques. For example, market comparables and discounted cash flows may be used together to determine fair value. Therefore, the level 3 balance encompasses both of these techniques.

Level 3 Cash Instruments	Valuation Techniques and Significant Unobservable Inputs	Range of Significant Unobservable Inputs (Weighted Average)	
		As of December 2015	As of December 2014
Loans and securities backed by commercial real estate <ul style="list-style-type: none"> • Directly or indirectly collateralized by a single commercial real estate property or a portfolio of properties • May include tranches of varying levels of subordination <i>(\$1.92 billion and \$3.28 billion of level 3 assets as of December 2015 and December 2014, respectively)</i>	Discounted cash flows: <ul style="list-style-type: none"> • Yield • Recovery rate • Duration (years) • Basis 	3.5% to 22.0% (11.8%) 19.6% to 96.5% (59.4%) 0.3 to 5.3 (2.3) (11) points to 4 points ((2) points)	3.2% to 20.0% (10.5%) 24.9% to 100.0% (68.3%) 0.3 to 4.7 (2.0) (8) points to 13 points (2 points)
Loans and securities backed by residential real estate <ul style="list-style-type: none"> • Directly or indirectly collateralized by portfolios of residential real estate • May include tranches of varying levels of subordination <i>(\$1.77 billion and \$2.55 billion of level 3 assets as of December 2015 and December 2014, respectively)</i>	Discounted cash flows: <ul style="list-style-type: none"> • Yield • Cumulative loss rate • Duration (years) 	3.2% to 17.0% (7.9%) 4.6% to 44.2% (27.3%) 1.5 to 13.8 (7.0)	1.9% to 17.5% (7.6%) 0.0% to 95.1% (24.4%) 0.5 to 13.0 (4.3)
Bank loans and bridge loans <i>(\$3.15 billion and \$6.97 billion of level 3 assets as of December 2015 and December 2014, respectively)</i>	Discounted cash flows: <ul style="list-style-type: none"> • Yield • Recovery rate • Duration (years) 	1.9% to 36.6% (10.2%) 14.5% to 85.6% (51.2%) 0.7 to 6.1 (2.2)	1.4% to 29.5% (8.7%) 26.6% to 92.5% (60.6%) 0.3 to 7.8 (2.5)
Non-U.S. government and agency obligations Corporate debt securities State and municipal obligations Other debt obligations <i>(\$2.74 billion and \$4.75 billion of level 3 assets as of December 2015 and December 2014, respectively)</i>	Discounted cash flows: <ul style="list-style-type: none"> • Yield • Recovery rate • Duration (years) 	0.9% to 25.6% (10.9%) 0.0% to 70.0% (59.7%) 1.1 to 11.4 (4.5)	0.9% to 24.4% (9.2%) 0.0% to 71.9% (59.2%) 0.5 to 19.6 (3.7)
Equities and convertible debentures (including private equity investments and investments in real estate entities) <i>(\$8.55 billion and \$11.11 billion of level 3 assets as of December 2015 and December 2014, respectively)</i>	Market comparables and discounted cash flows: <ul style="list-style-type: none"> • Multiples • Discount rate/yield • Long-term growth rate/compound annual growth rate • Capitalization rate 	0.7x to 21.4x (6.4x) 7.1% to 20.0% (14.8%) 3.0% to 5.2% (4.5%) 5.5% to 12.5% (7.6%)	0.8x to 16.6x (6.5x) 3.7% to 30.0% (14.4%) 1.0% to 10.0% (6.0%) 3.8% to 13.0% (7.6%)

Notes to Consolidated Financial Statements

Fair Value of Cash Instruments by Level

The tables below present cash instrument assets and liabilities at fair value by level within the fair value hierarchy. In the tables below:

- Cash instrument assets and liabilities are included in “Financial instruments owned, at fair value” and “Financial instruments sold, but not yet purchased, at fair value,” respectively.
- Cash instrument assets are shown as positive amounts and cash instrument liabilities are shown as negative amounts.

\$ in millions	Cash Instruments at Fair Value as of December 2015			
	Level 1	Level 2	Level 3	Total
Assets				
Commercial paper, certificates of deposit, time deposits and other money market instruments	\$ 625	\$ 1,958	\$ —	\$ 2,583
U.S. government and federal agency obligations	24,844	21,538	—	46,382
Non-U.S. government and agency obligations	26,500	5,260	12	31,772
Loans and securities backed by commercial real estate	—	3,051	1,924	4,975
Loans and securities backed by residential real estate	—	11,418	1,765	13,183
Bank loans and bridge loans	—	9,014	3,150	12,164
Corporate debt securities	218	14,330	2,092	16,640
State and municipal obligations	—	891	101	992
Other debt obligations	—	1,057	538	1,595
Equities and convertible debentures	81,252	8,271	8,549	98,072
Commodities	—	3,935	—	3,935
Subtotal	\$133,439	\$80,723	\$18,131	\$232,293
Investments in funds measured at NAV				7,757
Total cash instrument assets				\$240,050
Liabilities				
U.S. government and federal agency obligations	\$ (15,455)	\$ (61)	\$ —	\$ (15,516)
Non-U.S. government and agency obligations	(13,522)	(1,451)	—	(14,973)
Loans and securities backed by commercial real estate	—	(4)	—	(4)
Loans and securities backed by residential real estate	—	(2)	—	(2)
Bank loans and bridge loans	—	(337)	(124)	(461)
Corporate debt securities	(2)	(6,119)	(2)	(6,123)
State and municipal obligations	—	(2)	—	(2)
Other debt obligations	—	(1)	(1)	(2)
Equities and convertible debentures	(30,790)	(538)	(66)	(31,394)
Total cash instrument liabilities	\$ (59,769)	\$ (8,515)	\$ (193)	\$ (68,477)

\$ in millions	Cash Instruments at Fair Value as of December 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Commercial paper, certificates of deposit, time deposits and other money market instruments	\$ —	\$ 3,654	\$ —	\$ 3,654
U.S. government and federal agency obligations	18,540	29,462	—	48,002
Non-U.S. government and agency obligations	30,255	6,668	136	37,059
Loans and securities backed by commercial real estate	—	3,865	3,275	7,140
Loans and securities backed by residential real estate	—	9,172	2,545	11,717
Bank loans and bridge loans	—	7,198	6,973	14,171
Corporate debt securities	249	17,537	3,633	21,419
State and municipal obligations	—	1,093	110	1,203
Other debt obligations	—	2,387	870	3,257
Equities and convertible debentures	68,974	7,818	11,108	87,900
Commodities	—	3,846	—	3,846
Subtotal	\$118,018	\$92,700	\$28,650	\$239,368
Investments in funds measured at NAV				9,610
Total cash instrument assets				\$248,978
Liabilities				
U.S. government and federal agency obligations	\$ (12,746)	\$ (16)	\$ —	\$ (12,762)
Non-U.S. government and agency obligations	(19,256)	(1,244)	—	(20,500)
Loans and securities backed by commercial real estate	—	(1)	—	(1)
Bank loans and bridge loans	—	(286)	(178)	(464)
Corporate debt securities	—	(5,741)	(59)	(5,800)
Other debt obligations	—	—	(2)	(2)
Equities and convertible debentures	(27,587)	(722)	(5)	(28,314)
Commodities	—	(1,224)	—	(1,224)
Total cash instrument liabilities	\$ (59,589)	\$ (9,234)	\$ (244)	\$ (69,067)

In the tables above:

- Total cash instrument assets includes collateralized debt obligations (CDOs) and collateralized loan obligations (CLOs) backed by real estate and corporate obligations of \$405 million in level 2 and \$774 million in level 3 as of December 2015, and \$234 million in level 2 and \$1.34 billion in level 3 as of December 2014, respectively.
- Level 3 equities and convertible debentures includes \$7.69 billion of private equity investments, \$308 million of investments in real estate entities and \$552 million of convertible debentures as of December 2015, and \$10.25 billion of private equity investments, \$294 million of investments in real estate entities and \$562 million of convertible debentures as of December 2014.

Notes to Consolidated Financial Statements**Transfers Between Levels of the Fair Value Hierarchy**

Transfers between levels of the fair value hierarchy are reported at the beginning of the reporting period in which they occur.

During 2015:

- Transfers into level 2 from level 1 of cash instruments were \$260 million, reflecting transfers of public equity securities primarily due to decreased market activity in these instruments.
- Transfers into level 1 from level 2 of cash instruments were \$283 million, reflecting transfers of public equity securities due to increased market activity in these instruments.

During 2014:

- Transfers into level 2 from level 1 of cash instruments were \$60 million, including \$47 million of public equity securities and \$13 million of U.S. government and federal agency obligations due to decreased market activity in these instruments.
- Transfers into level 1 from level 2 of cash instruments were \$92 million, reflecting transfers of public equity securities due to increased market activity in these instruments.

See level 3 rollforward below for information about transfers between level 2 and level 3.

Level 3 Rollforward

The table below presents changes in fair value for all cash instrument assets and liabilities categorized as level 3 as of the end of the year. In the table below:

- If a cash instrument asset or liability was transferred to level 3 during a reporting period, its entire gain or loss for the period is included in level 3. For level 3 cash instrument assets, increases are shown as positive amounts, while decreases are shown as negative amounts. For level 3 cash instrument liabilities, increases are shown as negative amounts, while decreases are shown as positive amounts.
- Level 3 cash instruments are frequently economically hedged with level 1 and level 2 cash instruments and/or level 1, level 2 or level 3 derivatives. Accordingly, gains or losses that are reported in level 3 can be partially offset by gains or losses attributable to level 1 or level 2 cash instruments and/or level 1, level 2 or level 3 derivatives. As a result, gains or losses included in the level 3 rollforward below do not necessarily represent the overall impact on the firm's results of operations, liquidity or capital resources.
- Purchases include both originations and secondary market purchases.
- Net unrealized gains/(losses) relate to instruments that were still held at year-end.
- For the year ended December 2015, the net realized and unrealized gains on level 3 cash instrument assets of \$1.66 billion (reflecting \$957 million of realized gains and \$701 million of unrealized gains) include gains/(losses) of approximately \$(142) million, \$1.08 billion and \$718 million reported in "Market making," "Other principal transactions" and "Interest income," respectively.
- For the year ended December 2014, the net realized and unrealized gains on level 3 cash instrument assets of \$3.20 billion (reflecting \$1.33 billion of realized gains and \$1.87 billion of unrealized gains) include gains of approximately \$247 million, \$1.95 billion and \$1.00 billion reported in "Market making," "Other principal transactions" and "Interest income," respectively.
- See "Level 3 Rollforward Commentary" below for an explanation of the net unrealized gains/(losses) on level 3 cash instruments and the activity related to transfers into and out of level 3.

Notes to Consolidated Financial Statements

Level 3 Cash Instrument Assets and Liabilities at Fair Value

\$ in millions	Balance, beginning of year	Net realized gains/ (losses)	Net unrealized gains/ (losses)	Purchases	Sales	Settlements	Transfers into level 3	Transfers out of level 3	Balance, end of year
Year Ended December 2015									
Non-U.S. government and agency obligations	\$ 136	\$ 7	\$ —	\$ 11	\$ (35)	\$ (23)	\$ —	\$ (84)	\$ 12
Loans and securities backed by commercial real estate	3,275	120	44	566	(598)	(1,569)	351	(265)	1,924
Loans and securities backed by residential real estate	2,545	150	34	564	(609)	(327)	188	(780)	1,765
Bank loans and bridge loans	6,973	198	(156)	663	(1,027)	(2,170)	516	(1,847)	3,150
Corporate debt securities	3,633	208	(78)	616	(641)	(982)	236	(900)	2,092
State and municipal obligations	110	3	3	9	(24)	(2)	24	(22)	101
Other debt obligations	870	20	10	116	(164)	(206)	17	(125)	538
Equities and convertible debentures	11,108	251	844	1,295	(744)	(1,193)	466	(3,478)	8,549
Total cash instrument assets	\$28,650	\$ 957	\$ 701	\$ 3,840	\$(3,842)	\$(6,472)	\$1,798	\$(7,501)	\$18,131
Total cash instrument liabilities	\$ (244)	\$ (28)	\$ (21)	\$ 205	\$ (38)	\$ (14)	\$ (116)	\$ 63	\$ (193)
Year Ended December 2014									
Non-U.S. government and agency obligations	\$ 40	\$ 7	\$ 3	\$ 103	\$ (20)	\$ (5)	\$ 8	\$ —	\$ 136
Loans and securities backed by commercial real estate	2,515	173	49	1,877	(436)	(890)	176	(189)	3,275
Loans and securities backed by residential real estate	1,961	123	224	1,008	(363)	(497)	235	(146)	2,545
Bank loans and bridge loans	6,071	611	(222)	4,512	(709)	(3,166)	294	(418)	6,973
Corporate debt securities	2,744	254	(16)	2,635	(1,023)	(929)	384	(416)	3,633
State and municipal obligations	257	4	3	12	(112)	(2)	25	(77)	110
Other debt obligations	807	24	41	448	(212)	(164)	21	(95)	870
Equities and convertible debentures	8,671	132	1,788	2,670	(1,128)	(1,016)	1,250	(1,259)	11,108
Total cash instrument assets	\$23,066	\$1,328	\$1,870	\$13,265	\$(4,003)	\$(6,669)	\$2,393	\$(2,600)	\$28,650
Total cash instrument liabilities	\$ (297)	\$ 12	\$ (1)	\$ 223	\$ (121)	\$ (23)	\$ (49)	\$ 12	\$ (244)

Level 3 Rollforward Commentary

Year Ended December 2015. The net unrealized gain on level 3 cash instruments of \$680 million (reflecting a \$701 million gain on cash instrument assets and a \$21 million loss on cash instrument liabilities) for 2015 primarily reflected gains on private equity investments, principally driven by company-specific events and strong corporate performance.

Transfers into level 3 during 2015 primarily reflected transfers of certain bank loans and bridge loans, private equity investments and loans and securities backed by commercial real estate from level 2, principally due to reduced price transparency as a result of a lack of market evidence, including fewer market transactions in these instruments.

Transfers out of level 3 during 2015 primarily reflected transfers of certain private equity investments, corporate debt securities and loans and securities backed by residential real estate to level 2, principally due to increased price transparency as a result of market evidence, including market transactions in these instruments, and transfers of certain bank loans and bridge loans to level 2 principally due to certain unobservable yield and duration inputs not being significant to the valuation of these instruments.

Year Ended December 2014. The net unrealized gain on level 3 cash instruments of \$1.87 billion (reflecting a \$1.87 billion gain on cash instrument assets and a \$1 million loss on cash instrument liabilities) for 2014 primarily reflected gains on private equity investments principally driven by company-specific events and strong corporate performance.

Transfers into level 3 during 2014 primarily reflected transfers of certain private equity investments and corporate debt securities from level 2 principally due to reduced price transparency as a result of a lack of market evidence, including fewer market transactions in these instruments.

Transfers out of level 3 during 2014 primarily reflected transfers of certain private equity investments, bank loan and bridge loans and corporate debt securities to level 2 principally due to increased price transparency as a result of market evidence, including market transactions in these instruments.

Notes to Consolidated Financial Statements**Investments in Funds That Are Measured at Net Asset Value Per Share**

Cash instruments at fair value include investments in funds that are measured at NAV of the investment fund. The firm uses NAV to measure the fair value of its fund investments when (i) the fund investment does not have a readily determinable fair value and (ii) the NAV of the investment fund is calculated in a manner consistent with the measurement principles of investment company accounting, including measurement of the underlying investments at fair value. The firm early adopted ASU No. 2015-07 in June 2015 and, as required, disclosures in the paragraphs and tables below are limited to only those investments in funds that are measured at NAV. In accordance with ASU No. 2015-07, previously reported amounts have been conformed to the current presentation.

The firm's investments in funds measured at NAV primarily consist of investments in firm-sponsored private equity, credit, real estate and hedge funds where the firm co-invests with third-party investors.

Private equity funds primarily invest in a broad range of industries worldwide in a variety of situations, including leveraged buyouts, recapitalizations, growth investments and distressed investments. Credit funds generally invest in loans and other fixed income instruments and are focused on providing private high-yield capital for mid- to large-sized leveraged and management buyout transactions, recapitalizations, financings, refinancings, acquisitions and restructurings for private equity firms, private family companies and corporate issuers. Real estate funds invest globally, primarily in real estate companies, loan portfolios, debt recapitalizations and property. The private equity, credit and real estate funds are primarily closed-end funds in which the firm's investments are generally not eligible for redemption. Distributions will be received from these funds as the underlying assets are liquidated or distributed.

The firm also invests in hedge funds, primarily multi-disciplinary hedge funds that employ a fundamental bottom-up investment approach across various asset classes and strategies including long/short equity, credit, convertibles, risk arbitrage, special situations and capital structure arbitrage. The firm's investments in hedge funds primarily include interests where the underlying assets are illiquid in nature, and proceeds from redemptions will not be received until the underlying assets are liquidated or distributed.

Many of the funds described above are "covered funds" as defined by the Volcker Rule of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The Board of Governors of the Federal Reserve System (Federal Reserve Board) extended the conformance period through July 2016 for investments in, and relationships with, covered funds that were in place prior to December 2013, and indicated that it intends to further extend the conformance period through July 2017. The firm currently expects to be able to exit the majority of such interests in these funds in orderly transactions prior to July 2017, subject to market conditions. However, to the extent that the underlying investments of particular funds are not sold, the firm may be required to sell its interests in such funds. If that occurs, the firm may receive a value for its interests that is less than the then carrying value as there could be a limited secondary market for these investments and the firm may be unable to sell them in orderly transactions. The firm continues to manage its existing interests in such funds, taking into account the conformance period outlined above. In order to be compliant with the Volcker Rule, the firm will be required to reduce most of its interests in the funds in the table below by the end of the conformance period.

The tables below present the fair value of the firm's investments in, and unfunded commitments to, funds that are measured at NAV.

<i>\$ in millions</i>	As of December 2015	
	Fair Value of Investments	Unfunded Commitments
Private equity funds	\$5,414	\$2,057
Credit funds	611	344
Hedge funds	560	—
Real estate funds	1,172	296
Total	\$7,757	\$2,697

<i>\$ in millions</i>	As of December 2014	
	Fair Value of Investments	Unfunded Commitments
Private equity funds	\$6,307	\$2,175
Credit funds	1,008	383
Hedge funds	863	—
Real estate funds	1,432	310
Total	\$9,610	\$2,868

Notes to Consolidated Financial Statements**Note 7.****Derivatives and Hedging Activities****Derivative Activities**

Derivatives are instruments that derive their value from underlying asset prices, indices, reference rates and other inputs, or a combination of these factors. Derivatives may be traded on an exchange (exchange-traded) or they may be privately negotiated contracts, which are usually referred to as OTC derivatives. Certain of the firm's OTC derivatives are cleared and settled through central clearing counterparties (OTC-cleared), while others are bilateral contracts between two counterparties (bilateral OTC).

Market-Making. As a market maker, the firm enters into derivative transactions to provide liquidity to clients and to facilitate the transfer and hedging of their risks. In this capacity, the firm typically acts as principal and is consequently required to commit capital to provide execution. As a market maker, it is essential to maintain an inventory of financial instruments sufficient to meet expected client and market demands.

Risk Management. The firm also enters into derivatives to actively manage risk exposures that arise from its market-making and investing and lending activities in derivative and cash instruments. The firm's holdings and exposures are hedged, in many cases, on either a portfolio or risk-specific basis, as opposed to an instrument-by-instrument basis. The offsetting impact of this economic hedging is reflected in the same business segment as the related revenues. In addition, the firm may enter into derivatives designated as hedges under U.S. GAAP. These derivatives are used to manage interest rate exposure in certain fixed-rate unsecured long-term and short-term borrowings, and deposits, and to manage foreign currency exposure on the net investment in certain non-U.S. operations.

The firm enters into various types of derivatives, including:

- **Futures and Forwards.** Contracts that commit counterparties to purchase or sell financial instruments, commodities or currencies in the future.
- **Swaps.** Contracts that require counterparties to exchange cash flows such as currency or interest payment streams. The amounts exchanged are based on the specific terms of the contract with reference to specified rates, financial instruments, commodities, currencies or indices.
- **Options.** Contracts in which the option purchaser has the right, but not the obligation, to purchase from or sell to the option writer financial instruments, commodities or currencies within a defined time period for a specified price.

Derivatives are reported on a net-by-counterparty basis (i.e., the net payable or receivable for derivative assets and liabilities for a given counterparty) when a legal right of setoff exists under an enforceable netting agreement (counterparty netting). Derivatives are accounted for at fair value, net of cash collateral received or posted under enforceable credit support agreements (cash collateral netting). Derivative assets and liabilities are included in "Financial instruments owned, at fair value" and "Financial instruments sold, but not yet purchased, at fair value," respectively. Realized and unrealized gains and losses on derivatives not designated as hedges under ASC 815 are included in "Market making" and "Other principal transactions" in Note 4.

Notes to Consolidated Financial Statements

The table below presents the gross fair value and the notional amount of derivative contracts by major product type, the amounts of counterparty and cash collateral netting in the consolidated statements of financial condition, as well as cash and securities collateral posted and received under enforceable credit support agreements that do not meet the criteria for netting under U.S. GAAP.

In the table below:

- Gross fair values exclude the effects of both counterparty netting and collateral, and therefore are not representative of the firm's exposure.
- Where the firm has received or posted collateral under credit support agreements, but has not yet determined such agreements are enforceable, the related collateral has not been netted.
- Notional amounts, which represent the sum of gross long and short derivative contracts, provide an indication of the volume of the firm's derivative activity and do not represent anticipated losses.

	As of December 2015			As of December 2014		
	Derivative Assets	Derivative Liabilities	Notional Amount	Derivative Assets	Derivative Liabilities	Notional Amount
<i>\$ in millions</i>						
Derivatives not accounted for as hedges						
Exchange-traded	\$ 310	\$ 280	\$ 4,402,843	\$ 228	\$ 238	\$ 3,151,865
OTC-cleared	211,272	192,401	20,738,687	351,801	330,298	30,408,636
Bilateral OTC	345,516	321,458	12,953,830	434,333	409,071	13,552,017
Total interest rates	557,098	514,139	38,095,360	786,362	739,607	47,112,518
OTC-cleared	5,203	5,596	339,244	5,812	5,663	378,099
Bilateral OTC	35,679	31,179	1,552,806	49,036	44,491	2,122,859
Total credit	40,882	36,775	1,892,050	54,848	50,154	2,500,958
Exchange-traded	183	204	13,073	69	69	17,214
OTC-cleared	165	128	14,617	100	96	13,304
Bilateral OTC	96,660	99,235	5,461,940	109,747	108,442	5,535,685
Total currencies	97,008	99,567	5,489,630	109,916	108,607	5,566,203
Exchange-traded	2,997	3,623	203,465	7,683	7,166	321,378
OTC-cleared	232	233	2,839	313	315	3,036
Bilateral OTC	17,445	17,215	230,750	20,994	21,065	345,065
Total commodities	20,674	21,071	437,054	28,990	28,546	669,479
Exchange-traded	9,372	7,908	528,419	9,592	9,636	541,711
Bilateral OTC	37,788	38,290	927,078	49,339	49,013	983,784
Total equities	47,160	46,198	1,455,497	58,931	58,649	1,525,495
Subtotal	762,822	717,750	47,369,591	1,039,047	985,563	57,374,653
Derivatives accounted for as hedges						
OTC-cleared	4,567	85	51,446	2,713	228	31,109
Bilateral OTC	6,660	20	62,022	11,559	34	95,389
Total interest rates	11,227	105	113,468	14,272	262	126,498
OTC-cleared	24	6	1,333	12	3	1,205
Bilateral OTC	116	27	8,615	113	13	8,431
Total currencies	140	33	9,948	125	16	9,636
Subtotal	11,367	138	123,416	14,397	278	136,134
Total gross fair value/notional amount of derivatives	\$ 774,189¹	\$ 717,888¹	\$47,493,007	\$1,053,444¹	\$ 985,841¹	\$57,510,787
Amounts that have been offset in the consolidated statements of financial condition						
Exchange-traded	\$ (9,398)	\$ (9,398)		\$ (15,039)	\$ (15,039)	
OTC-cleared	(194,928)	(194,928)		(335,792)	(335,792)	
Bilateral OTC	(426,841)	(426,841)		(535,839)	(535,839)	
Total counterparty netting	(631,167)	(631,167)		(886,670)	(886,670)	
OTC-cleared	(26,151)	(3,305)		(24,801)	(738)	
Bilateral OTC	(62,981)	(36,645)		(78,703)	(35,417)	
Total cash collateral netting	(89,132)	(39,950)		(103,504)	(36,155)	
Total counterparty and cash collateral netting	\$(720,299)	\$(671,117)		\$ (990,174)	\$(922,825)	
Amounts included in financial instruments owned/financial instruments sold, but not yet purchased						
Exchange-traded	\$ 3,464	\$ 2,617		\$ 2,533	\$ 2,070	
OTC-cleared	384	216		158	73	
Bilateral OTC	50,042	43,938		60,579	60,873	
Total amounts included in the consolidated statements of financial condition	\$ 53,890	\$ 46,771		\$ 63,270	\$ 63,016	
Amounts that have not been offset in the consolidated statements of financial condition						
Cash collateral received/posted	\$ (498)	\$ (1,935)		\$ (980)	\$ (2,940)	
Securities collateral received/posted	(14,008)	(10,044)		(14,742)	(18,159)	
Total	\$ 39,384	\$ 34,792		\$ 47,548	\$ 41,917	

1. Includes derivative assets and derivative liabilities of \$17.09 billion and \$18.16 billion, respectively, as of December 2015, and derivative assets and derivative liabilities of \$25.93 billion and \$26.19 billion, respectively, as of December 2014, which are not subject to an enforceable netting agreement or are subject to a netting agreement that the firm has not yet determined to be enforceable.

Notes to Consolidated Financial Statements

Valuation Techniques for Derivatives

The firm's level 2 and level 3 derivatives are valued using derivative pricing models (e.g., discounted cash flow models, correlation models, and models that incorporate option pricing methodologies, such as Monte Carlo simulations). Price transparency of derivatives can generally be characterized by product type, as described below.

- **Interest Rate.** In general, the key inputs used to value interest rate derivatives are transparent, even for most long-dated contracts. Interest rate swaps and options denominated in the currencies of leading industrialized nations are characterized by high trading volumes and tight bid/offer spreads. Interest rate derivatives that reference indices, such as an inflation index, or the shape of the yield curve (e.g., 10-year swap rate vs. 2-year swap rate) are more complex, but the key inputs are generally observable.
- **Credit.** Price transparency for credit default swaps, including both single names and baskets of credits, varies by market and underlying reference entity or obligation. Credit default swaps that reference indices, large corporates and major sovereigns generally exhibit the most price transparency. For credit default swaps with other underliers, price transparency varies based on credit rating, the cost of borrowing the underlying reference obligations, and the availability of the underlying reference obligations for delivery upon the default of the issuer. Credit default swaps that reference loans, asset-backed securities and emerging market debt instruments tend to have less price transparency than those that reference corporate bonds. In addition, more complex credit derivatives, such as those sensitive to the correlation between two or more underlying reference obligations, generally have less price transparency.
- **Currency.** Prices for currency derivatives based on the exchange rates of leading industrialized nations, including those with longer tenors, are generally transparent. The primary difference between the price transparency of developed and emerging market currency derivatives is that emerging markets tend to be observable for contracts with shorter tenors.

- **Commodity.** Commodity derivatives include transactions referenced to energy (e.g., oil and natural gas), metals (e.g., precious and base) and soft commodities (e.g., agricultural). Price transparency varies based on the underlying commodity, delivery location, tenor and product quality (e.g., diesel fuel compared to unleaded gasoline). In general, price transparency for commodity derivatives is greater for contracts with shorter tenors and contracts that are more closely aligned with major and/or benchmark commodity indices.
- **Equity.** Price transparency for equity derivatives varies by market and underlier. Options on indices and the common stock of corporates included in major equity indices exhibit the most price transparency. Equity derivatives generally have observable market prices, except for contracts with long tenors or reference prices that differ significantly from current market prices. More complex equity derivatives, such as those sensitive to the correlation between two or more individual stocks, generally have less price transparency.

Liquidity is essential to observability of all product types. If transaction volumes decline, previously transparent prices and other inputs may become unobservable. Conversely, even highly structured products may at times have trading volumes large enough to provide observability of prices and other inputs. See Note 5 for an overview of the firm's fair value measurement policies.

Level 1 Derivatives

Level 1 derivatives include short-term contracts for future delivery of securities when the underlying security is a level 1 instrument, and exchange-traded derivatives if they are actively traded and are valued at their quoted market price.

Level 2 Derivatives

Level 2 derivatives include OTC derivatives for which all significant valuation inputs are corroborated by market evidence and exchange-traded derivatives that are not actively traded and/or that are valued using models that calibrate to market-clearing levels of OTC derivatives. In evaluating the significance of a valuation input, the firm considers, among other factors, a portfolio's net risk exposure to that input.

Notes to Consolidated Financial Statements

The selection of a particular model to value a derivative depends on the contractual terms of and specific risks inherent in the instrument, as well as the availability of pricing information in the market. For derivatives that trade in liquid markets, model selection does not involve significant management judgment because outputs of models can be calibrated to market-clearing levels.

Valuation models require a variety of inputs, such as contractual terms, market prices, yield curves, discount rates (including those derived from interest rates on collateral received and posted as specified in credit support agreements for collateralized derivatives), credit curves, measures of volatility, prepayment rates, loss severity rates and correlations of such inputs. Significant inputs to the valuations of level 2 derivatives can be verified to market transactions, broker or dealer quotations or other alternative pricing sources with reasonable levels of price transparency. Consideration is given to the nature of the quotations (e.g., indicative or firm) and the relationship of recent market activity to the prices provided from alternative pricing sources.

Level 3 Derivatives

Level 3 derivatives are valued using models which utilize observable level 1 and/or level 2 inputs, as well as unobservable level 3 inputs. The significant unobservable inputs used to value the firm's level 3 derivatives are described below.

- For the majority of the firm's interest rate and currency derivatives classified within level 3, significant unobservable inputs include correlations of certain currencies and interest rates (e.g., the correlation between Euro inflation and Euro interest rates) and specific interest rate volatilities.
- For level 3 credit derivatives, significant unobservable inputs include illiquid credit spreads and upfront credit points, which are unique to specific reference obligations and reference entities, recovery rates and certain correlations required to value credit and mortgage derivatives (e.g., the likelihood of default of the underlying reference obligation relative to one another).
- For level 3 commodity derivatives, significant unobservable inputs include volatilities for options with strike prices that differ significantly from current market prices and prices or spreads for certain products for which the product quality or physical location of the commodity is not aligned with benchmark indices.
- For level 3 equity derivatives, significant unobservable inputs generally include equity volatility inputs for options that are long-dated and/or have strike prices that differ significantly from current market prices. In addition, the valuation of certain structured trades requires the use of level 3 correlation inputs, such as the correlation of the price performance of two or more individual stocks or the correlation of the price performance for a basket of stocks to another asset class such as commodities.

Subsequent to the initial valuation of a level 3 derivative, the firm updates the level 1 and level 2 inputs to reflect observable market changes and any resulting gains and losses are recorded in level 3. Level 3 inputs are changed when corroborated by evidence such as similar market transactions, third-party pricing services and/or broker or dealer quotations or other empirical market data. In circumstances where the firm cannot verify the model value by reference to market transactions, it is possible that a different valuation model could produce a materially different estimate of fair value. See below for further information about significant unobservable inputs used in the valuation of level 3 derivatives.

Valuation Adjustments

Valuation adjustments are integral to determining the fair value of derivative portfolios and are used to adjust the mid-market valuations produced by derivative pricing models to the appropriate exit price valuation. These adjustments incorporate bid/offer spreads, the cost of liquidity, credit valuation adjustments and funding valuation adjustments, which account for the credit and funding risk inherent in the uncollateralized portion of derivative portfolios. The firm also makes funding valuation adjustments to collateralized derivatives where the terms of the agreement do not permit the firm to deliver or repledge collateral received. Market-based inputs are generally used when calibrating valuation adjustments to market-clearing levels.

In addition, for derivatives that include significant unobservable inputs, the firm makes model or exit price adjustments to account for the valuation uncertainty present in the transaction.

Significant Unobservable Inputs

The table below presents the ranges, averages and medians of significant unobservable inputs used to value the firm's level 3 derivatives. In the table below:

- Ranges represent the significant unobservable inputs that were used in the valuation of each type of derivative.
- Averages represent the arithmetic average of the inputs and are not weighted by the relative fair value or notional of the respective financial instruments. An average greater than the median indicates that the majority of inputs are below the average.

- The ranges, averages and medians of these inputs are not representative of the appropriate inputs to use when calculating the fair value of any one derivative. For example, the highest correlation presented in the tables below for interest rate derivatives is appropriate for valuing a specific interest rate derivative but may not be appropriate for valuing any other interest rate derivative. Accordingly, the ranges of inputs presented below do not represent uncertainty in, or possible ranges of, fair value measurements of the firm's level 3 derivatives.
- The fair value of any one instrument may be determined using multiple valuation techniques. For example, option pricing models and discounted cash flows models are typically used together to determine fair value. Therefore, the level 3 balance encompasses both of these techniques.

Level 3 Derivative Product Type	Valuation Techniques and Significant Unobservable Inputs	Range of Significant Unobservable Inputs (Average / Median)	
		As of December 2015	As of December 2014
Interest rates (<i>\$398 million and \$40 million of net level 3 liabilities as of December 2015 and December 2014, respectively</i>)	Option pricing models: • Correlation • Volatility	(25)% to 92% (53% / 55%) 31 basis points per annum (bpa) to 152 bpa (84 bpa / 57 bpa)	(16)% to 84% (37% / 40%) 36 basis points per annum (bpa) to 156 bpa (100 bpa / 115 bpa)
Credit (<i>\$2.79 billion and \$3.53 billion of net level 3 assets as of December 2015 and December 2014, respectively</i>)	Option pricing models, correlation models and discounted cash flows models: • Correlation • Credit spreads • Upfront credit points • Recovery rates	46% to 99% (68% / 66%) 1 basis points (bps) to 1,019 bps (129 bps / 86 bps) ¹ 0 points to 100 points (41 points / 40 points) 2% to 97% (58% / 70%)	5% to 99% (71% / 72%) 1 basis points (bps) to 700 bps (116 bps / 79 bps) ¹ 0 points to 99 points (40 points / 30 points) 14% to 87% (44% / 40%)
Currencies (<i>\$34 million and \$267 million of net level 3 liabilities as of December 2015 and December 2014, respectively</i>)	Option pricing models: • Correlation (including cross-product correlation)	25% to 70% (50% / 51%)	22% to 80% (47% / 50%)
Commodities (<i>\$262 million and \$1.14 billion of net level 3 liabilities as of December 2015 and December 2014, respectively</i>)	Option pricing models and discounted cash flows models: • Volatility • Spread per million British Thermal units (MMBTU) of natural gas • Spread per Metric Tonne (MT) of coal • Spread per barrel of oil and refined products	11% to 77% (35% / 34%) \$(1.32) to \$4.15 (\$0.05) / \$(0.01) N/A \$(10.64) to \$65.29 (\$3.34) / \$(3.31) ¹	16% to 68% (33% / 32%) \$(1.66) to \$4.45 (\$0.13) / \$(0.03) \$(10.50) to \$3.00 (\$4.04) / \$(6.74) \$(15.35) to \$80.55 (\$22.32) / \$13.50) ¹
Equities (<i>\$1.60 billion and \$1.38 billion of net level 3 liabilities as of December 2015 and December 2014, respectively</i>)	Option pricing models: • Correlation (including cross-product correlation) • Volatility	(65)% to 94% (42% / 48%) 5% to 76% (24% / 23%)	(34)% to 99% (47% / 49%) 5% to 90% (23% / 21%)

1. The difference between the average and the median for these spread inputs indicates that the majority of the inputs fall in the lower end of the range.

Notes to Consolidated Financial Statements

Range of Significant Unobservable Inputs

The following is information about the ranges of significant unobservable inputs used to value the firm's level 3 derivative instruments:

- **Correlation.** Ranges for correlation cover a variety of underliers both within one market (e.g., equity index and equity single stock names) and across markets (e.g., correlation of an interest rate and a foreign exchange rate), as well as across regions. Generally, cross-product correlation inputs are used to value more complex instruments and are lower than correlation inputs on assets within the same derivative product type.
- **Volatility.** Ranges for volatility cover numerous underliers across a variety of markets, maturities and strike prices. For example, volatility of equity indices is generally lower than volatility of single stocks.
- **Credit spreads, upfront credit points and recovery rates.** The ranges for credit spreads, upfront credit points and recovery rates cover a variety of underliers (index and single names), regions, sectors, maturities and credit qualities (high-yield and investment-grade). The broad range of this population gives rise to the width of the ranges of significant unobservable inputs.
- **Commodity prices and spreads.** The ranges for commodity prices and spreads cover variability in products, maturities and locations.

Sensitivity of Fair Value Measurement to Changes in Significant Unobservable Inputs

The following is a description of the directional sensitivity of the firm's level 3 fair value measurements to changes in significant unobservable inputs, in isolation:

- **Correlation.** In general, for contracts where the holder benefits from the convergence of the underlying asset or index prices (e.g., interest rates, credit spreads, foreign exchange rates, inflation rates and equity prices), an increase in correlation results in a higher fair value measurement.
- **Volatility.** In general, for purchased options, an increase in volatility results in a higher fair value measurement.
- **Credit spreads, upfront credit points and recovery rates.** In general, the fair value of purchased credit protection increases as credit spreads or upfront credit points increase or recovery rates decrease. Credit spreads, upfront credit points and recovery rates are strongly related to distinctive risk factors of the underlying reference obligations, which include reference entity-specific factors such as leverage, volatility and industry, market-based risk factors, such as borrowing costs or liquidity of the underlying reference obligation, and macroeconomic conditions.
- **Commodity prices and spreads.** In general, for contracts where the holder is receiving a commodity, an increase in the spread (price difference from a benchmark index due to differences in quality or delivery location) or price results in a higher fair value measurement.

Due to the distinctive nature of each of the firm's level 3 derivatives, the interrelationship of inputs is not necessarily uniform within each product type.

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Fair Value of Derivatives by Level

The tables below present the fair value of derivatives on a gross basis by level and major product type as well as the impact of netting. In the tables below:

- The gross fair values exclude the effects of both counterparty netting and collateral netting, and therefore are not representative of the firm's exposure.
- Counterparty netting is reflected in each level to the extent that receivable and payable balances are netted within the same level and is included in "Counterparty netting within levels." Where the counterparty netting is across levels, the netting is reflected in "Cross-level counterparty netting."
- Derivative assets are shown as positive amounts and derivative liabilities are shown as negative amounts.

<i>\$ in millions</i>	Derivatives at Fair Value as of December 2015			
	Level 1	Level 2	Level 3	Total
Assets				
Interest rates	\$ 4	\$ 567,761	\$ 560	\$ 568,325
Credit	—	34,832	6,050	40,882
Currencies	—	96,959	189	97,148
Commodities	—	20,087	587	20,674
Equities	46	46,491	623	47,160
Gross fair value of derivative assets	50	766,130	8,009	774,189
Counterparty netting within levels	—	(627,548)	(2,139)	(629,687)
Subtotal	\$ 50	\$ 138,582	\$ 5,870	\$ 144,502
Cross-level counterparty netting				(1,480)
Cash collateral netting				(89,132)
Fair value included in financial instruments owned				\$ 53,890
Liabilities				
Interest rates	\$(11)	\$(513,275)	\$ (958)	\$(514,244)
Credit	—	(33,518)	(3,257)	(36,775)
Currencies	—	(99,377)	(223)	(99,600)
Commodities	—	(20,222)	(849)	(21,071)
Equities	(18)	(43,953)	(2,227)	(46,198)
Gross fair value of derivative liabilities	(29)	(710,345)	(7,514)	(717,888)
Counterparty netting within levels	—	627,548	2,139	629,687
Subtotal	\$(29)	\$ (82,797)	\$(5,375)	\$ (88,201)
Cross-level counterparty netting				1,480
Cash collateral netting				39,950
Fair value included in financial instruments sold, but not yet purchased				\$ (46,771)

<i>\$ in millions</i>	Derivatives at Fair Value as of December 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Interest rates	\$ 123	\$ 800,028	\$ 483	\$ 800,634
Credit	—	47,190	7,658	54,848
Currencies	—	109,891	150	110,041
Commodities	—	28,124	866	28,990
Equities	175	58,122	634	58,931
Gross fair value of derivative assets	298	1,043,355	9,791	1,053,444
Counterparty netting within levels	—	(882,841)	(2,717)	(885,558)
Subtotal	\$ 298	\$ 160,514	\$ 7,074	\$ 167,886
Cross-level counterparty netting				(1,112)
Cash collateral netting				(103,504)
Fair value included in financial instruments owned				\$ 63,270

Liabilities				
Interest rates	\$ (14)	\$ (739,332)	\$ (523)	\$ (739,869)
Credit	—	(46,026)	(4,128)	(50,154)
Currencies	—	(108,206)	(417)	(108,623)
Commodities	—	(26,538)	(2,008)	(28,546)
Equities	(94)	(56,546)	(2,009)	(58,649)
Gross fair value of derivative liabilities	(108)	(976,648)	(9,085)	(985,841)
Counterparty netting within levels	—	882,841	2,717	885,558
Subtotal	\$(108)	\$ (93,807)	\$(6,368)	\$ (100,283)
Cross-level counterparty netting				1,112
Cash collateral netting				36,155
Fair value included in financial instruments sold, but not yet purchased				\$ (63,016)

Notes to Consolidated Financial Statements

Level 3 Rollforward

The table below presents changes in fair value for all derivatives categorized as level 3 as of the end of the year. In the table below:

- If a derivative was transferred to level 3 during a reporting period, its entire gain or loss for the period is included in level 3. Transfers between levels are reported at the beginning of the reporting period in which they occur.
- Positive amounts for transfers into level 3 and negative amounts for transfers out of level 3 represent net transfers of derivative assets. Negative amounts for transfers into level 3 and positive amounts for transfers out of level 3 represent net transfers of derivative liabilities.
- A derivative with level 1 and/or level 2 inputs is classified in level 3 in its entirety if it has at least one significant level 3 input.
- If there is one significant level 3 input, the entire gain or loss from adjusting only observable inputs (i.e., level 1 and level 2 inputs) is classified as level 3.
- Gains or losses that have been reported in level 3 resulting from changes in level 1 or level 2 inputs are frequently offset by gains or losses attributable to level 1 or level 2 derivatives and/or level 1, level 2 and level 3 cash instruments. As a result, gains/(losses) included in the level 3 rollforward below do not necessarily represent the overall impact on the firm's results of operations, liquidity or capital resources.
- Net unrealized gains/(losses) relate to instruments that were still held at year-end.
- For the year ended December 2015, the net realized and unrealized gains on level 3 derivative assets and liabilities of \$746 million (reflecting \$67 million of realized gains and \$679 million of unrealized gains) include gains of approximately \$518 million and \$228 million reported in "Market making" and "Other principal transactions" respectively.
- For the year ended December 2014, the net realized and unrealized losses on level 3 derivative assets and liabilities of \$306 million (reflecting \$123 million of realized losses and \$183 million of unrealized losses) include losses of approximately \$276 million and \$30 million reported in "Market making" and "Other principal transactions" respectively.
- See "Level 3 Rollforward Commentary" below for an explanation of the net unrealized gains/(losses) on level 3 derivative assets and liabilities and the activity related to transfers into and out of level 3.

Level 3 Derivative Assets and Liabilities at Fair Value

<i>\$ in millions</i>	Asset/ (liability) balance, beginning of year	Net realized gains/ (losses)	Net unrealized gains/ (losses)	Purchases	Sales	Settlements	Transfers into level 3	Transfers out of level 3	Asset/ (liability) balance, end of year
Year Ended December 2015									
Interest rates — net	\$ (40)	\$ (53)	\$ 66	\$ 3	\$ (31)	\$ (144)	\$(149)	\$ (50)	\$ (398)
Credit — net	3,530	92	804	80	(237)	(640)	206	(1,042)	2,793
Currencies — net	(267)	(49)	40	32	(10)	162	(1)	59	(34)
Commodities — net	(1,142)	34	(52)	—	(234)	1,034	(35)	133	(262)
Equities — net	(1,375)	43	(179)	125	(1,352)	1,086	(25)	73	(1,604)
Total derivatives — net	\$ 706	\$ 67	\$ 679	\$240	\$(1,864)	\$ 1,498	\$ (4)	\$ (827)	\$ 495
Year Ended December 2014									
Interest rates — net	\$ (86)	\$ (50)	\$ (101)	\$ 97	\$ (2)	\$ 92	\$ 14	\$ (4)	\$ (40)
Credit — net	4,176	64	1,625	151	(138)	(1,693)	(194)	(461)	3,530
Currencies — net	(200)	(70)	(175)	19	—	172	(9)	(4)	(267)
Commodities — net	60	(19)	(1,096)	38	(272)	95	84	(32)	(1,142)
Equities — net	(959)	(48)	(436)	344	(979)	270	(115)	548	(1,375)
Total derivatives — net	\$ 2,991	\$(123)	\$ (183)	\$649	\$(1,391)	\$(1,064)	\$(220)	\$ 47	\$ 706

Notes to Consolidated Financial Statements**Level 3 Rollforward Commentary**

Year Ended December 2015. The net unrealized gain on level 3 derivatives of \$679 million for 2015 was primarily attributable to gains on certain credit derivatives, reflecting the impact of wider credit spreads, and changes in foreign exchange and interest rates.

Transfers into level 3 derivatives during 2015 primarily reflected transfers of certain credit derivative assets from level 2, primarily due to unobservable credit spread inputs becoming significant to the valuations of these derivatives, and transfers of certain interest rate derivative liabilities from level 2, primarily due to certain unobservable inputs becoming significant to the valuations of these derivatives.

Transfers out of level 3 derivatives during 2015 primarily reflected transfers of certain credit derivative assets to level 2, principally due to increased transparency and reduced significance of certain unobservable credit spread inputs used to value these derivatives.

Year Ended December 2014. The net unrealized loss on level 3 derivatives of \$183 million for 2014 was primarily attributable to the impact of a decrease in commodity prices on certain commodity derivatives, a decrease in equity prices on certain equity derivatives, and the impact of changes in foreign exchange rates on certain currency derivatives, largely offset by the impact of tighter credit spreads and a decrease in interest rates on certain credit derivatives.

Transfers into level 3 derivatives during 2014 primarily reflected transfers of certain credit derivative liabilities from level 2, principally due to unobservable credit spread inputs becoming significant to the valuation of these derivatives and transfers of certain equity derivative liabilities from level 2, primarily due to reduced transparency of volatility inputs used to value these derivatives.

Transfers out of level 3 derivatives during 2014 primarily reflected transfers of certain equity derivative liabilities to level 2, principally due to unobservable correlation inputs no longer being significant to the valuation of these derivatives, and transfers of certain credit derivative assets to level 2, principally due to unobservable credit spread inputs no longer being significant to the net risk of certain portfolios.

OTC Derivatives

The tables below present the fair values of OTC derivative assets and liabilities by tenor and major product type.

OTC Derivatives as of December 2015				
<i>\$ in millions</i>	Less than 1 Year	1 - 5 Years	Greater than 5 Years	Total
Assets				
Interest rates	\$ 4,231	\$23,278	\$ 81,401	\$ 108,910
Credit	1,664	4,547	5,842	12,053
Currencies	14,646	8,936	6,353	29,935
Commodities	6,228	3,897	231	10,356
Equities	4,806	7,091	1,550	13,447
Counterparty netting within tenors	(3,660)	(5,751)	(5,270)	(14,681)
Subtotal	\$27,915	\$41,998	\$ 90,107	\$ 160,020
Cross-tenor counterparty netting				(20,462)
Cash collateral netting				(89,132)
Total				\$ 50,426
Liabilities				
Interest rates	\$ 5,323	\$13,945	\$ 35,592	\$ 54,860
Credit	1,804	4,704	1,437	7,945
Currencies	12,378	9,940	10,048	32,366
Commodities	4,464	3,136	2,526	10,126
Equities	5,154	5,802	2,994	13,950
Counterparty netting within tenors	(3,660)	(5,751)	(5,270)	(14,681)
Subtotal	\$25,463	\$31,776	\$ 47,327	\$ 104,566
Cross-tenor counterparty netting				(20,462)
Cash collateral netting				(39,950)
Total				\$ 44,154

OTC Derivatives as of December 2014				
<i>\$ in millions</i>	Less than 1 Year	1 - 5 Years	Greater than 5 Years	Total
Assets				
Interest rates	\$ 7,064	\$25,049	\$ 90,553	\$ 122,666
Credit	1,696	6,093	5,707	13,496
Currencies	17,835	9,897	6,386	34,118
Commodities	8,298	4,068	161	12,527
Equities	4,771	9,285	3,750	17,806
Counterparty netting within tenors	(4,479)	(7,016)	(4,058)	(15,553)
Subtotal	\$35,185	\$47,376	\$102,499	\$ 185,060
Cross-tenor counterparty netting				(20,819)
Cash collateral netting				(103,504)
Total				\$ 60,737
Liabilities				
Interest rates	\$ 7,001	\$17,649	\$ 37,242	\$ 61,892
Credit	2,154	4,942	1,706	8,802
Currencies	18,549	7,667	6,482	32,698
Commodities	5,686	4,105	2,810	12,601
Equities	7,064	6,845	3,571	17,480
Counterparty netting within tenors	(4,479)	(7,016)	(4,058)	(15,553)
Subtotal	\$35,975	\$34,192	\$ 47,753	\$ 117,920
Cross-tenor counterparty netting				(20,819)
Cash collateral netting				(36,155)
Total				\$ 60,946

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In the tables above:

- Tenor is based on expected duration for mortgage-related credit derivatives and generally on remaining contractual maturity for other derivatives.
- Counterparty netting within the same product type and tenor category is included within such product type and tenor category.
- Counterparty netting across product types within the same tenor category is included in “Counterparty netting within tenors.” Where the counterparty netting is across tenor categories, the netting is reflected in “Cross-tenor counterparty netting.”

Credit Derivatives

The firm enters into a broad array of credit derivatives in locations around the world to facilitate client transactions and to manage the credit risk associated with market-making and investing and lending activities. Credit derivatives are actively managed based on the firm’s net risk position.

Credit derivatives are individually negotiated contracts and can have various settlement and payment conventions. Credit events include failure to pay, bankruptcy, acceleration of indebtedness, restructuring, repudiation and dissolution of the reference entity.

The firm enters into the following types of credit derivatives:

- **Credit Default Swaps.** Single-name credit default swaps protect the buyer against the loss of principal on one or more bonds, loans or mortgages (reference obligations) in the event the issuer (reference entity) of the reference obligations suffers a credit event. The buyer of protection pays an initial or periodic premium to the seller and receives protection for the period of the contract. If there is no credit event, as defined in the contract, the seller of protection makes no payments to the buyer of protection. However, if a credit event occurs, the seller of protection is required to make a payment to the buyer of protection, which is calculated in accordance with the terms of the contract.

- **Credit Indices, Baskets and Tranches.** Credit derivatives may reference a basket of single-name credit default swaps or a broad-based index. If a credit event occurs in one of the underlying reference obligations, the protection seller pays the protection buyer. The payment is typically a pro-rata portion of the transaction’s total notional amount based on the underlying defaulted reference obligation. In certain transactions, the credit risk of a basket or index is separated into various portions (tranches), each having different levels of subordination. The most junior tranches cover initial defaults and once losses exceed the notional amount of these junior tranches, any excess loss is covered by the next most senior tranche in the capital structure.
- **Total Return Swaps.** A total return swap transfers the risks relating to economic performance of a reference obligation from the protection buyer to the protection seller. Typically, the protection buyer receives from the protection seller a floating rate of interest and protection against any reduction in fair value of the reference obligation, and in return the protection seller receives the cash flows associated with the reference obligation, plus any increase in the fair value of the reference obligation.
- **Credit Options.** In a credit option, the option writer assumes the obligation to purchase or sell a reference obligation at a specified price or credit spread. The option purchaser buys the right, but does not assume the obligation, to sell the reference obligation to, or purchase it from, the option writer. The payments on credit options depend either on a particular credit spread or the price of the reference obligation.

The firm economically hedges its exposure to written credit derivatives primarily by entering into offsetting purchased credit derivatives with identical underliers. Substantially all of the firm’s purchased credit derivative transactions are with financial institutions and are subject to stringent collateral thresholds. In addition, upon the occurrence of a specified trigger event, the firm may take possession of the reference obligations underlying a particular written credit derivative, and consequently may, upon liquidation of the reference obligations, recover amounts on the underlying reference obligations in the event of default.

As of December 2015, written and purchased credit derivatives had total gross notional amounts of \$923.48 billion and \$968.68 billion, respectively, for total net notional purchased protection of \$45.20 billion. As of December 2014, written and purchased credit derivatives had total gross notional amounts of \$1.22 trillion and \$1.28 trillion, respectively, for total net notional purchased protection of \$59.35 billion. Substantially all of the firm’s written and purchased credit derivatives are credit default swaps.

The tables below present certain information about credit derivatives. In the tables below:

- Fair values exclude the effects of both netting of receivable balances with payable balances under enforceable netting agreements, and netting of cash received or posted under enforceable credit support agreements, and therefore are not representative of the firm's credit exposure.
- Tenor is based on expected duration for mortgage-related credit derivatives and on remaining contractual maturity for other credit derivatives.
- The credit spread on the underlier, together with the tenor of the contract, are indicators of payment/performance risk. The firm is less likely to pay or otherwise be required to perform where the credit spread and the tenor are lower.
- Offsetting purchased credit derivatives represent the notional amount of purchased credit derivatives that economically hedge written credit derivatives with identical underliers and are included in "Offsetting."
- Other purchased credit derivatives represent the notional amount of all other purchased credit derivatives not included in "Offsetting."

As of December 2015					
Credit Spread on Underlier (basis points)					
<i>\$ in millions</i>	0 - 250	251 - 500	501 - 1,000	Greater than 1,000	Total
Maximum Payout/Notional Amount of Written Credit Derivatives by Tenor					
Less than 1 year	\$ 240,468	\$ 2,859	\$ 2,881	\$ 10,533	\$ 256,741
1 - 5 years	514,986	42,399	16,327	26,271	599,983
Greater than 5 years	57,054	6,481	1,567	1,651	66,753
Total	\$ 812,508	\$51,739	\$20,775	\$ 38,455	\$ 923,477
Maximum Payout/Notional Amount of Purchased Credit Derivatives					
Offsetting	\$ 722,436	\$46,313	\$19,556	\$ 33,266	\$ 821,571
Other	132,757	6,383	3,372	4,598	147,110
Fair Value of Written Credit Derivatives					
Asset	\$ 17,110	\$ 924	\$ 108	\$ 190	\$ 18,332
Liability	2,756	2,596	1,942	12,485	19,779
Net asset/(liability)	\$ 14,354	\$ (1,672)	\$ (1,834)	\$ (12,295)	\$ (1,447)

As of December 2014					
Credit Spread on Underlier (basis points)					
<i>\$ in millions</i>	0 - 250	251 - 500	501 - 1,000	Greater than 1,000	Total
Maximum Payout/Notional Amount of Written Credit Derivatives by Tenor					
Less than 1 year	\$ 261,591	\$ 7,726	\$ 8,449	\$ 8,728	\$ 286,494
1 - 5 years	775,784	37,255	18,046	26,834	857,919
Greater than 5 years	68,830	5,042	1,309	1,279	76,460
Total	\$1,106,205	\$50,023	\$27,804	\$ 36,841	\$1,220,873
Maximum Payout/Notional Amount of Purchased Credit Derivatives					
Offsetting	\$1,012,874	\$41,657	\$26,240	\$ 33,112	\$1,113,883
Other	152,465	8,426	1,949	3,499	166,339
Fair Value of Written Credit Derivatives					
Asset	\$ 28,004	\$ 1,542	\$ 112	\$ 82	\$ 29,740
Liability	3,629	2,266	1,909	13,943	21,747
Net asset/(liability)	\$ 24,375	\$ (724)	\$ (1,797)	\$ (13,861)	\$ 7,993

Impact of Credit Spreads on Derivatives

On an ongoing basis, the firm realizes gains or losses relating to changes in credit risk through the unwind of derivative contracts and changes in credit mitigants.

The net gain/(loss), including hedges, attributable to the impact of changes in credit exposure and credit spreads (counterparty and the firm's) on derivatives was \$9 million for 2015, \$135 million for 2014 and \$(66) million for 2013.

Bifurcated Embedded Derivatives

The table below presents the fair value and the notional amount of derivatives that have been bifurcated from their related borrowings. These derivatives, which are recorded at fair value, primarily consist of interest rate, equity and commodity products and are included in "Unsecured short-term borrowings" and "Unsecured long-term borrowings" with the related borrowings. See Note 8 for further information.

<i>\$ in millions</i>	As of December	
	2015	2014
Fair value of assets	\$ 466	\$ 390
Fair value of liabilities	794	690
Net liability	\$ 328	\$ 300
Notional amount	\$7,869	\$7,735

Notes to Consolidated Financial Statements**Derivatives with Credit-Related Contingent Features**

Certain of the firm's derivatives have been transacted under bilateral agreements with counterparties who may require the firm to post collateral or terminate the transactions based on changes in the firm's credit ratings. The firm assesses the impact of these bilateral agreements by determining the collateral or termination payments that would occur assuming a downgrade by all rating agencies. A downgrade by any one rating agency, depending on the agency's relative ratings of the firm at the time of the downgrade, may have an impact which is comparable to the impact of a downgrade by all rating agencies.

The table below presents the aggregate fair value of net derivative liabilities under such agreements (excluding application of collateral posted to reduce these liabilities), the related aggregate fair value of the assets posted as collateral and the additional collateral or termination payments that could have been called at the reporting date by counterparties in the event of a one-notch and two-notch downgrade in the firm's credit ratings.

<i>\$ in millions</i>	As of December	
	2015	2014
Net derivative liabilities under bilateral agreements	\$29,836	\$35,764
Collateral posted	26,075	30,824
Additional collateral or termination payments for a one-notch downgrade	1,061	1,072
Additional collateral or termination payments for a two-notch downgrade	2,689	2,815

Hedge Accounting

The firm applies hedge accounting for (i) certain interest rate swaps used to manage the interest rate exposure of certain fixed-rate unsecured long-term and short-term borrowings and certain fixed-rate certificates of deposit and (ii) certain foreign currency forward contracts and foreign currency-denominated debt used to manage foreign currency exposures on the firm's net investment in certain non-U.S. operations.

To qualify for hedge accounting, the hedging instrument must be highly effective at reducing the risk from the exposure being hedged. Additionally, the firm must formally document the hedging relationship at inception and test the hedging relationship at least on a quarterly basis to ensure the hedging instrument continues to be highly effective over the life of the hedging relationship.

Fair Value Hedges

The firm designates certain interest rate swaps as fair value hedges. These interest rate swaps hedge changes in fair value attributable to the designated benchmark interest rate (e.g., London Interbank Offered Rate (LIBOR) or Overnight Index Swap Rate (OIS)), effectively converting a substantial portion of fixed-rate obligations into floating-rate obligations.

The firm applies a statistical method that utilizes regression analysis when assessing the effectiveness of its fair value hedging relationships in achieving offsetting changes in the fair values of the hedging instrument and the risk being hedged (i.e., interest rate risk). An interest rate swap is considered highly effective in offsetting changes in fair value attributable to changes in the hedged risk when the regression analysis results in a coefficient of determination of 80% or greater and a slope between 80% and 125%.

For qualifying fair value hedges, gains or losses on derivatives are included in "Interest expense." The change in fair value of the hedged item attributable to the risk being hedged is reported as an adjustment to its carrying value and is subsequently amortized into interest expense over its remaining life. Gains or losses resulting from hedge ineffectiveness are included in "Interest expense." When a derivative is no longer designated as a hedge, any remaining difference between the carrying value and par value of the hedged item is amortized to interest expense over the remaining life of the hedged item using the effective interest method. See Note 23 for further information about interest income and interest expense.

The table below presents the gains/(losses) from interest rate derivatives accounted for as hedges, the related hedged borrowings and bank deposits, and the hedge ineffectiveness on these derivatives, which primarily consists of amortization of prepaid credit spreads resulting from the passage of time.

<i>\$ in millions</i>	Year Ended December		
	2015	2014	2013
Interest rate hedges	\$(1,613)	\$ 1,936	\$(8,683)
Hedged borrowings and bank deposits	898	(2,451)	6,999
Hedge ineffectiveness	\$ (715)	\$ (515)	\$(1,684)

Notes to Consolidated Financial Statements**Net Investment Hedges**

The firm seeks to reduce the impact of fluctuations in foreign exchange rates on its net investments in certain non-U.S. operations through the use of foreign currency forward contracts and foreign currency-denominated debt. For foreign currency forward contracts designated as hedges, the effectiveness of the hedge is assessed based on the overall changes in the fair value of the forward contracts (i.e., based on changes in forward rates). For foreign currency-denominated debt designated as a hedge, the effectiveness of the hedge is assessed based on changes in spot rates.

For qualifying net investment hedges, the gains or losses on the hedging instruments, to the extent effective, are included in “Currency translation” within the consolidated statements of comprehensive income.

The table below presents the gains/(losses) from net investment hedging.

<i>\$ in millions</i>	Year Ended December		
	2015	2014	2013
Foreign currency forward contract hedges	\$695	\$576	\$150
Foreign currency-denominated debt hedges	(9)	202	470

The gain/(loss) related to ineffectiveness and the gain/(loss) reclassified to earnings from accumulated other comprehensive income/(loss) were not material for 2015, 2014 or 2013.

As of December 2015 and December 2014, the firm had designated \$2.20 billion and \$1.36 billion, respectively, of foreign currency-denominated debt, included in “Unsecured long-term borrowings” and “Unsecured short-term borrowings,” as hedges of net investments in non-U.S. subsidiaries.

Cash Flow Hedges

During 2013, the firm designated certain commodities-related swap and forward contracts as cash flow hedges. These swap and forward contracts hedged the firm’s exposure to the variability in cash flows associated with the forecasted sales of certain energy commodities by one of the firm’s consolidated investments. During the fourth quarter of 2014, the firm de-designated these swaps and forward contracts as cash flow hedges as it became probable that the hedged forecasted sales would not occur.

Prior to de-designation, the firm applied a statistical method that utilized regression analysis of changes in forecasted cash flows when assessing hedge effectiveness, subject to the same quantitative criteria as the firm’s fair value hedging relationships described above.

The effective portion of the gains/(losses) recognized on these cash flow hedges were included in “Cash flow hedges” within the consolidated statements of comprehensive income, and gains/(losses) reclassified to earnings from accumulated other comprehensive income and gains/(losses) related to hedge ineffectiveness were included in “Other principal transactions” within the consolidated statements of earnings. Such gains/(losses) were not material for 2014 and 2013. There were no gains/(losses) excluded from the assessment of hedge effectiveness for 2014 and 2013.

Notes to Consolidated Financial Statements**Note 8.****Fair Value Option****Other Financial Assets and Financial Liabilities at Fair Value**

In addition to all cash and derivative instruments included in “Financial instruments owned, at fair value” and “Financial instruments sold, but not yet purchased, at fair value,” the firm accounts for certain of its other financial assets and financial liabilities at fair value primarily under the fair value option. The primary reasons for electing the fair value option are to:

- Reflect economic events in earnings on a timely basis;
- Mitigate volatility in earnings from using different measurement attributes (e.g., transfers of financial instruments owned accounted for as financings are recorded at fair value whereas the related secured financing would be recorded on an accrual basis absent electing the fair value option); and
- Address simplification and cost-benefit considerations (e.g., accounting for hybrid financial instruments at fair value in their entirety versus bifurcation of embedded derivatives and hedge accounting for debt hosts).

Hybrid financial instruments are instruments that contain bifurcated embedded derivatives and do not require settlement by physical delivery of non-financial assets (e.g., physical commodities). If the firm elects to bifurcate the embedded derivative from the associated debt, the derivative is accounted for at fair value and the host contract is accounted for at amortized cost, adjusted for the effective portion of any fair value hedges. If the firm does not elect to bifurcate, the entire hybrid financial instrument is accounted for at fair value under the fair value option.

Other financial assets and financial liabilities accounted for at fair value under the fair value option include:

- Repurchase agreements and substantially all resale agreements;
- Securities borrowed and loaned within Fixed Income, Currency and Commodities Client Execution;
- Substantially all other secured financings, including transfers of assets accounted for as financings rather than sales;
- Certain unsecured short-term borrowings, consisting of all promissory notes and commercial paper, and certain hybrid financial instruments;

- Certain unsecured long-term borrowings, including certain prepaid commodity transactions and certain hybrid financial instruments;
- Certain receivables from customers and counterparties, including transfers of assets accounted for as secured loans rather than purchases and certain margin loans;
- Certain time deposits issued by the firm’s bank subsidiaries (deposits with no stated maturity are not eligible for a fair value option election), including structured certificates of deposit, which are hybrid financial instruments; and
- Certain subordinated liabilities issued by consolidated VIEs.

These financial assets and financial liabilities at fair value are generally valued based on discounted cash flow techniques, which incorporate inputs with reasonable levels of price transparency, and are generally classified as level 2 because the inputs are observable. Valuation adjustments may be made for liquidity and for counterparty and the firm’s credit quality.

See below for information about the significant inputs used to value other financial assets and financial liabilities at fair value, including the ranges of significant unobservable inputs used to value the level 3 instruments within these categories. These ranges represent the significant unobservable inputs that were used in the valuation of each type of other financial assets and financial liabilities at fair value. The ranges and weighted averages of these inputs are not representative of the appropriate inputs to use when calculating the fair value of any one instrument. For example, the highest yield presented below for other secured financings is appropriate for valuing a specific agreement in that category but may not be appropriate for valuing any other agreements in that category. Accordingly, the ranges of inputs presented below do not represent uncertainty in, or possible ranges of, fair value measurements of the firm’s level 3 other financial assets and financial liabilities.

Notes to Consolidated Financial Statements**Resale and Repurchase Agreements and Securities Borrowed and Loaned.**

The significant inputs to the valuation of resale and repurchase agreements and securities borrowed and loaned are funding spreads, the amount and timing of expected future cash flows and interest rates. As of both December 2015 and December 2014, the firm had no level 3 resale agreements, securities borrowed or securities loaned. As of both December 2015 and December 2014, the firm's level 3 repurchase agreements were not material. See Note 10 for further information about collateralized agreements and financings.

Other Secured Financings. The significant inputs to the valuation of other secured financings at fair value are the amount and timing of expected future cash flows, interest rates, funding spreads, the fair value of the collateral delivered by the firm (which is determined using the amount and timing of expected future cash flows, market prices, market yields and recovery assumptions) and the frequency of additional collateral calls. The ranges of significant unobservable inputs used to value level 3 other secured financings are as follows:

As of December 2015:

- Yield: 0.6% to 10.0% (weighted average: 2.7%)
- Duration: 1.6 to 8.8 years (weighted average: 2.8 years)

As of December 2014:

- Funding spreads: 210 bps to 325 bps (weighted average: 278 bps)
- Yield: 1.1% to 10.0% (weighted average: 3.1%)
- Duration: 0.7 to 3.8 years (weighted average: 2.6 years)

Generally, increases in funding spreads, yield or duration, in isolation, would result in a lower fair value measurement. Due to the distinctive nature of each of the firm's level 3 other secured financings, the interrelationship of inputs is not necessarily uniform across such financings. See Note 10 for further information about collateralized agreements and financings.

Unsecured Short-term and Long-term Borrowings.

The significant inputs to the valuation of unsecured short-term and long-term borrowings at fair value are the amount and timing of expected future cash flows, interest rates, the credit spreads of the firm, as well as commodity prices in the case of prepaid commodity transactions. The inputs used to value the embedded derivative component of hybrid financial instruments are consistent with the inputs used to value the firm's other derivative instruments. See Note 7 for further information about derivatives. See Notes 15 and 16 for further information about unsecured short-term and long-term borrowings, respectively.

Certain of the firm's unsecured short-term and long-term instruments are included in level 3, substantially all of which are hybrid financial instruments. As the significant unobservable inputs used to value hybrid financial instruments primarily relate to the embedded derivative component of these borrowings, these inputs are incorporated in the firm's derivative disclosures related to unobservable inputs in Note 7.

Receivables from Customers and Counterparties.

Receivables from customers and counterparties at fair value are primarily comprised of transfers of assets accounted for as secured loans rather than purchases. The significant inputs to the valuation of such receivables are commodity prices, interest rates, the amount and timing of expected future cash flows and funding spreads. As of both December 2015 and December 2014, the firm's level 3 receivables from customers and counterparties were not material.

Deposits. The significant inputs to the valuation of time deposits are interest rates and the amount and timing of future cash flows. The inputs used to value the embedded derivative component of hybrid financial instruments are consistent with the inputs used to value the firm's other derivative instruments. See Note 7 for further information about derivatives. See Note 14 for further information about deposits.

The firm's deposits that are included in level 3 are hybrid financial instruments. As the significant unobservable inputs used to value hybrid financial instruments primarily relate to the embedded derivative component of these deposits, these inputs are incorporated in the firm's derivative disclosures related to unobservable inputs in Note 7.

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Fair Value of Other Financial Assets and Financial Liabilities by Level

The tables below present, by level within the fair value hierarchy, other financial assets and financial liabilities accounted for at fair value primarily under the fair value option. In the tables below:

- Securities segregated for regulatory and other purposes include segregated securities accounted for at fair value under the fair value option and consists of securities borrowed and resale agreements.
- Level 1 other financial assets at fair value include U.S. Treasury securities segregated for regulatory and other purposes accounted for at fair value under other U.S. GAAP.
- Other financial assets are shown as positive amounts and other financial liabilities are shown as negative amounts.

Other Financial Assets and Liabilities at Fair Value as of December 2015				
<i>\$ in millions</i>	Level 1	Level 2	Level 3	Total
Assets				
Securities segregated for regulatory and other purposes	\$19,562	\$ 18,942	\$ —	\$ 38,504
Securities purchased under agreements to resell	—	119,450	—	119,450
Securities borrowed	—	69,801	—	69,801
Receivables from customers and counterparties	—	4,947	45	4,992
Total	\$19,562	\$ 213,140	\$ 45	\$ 232,747
Liabilities				
Deposits	\$ —	\$ (12,465)	\$ (2,215)	\$ (14,680)
Securities sold under agreements to repurchase	—	(85,998)	(71)	(86,069)
Securities loaned	—	(466)	—	(466)
Other secured financings	—	(22,658)	(549)	(23,207)
Unsecured short-term borrowings	—	(13,610)	(4,133)	(17,743)
Unsecured long-term borrowings	—	(18,049)	(4,224)	(22,273)
Other liabilities and accrued expenses	—	(1,201)	(52)	(1,253)
Total	\$ —	\$(154,447)	\$(11,244)	\$(165,691)

**Other Financial Assets and Liabilities
at Fair Value as of December 2014**

<i>\$ in millions</i>	Level 1	Level 2	Level 3	Total
Assets				
Securities segregated for regulatory and other purposes	\$21,168	\$ 13,123	\$ —	\$ 34,291
Securities purchased under agreements to resell	—	126,036	—	126,036
Securities borrowed	—	66,769	—	66,769
Receivables from customers and counterparties	—	6,888	56	6,944
Total	\$21,168	\$ 212,816	\$ 56	\$ 234,040
Liabilities				
Deposits	\$ —	\$ (12,458)	\$(1,065)	\$ (13,523)
Securities sold under agreements to repurchase	—	(88,091)	(124)	(88,215)
Securities loaned	—	(765)	—	(765)
Other secured financings	—	(20,359)	(1,091)	(21,450)
Unsecured short-term borrowings	—	(15,114)	(3,712)	(18,826)
Unsecured long-term borrowings	—	(13,420)	(2,585)	(16,005)
Other liabilities and accrued expenses	—	(116)	(715)	(831)
Total	\$ —	\$(150,323)	\$(9,292)	\$(159,615)

Transfers Between Levels of the Fair Value Hierarchy

Transfers between levels of the fair value hierarchy are reported at the beginning of the reporting period in which they occur. There were no transfers of other financial assets and financial liabilities between level 1 and level 2 during 2015 or 2014. The table below presents information about transfers between level 2 and level 3.

Notes to Consolidated Financial Statements

Level 3 Rollforward

The table below presents changes in fair value for other financial assets and financial liabilities accounted for at fair value categorized as level 3 as of the end of the year. In the table below:

- If a financial asset or financial liability was transferred to level 3 during a reporting period, its entire gain or loss for the period is included in level 3. For level 3 other financial assets, increases are shown as positive amounts, while decreases are shown as negative amounts. For level 3 other financial liabilities, increases are shown as negative amounts, while decreases are shown as positive amounts.
- Level 3 other financial assets and liabilities are frequently economically hedged with cash instruments and derivatives. Accordingly, gains or losses that are reported in level 3 can be partially offset by gains or losses attributable to level 1, 2 or 3 cash instruments or derivatives. As a result, gains or losses included in the level 3 rollforward below do not necessarily represent the overall impact on the firm's results of operations, liquidity or capital resources.
- Net unrealized gains/(losses) relate to instruments that were still held at year-end.
- For the year ended December 2015, the net realized and unrealized gains on level 3 other financial liabilities of \$858 million (reflecting \$75 million of realized gains and \$783 million of unrealized gains) include gains/(losses) of approximately \$841 million, \$28 million and \$(11) million reported in "Market making," "Other principal transactions" and "Interest expense," respectively.
- For the year ended December 2014, the net realized and unrealized losses on level 3 other financial liabilities of \$716 million (reflecting \$93 million of realized losses and \$623 million of unrealized losses) include gains/(losses) of approximately \$150 million, \$(833) million and \$(33) million reported in "Market making," "Other principal transactions" and "Interest expense," respectively.
- See "Level 3 Rollforward Commentary" below for an explanation of the net unrealized gains/(losses) on level 3 other financial assets and liabilities and the activity related to transfers into and out of level 3.

Level 3 Other Financial Assets and Liabilities at Fair Value

<i>\$ in millions</i>	Balance, beginning of year	Net realized gains/ (losses)	Net unrealized gains/ (losses)	Purchases	Sales	Issuances	Settlements	Transfers into level 3	Transfers out of level 3	Balance, end of year
Year Ended December 2015										
Receivables from customers and counterparties	\$ 56	\$ 2	\$ 2	\$ 8	\$ —	\$ —	\$ (22)	\$ —	\$ (1)	\$ 45
Total other financial assets	\$ 56	\$ 2	\$ 2	\$ 8	\$ —	\$ —	\$ (22)	\$ —	\$ (1)	\$ 45
Deposits	\$(1,065)	\$ (9)	\$ 56	\$ —	\$ —	\$(1,252)	\$ 55	\$ —	\$ —	\$(2,215)
Securities sold under agreements to repurchase	(124)	—	(2)	—	—	—	55	—	—	(71)
Other secured financings	(1,091)	(10)	34	(1)	—	(504)	363	(85)	745	(549)
Unsecured short-term borrowings	(3,712)	96	355	—	—	(3,377)	2,275	(641)	871	(4,133)
Unsecured long-term borrowings	(2,585)	(7)	352	—	—	(2,888)	846	(464)	522	(4,224)
Other liabilities and accrued expenses	(715)	5	(12)	—	—	(3)	10	(23)	686	(52)
Total other financial liabilities	\$(9,292)	\$ 75	\$ 783	\$ (1)	\$ —	\$(8,024)	\$3,604	\$(1,213)	\$2,824	\$(11,244)
Year Ended December 2014										
Securities purchased under agreements to resell	\$ 63	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (63)	\$ —	\$ —	\$ —
Receivables from customers and counterparties	235	3	2	29	—	—	(33)	—	(180)	56
Total other financial assets	\$ 298	\$ 3	\$ 2	\$ 29	\$ —	\$ —	\$ (96)	\$ —	\$ (180)	\$ 56
Deposits	\$(385)	\$ —	\$(21)	\$ 5	\$ —	\$(442)	\$ 6	\$(280)	\$ 52	\$(1,065)
Securities sold under agreements to repurchase	(1,010)	—	—	—	—	—	886	—	—	(124)
Other secured financings	(1,019)	(31)	27	(20)	—	(402)	521	(364)	197	(1,091)
Unsecured short-term borrowings	(3,387)	(11)	(251)	(5)	—	(2,246)	1,828	(981)	1,341	(3,712)
Unsecured long-term borrowings	(1,837)	(46)	56	3	—	(1,221)	446	(1,344)	1,358	(2,585)
Other liabilities and accrued expenses	(26)	(5)	(434)	—	(19)	—	20	(301)	50	(715)
Total other financial liabilities	\$(7,664)	\$ (93)	\$(623)	\$(17)	\$(19)	\$(4,311)	\$3,707	\$(3,270)	\$2,998	\$ (9,292)

Notes to Consolidated Financial Statements**Level 3 Rollforward Commentary**

Year Ended December 2015. The net unrealized gain on level 3 other financial assets and liabilities of \$785 million (reflecting \$2 million of gains on other financial assets and \$783 million of gains on other financial liabilities) for 2015 primarily reflected gains on certain hybrid financial instruments included in unsecured short-term and long-term borrowings, principally due to a decrease in global equity prices, the impact of wider credit spreads, and changes in interest and foreign exchange rates.

Transfers into level 3 of other financial liabilities during 2015 primarily reflected transfers of certain hybrid financial instruments included in unsecured short-term and long-term borrowings from level 2, principally due to reduced transparency of certain correlation and volatility inputs used to value these instruments, and transfers from level 3 unsecured long-term borrowings to level 3 unsecured short-term borrowings, as these borrowings neared maturity.

Transfers out of level 3 of other financial liabilities during 2015 primarily reflected transfers of certain hybrid financial instruments included in unsecured short-term and long-term borrowings and certain other secured financings to level 2, principally due to increased transparency of certain correlation, volatility and funding spread inputs used to value these instruments, transfers to level 3 unsecured short-term borrowings from level 3 unsecured long-term borrowings, as these borrowings neared maturity, and transfers of certain subordinated liabilities included in other liabilities and accrued expenses to level 2, principally due to increased price transparency as a result of market transactions in the related underlying investments.

Year Ended December 2014. The net unrealized loss on level 3 other financial assets and liabilities of \$621 million (reflecting \$2 million of gains on other financial assets and \$623 million of losses on other financial liabilities) for 2014 primarily reflected losses on certain subordinated liabilities included in other liabilities and accrued expenses, principally due to changes in the market value of the related underlying investments, and certain hybrid financial instruments included in unsecured short-term borrowings, principally due to an increase in global equity prices.

Transfers out of level 3 of other financial assets during 2014 primarily reflected transfers of certain secured loans included in receivables from customers and counterparties to level 2, principally due to unobservable inputs not being significant to the net risk of the portfolio.

Transfers into level 3 of other financial liabilities during 2014 primarily reflected transfers of certain hybrid financial instruments included in unsecured long-term and short-term borrowings from level 2, principally due to unobservable inputs being significant to the valuation of these instruments, and transfers from level 3 unsecured long-term borrowings to level 3 unsecured short-term borrowings, as these borrowings neared maturity.

Transfers out of level 3 of other financial liabilities during 2014 primarily reflected transfers of certain hybrid financial instruments included in unsecured long-term and short-term borrowings to level 2, principally due to increased transparency of certain correlation and volatility inputs used to value these instruments, transfers of certain other hybrid financial instruments included in unsecured short-term borrowings to level 2, principally due to certain unobservable inputs not being significant to the valuation of these hybrid financial instruments, and transfers to level 3 unsecured short-term borrowings from level 3 unsecured long-term borrowings, as these borrowings neared maturity.

Gains and Losses on Financial Assets and Financial Liabilities Accounted for at Fair Value Under the Fair Value Option

The table below presents the gains and losses recognized as a result of the firm electing to apply the fair value option to certain financial assets and financial liabilities. These gains and losses are included in “Market making” and “Other principal transactions.” The table below also includes gains and losses on the embedded derivative component of hybrid financial instruments included in unsecured short-term borrowings, unsecured long-term borrowings and deposits. These gains and losses would have been recognized under other U.S. GAAP even if the firm had not elected to account for the entire hybrid financial instrument at fair value.

The amounts in the table exclude contractual interest, which is included in “Interest income” and “Interest expense,” for all instruments other than hybrid financial instruments. See Note 23 for further information about interest income and interest expense.

<i>\$ in millions</i>	Gains/(Losses) on Financial Assets and Financial Liabilities at Fair Value Under the Fair Value Option		
	Year Ended December		
	2015	2014	2013
Unsecured short-term borrowings ¹	\$ 346	\$(1,180)	\$(1,145)
Unsecured long-term borrowings ²	771	(592)	683
Other liabilities and accrued expenses ³	(684)	(441)	(167)
Other ⁴	(217)	(366)	(443)
Total	\$ 216	\$(2,579)	\$(1,072)

1. Includes gains/(losses) on the embedded derivative component of hybrid financial instruments of \$339 million for 2015, \$(1.22) billion for 2014 and \$(1.04) billion for 2013, respectively.

2. Includes gains/(losses) on the embedded derivative component of hybrid financial instruments of \$653 million for 2015, \$(697) million for 2014 and \$902 million for 2013, respectively.

3. Includes gains/(losses) on certain subordinated liabilities issued by consolidated VIEs. Gains/(losses) for 2013 also includes gains on certain insurance contracts.

4. Primarily consists of gains/(losses) on resale and repurchase agreements, securities borrowed, receivables from customers and counterparties, deposits and other secured financings.

Excluding the gains and losses on the instruments accounted for under the fair value option described above, “Market making” and “Other principal transactions” primarily represent gains and losses on “Financial instruments owned, at fair value” and “Financial instruments sold, but not yet purchased, at fair value.”

Loans and Lending Commitments

The table below presents the difference between the aggregate fair value and the aggregate contractual principal amount for loans and long-term receivables for which the fair value option was elected.

<i>\$ in millions</i>	As of December	
	2015	2014
Performing loans and long-term receivables		
Aggregate contractual principal in excess of the related fair value	\$1,330	\$1,699
Loans on nonaccrual status and/or more than 90 days past due ¹		
Aggregate contractual principal in excess of the related fair value (excluding loans carried at zero fair value and considered uncollectible)	9,600	13,106
Aggregate fair value of loans on nonaccrual status and/or more than 90 days past due	2,391	3,333

1. The aggregate contractual principal amount of these loans exceeds the related fair value primarily because the firm regularly purchases loans, such as distressed loans, at values significantly below contractual principal amounts.

As of December 2015 and December 2014, the fair value of unfunded lending commitments for which the fair value option was elected was a liability of \$211 million and \$402 million, respectively, and the related total contractual amount of these lending commitments was \$14.01 billion and \$26.19 billion, respectively. See Note 18 for further information about lending commitments.

Long-Term Debt Instruments

The aggregate contractual principal amount of long-term other secured financings for which the fair value option was elected exceeded the related fair value by \$362 million and \$203 million as of December 2015 and December 2014, respectively. The aggregate contractual principal amount of unsecured long-term borrowings for which the fair value option was elected exceeded the related fair value by \$1.12 billion and \$163 million as of December 2015 and December 2014, respectively. The amounts above include both principal and non-principal-protected long-term borrowings.

Impact of Credit Spreads on Loans and Lending Commitments

The estimated net gain attributable to changes in instrument-specific credit spreads on loans and lending commitments for which the fair value option was elected was \$751 million for 2015, \$1.83 billion for 2014 and \$2.69 billion for 2013, respectively. Changes in the fair value of loans and lending commitments are primarily attributable to changes in instrument-specific credit spreads. Substantially all of the firm’s performing loans and lending commitments are floating-rate.

Impact of Credit Spreads on Borrowings

The table below presents the net gains/(losses) attributable to the impact of changes in the firm's own credit spreads on borrowings for which the fair value option was elected. The firm calculates the fair value of borrowings by discounting future cash flows at a rate which incorporates the firm's credit spreads.

<i>\$ in millions</i>	Year Ended December		
	2015	2014	2013
Net gains/(losses) including hedges	\$255	\$144	\$(296)
Net gains/(losses) excluding hedges	255	142	(317)

Note 9.

Loans Receivable

Loans receivable is comprised of loans held for investment that are accounted for at amortized cost net of allowance for loan losses. Interest on loans receivable is recognized over the life of the loan and is recorded on an accrual basis.

The table below presents details about loans receivable.

<i>\$ in millions</i>	As of December	
	2015	2014
Corporate loans	\$20,740	\$14,310
Loans to private wealth management clients	13,961	11,289
Loans backed by commercial real estate	5,271	2,425
Loans backed by residential real estate	2,316	321
Other loans	3,533	821
Total loans receivable, gross	45,821	29,166
Allowance for loan losses	(414)	(228)
Total loans receivable	\$45,407	\$28,938

As of December 2015 and December 2014, the fair value of loans receivable was \$45.19 billion and \$28.90 billion, respectively. As of December 2015, had these loans been carried at fair value and included in the fair value hierarchy, \$23.91 billion and \$21.28 billion would have been classified in level 2 and level 3, respectively. As of December 2014, had these loans been carried at fair value and included in the fair value hierarchy, \$13.75 billion and \$15.15 billion would have been classified in level 2 and level 3, respectively.

The firm also extends lending commitments that are held for investment and accounted for on an accrual basis. As of December 2015 and December 2014, such lending commitments were \$93.92 billion and \$66.22 billion, respectively, substantially all of which were extended to corporate borrowers. The carrying value and the estimated fair value of such lending commitments were liabilities of \$291 million and \$3.32 billion, respectively, as of December 2015, and \$199 million and \$1.86 billion, respectively, as of December 2014. Had these commitments been included in the firm's fair value hierarchy, they would have primarily been classified in level 3 as of both December 2015 and December 2014.

The following is a description of the captions in the table above:

- **Corporate Loans.** Corporate loans include term loans, revolving lines of credit, letter of credit facilities and bridge loans, and are principally used for operating liquidity and general corporate purposes, or in connection with acquisitions. Corporate loans may be secured or unsecured, depending on the loan purpose, the risk profile of the borrower and other factors.
- **Loans to Private Wealth Management Clients.** Loans to the firm's private wealth management clients include loans used by clients to finance private asset purchases, employ leverage for strategic investments in real or financial assets, bridge cash flow timing gaps or provide liquidity for other needs. Such loans are primarily secured by securities or other assets.
- **Loans Backed by Commercial Real Estate.** Loans backed by commercial real estate include loans extended by the firm that are directly or indirectly secured by hotels, retail stores, multifamily housing complexes and commercial and industrial properties. Loans backed by commercial real estate also include loans purchased by the firm.
- **Loans Backed by Residential Real Estate.** Loans backed by residential real estate include loans extended by the firm to clients who warehouse assets that are directly or indirectly secured by residential real estate. Loans backed by residential real estate also include loans purchased by the firm.
- **Other Loans.** Other loans primarily include loans extended to clients who warehouse assets that are directly or indirectly secured by consumer loans, including auto loans, and private student loans and other assets.

Notes to Consolidated Financial Statements

Loans receivable includes Purchased Credit Impaired (PCI) loans. PCI loans represent acquired loans or pools of loans with evidence of credit deterioration subsequent to their origination and where it is probable, at acquisition, that the firm will not be able to collect all contractually required payments. Loans acquired within the same reporting period, which have at least two common risk characteristics, one of which relates to their credit risk, are eligible to be pooled together and considered a single unit of account. PCI loans are initially recorded at acquisition price and the difference between the acquisition price and the expected cash flows (accretable yield) is recognized over the life of such loans or pools of loans on an effective yield method. Expected cash flows on PCI loans are determined using various inputs and assumptions, including default rates, loss severities, recoveries, amount and timing of prepayments and other macroeconomic indicators. As of December 2015, the carrying value of such loans was \$2.12 billion (including \$1.16 billion, \$941 million and \$23 million related to loans backed by commercial real estate, residential real estate and other consumer loans, respectively). The outstanding principal balance and accretable yield related to such loans was \$5.54 billion and \$234 million, respectively, as of December 2015. The fair value, related expected cash flows, and the contractually required cash flows of PCI loans at the time of acquisition was \$2.27 billion, \$2.50 billion and \$6.47 billion, respectively. The firm did not have any PCI loans as of December 2014.

Credit Quality

The firm's risk assessment process includes evaluating the credit quality of its loans receivable. For loans receivable (excluding PCI loans), the firm performs credit reviews which include initial and ongoing analyses of its borrowers. A credit review is an independent analysis of the capacity and willingness of a borrower to meet its financial obligations, resulting in an internal credit rating. The determination of internal credit ratings also incorporates assumptions with respect to the nature of and outlook for the borrower's industry, and the economic environment. The firm also assigns a regulatory risk rating to such loans based on the definitions provided by the U.S. federal bank regulatory agencies. Such loans are determined to be impaired when it is probable that the firm will not be able to collect all principal and interest due under the contractual terms of the loan. At that time, loans are placed on non-accrual status and all accrued but uncollected interest is reversed against interest income, and interest subsequently collected is recognized on a cash basis to the extent the loan balance is deemed collectible. Otherwise, all cash received is used to reduce the outstanding loan balance. As of December 2015 and December 2014, impaired loans receivable (excluding PCI loans) in non-accrual status were \$223 million and \$59 million, respectively.

For PCI loans, the firm's risk assessment process includes reviewing certain key metrics, such as delinquency status, collateral values, credit scores and other risk factors. When it is determined that the firm cannot reasonably estimate expected cash flows on the PCI loans or pools of loans, such loans are placed on non-accrual status.

The table below presents gross loans receivable (excluding PCI loans of \$2.12 billion, which are not assigned a credit rating equivalent) and related lending commitments by the firm's internally determined public rating agency equivalent and by regulatory risk rating. Non-criticized/pass loans and lending commitments represent loans and lending commitments that are performing and/or do not demonstrate adverse characteristics that are likely to result in a credit loss.

<i>\$ in millions</i>	Loans	Lending Commitments	Total
Credit Rating Equivalent			
As of December 2015			
Investment-grade	\$19,459	\$64,898	\$ 84,357
Non-investment-grade	24,241	29,021	53,262
Total	\$43,700	\$93,919	\$137,619
As of December 2014			
Investment-grade	\$ 8,090	\$48,112	\$ 56,202
Non-investment-grade	21,076	18,106	39,182
Total	\$29,166	\$66,218	\$ 95,384
Regulatory Risk Rating			
As of December 2015			
Non-criticized/pass	\$40,967	\$92,021	\$132,988
Criticized	2,733	1,898	4,631
Total	\$43,700	\$93,919	\$137,619
As of December 2014			
Non-criticized/pass	\$27,538	\$65,141	\$ 92,679
Criticized	1,628	1,077	2,705
Total	\$29,166	\$66,218	\$ 95,384

Notes to Consolidated Financial Statements**Allowance for Losses on Loans and Lending Commitments**

The firm's allowance for loan losses is comprised of portfolio level reserves, specific loan level reserves, and reserves on PCI loans as described below:

- Portfolio level reserves are determined on loans (excluding PCI loans) not deemed impaired by aggregating groups of loans with similar risk characteristics and estimating the probable loss inherent in the portfolio.
- Specific loan level reserves are determined on loans (excluding PCI loans) that exhibit credit quality weakness and are therefore individually evaluated for impairment.
- Reserves on PCI loans are recorded when it is determined that the expected cash flows, which are reassessed on a quarterly basis, will be lower than those used to establish the current effective yield for such loans or pools of loans. If the expected cash flows are determined to be significantly higher than those used to establish the current effective yield, such increases are initially recognized as a reduction to any previously recorded allowances for loan losses and any remaining increases are recognized as interest income prospectively over the life of the loan or pools of loans as an increase to the effective yield.

The allowance for loan losses is determined using various inputs, including industry default and loss data, current macroeconomic indicators, borrower's capacity to meet its financial obligations, borrower's country of risk, loan seniority and collateral type. Management's estimate of loan losses entails judgment about loan collectability at the reporting dates, and there are uncertainties inherent in those judgments. While management uses the best information available to determine this estimate, future adjustments to the allowance may be necessary based on, among other things, changes in the economic environment or variances between actual results and the original assumptions used. Loans are charged off against the allowance for loan losses when deemed to be uncollectible. As of December 2015 and December 2014, substantially all of the firm's loans receivable were evaluated for impairment at the portfolio level.

The firm also records an allowance for losses on lending commitments that are held for investment and accounted for on an accrual basis. Such allowance is determined using the same methodology as the allowance for loan losses, while also taking into consideration the probability of drawdowns or funding, and is included in "Other liabilities and accrued expenses" in the consolidated statements of financial condition. As of December 2015 and December 2014, substantially all of such lending commitments were evaluated for impairment at the portfolio level.

The table below presents changes in the allowance for loan losses and the allowance for losses on lending commitments.

<i>\$ in millions</i>	Year Ended December	
	2015	2014
Allowance for loan losses		
Balance, beginning of period	\$228	\$139
Charge-offs	(1)	(3)
Provision for loan losses	187	92
Balance, end of period	\$414	\$228
Allowance for losses on lending commitments		
Balance, beginning of period	\$ 86	\$ 57
Provision for losses on lending commitments	102	29
Balance, end of period	\$188	\$ 86

The provision for losses on loans and lending commitments is included in "Other principal transactions" in the consolidated statements of earnings. As of December 2015 and December 2014, substantially all of the allowance for loan losses and allowance for losses on lending commitments were related to corporate loans and corporate lending commitments and were primarily determined at the portfolio level. The firm did not have any allowance for losses on PCI loans as of December 2015 and did not have any PCI loans as of December 2014.

Note 10.

Collateralized Agreements and Financings

Collateralized agreements are securities purchased under agreements to resell (resale agreements) and securities borrowed. Collateralized financings are securities sold under agreements to repurchase (repurchase agreements), securities loaned and other secured financings. The firm enters into these transactions in order to, among other things, facilitate client activities, invest excess cash, acquire securities to cover short positions and finance certain firm activities.

Collateralized agreements and financings are presented on a net-by-counterparty basis when a legal right of setoff exists. Interest on collateralized agreements and collateralized financings is recognized over the life of the transaction and included in “Interest income” and “Interest expense,” respectively. See Note 23 for further information about interest income and interest expense.

The table below presents the carrying value of resale and repurchase agreements and securities borrowed and loaned transactions.

<i>\$ in millions</i>	As of December	
	2015	2014
Securities purchased under agreements to resell ¹	\$120,905	\$127,938
Securities borrowed ²	172,099	160,722
Securities sold under agreements to repurchase ¹	86,069	88,215
Securities loaned ²	3,614	5,570

1. Substantially all resale agreements and all repurchase agreements are carried at fair value under the fair value option. See Note 8 for further information about the valuation techniques and significant inputs used to determine fair value.
2. As of December 2015 and December 2014, \$69.80 billion and \$66.77 billion of securities borrowed, and \$466 million and \$765 million of securities loaned were at fair value, respectively.

Resale and Repurchase Agreements

A resale agreement is a transaction in which the firm purchases financial instruments from a seller, typically in exchange for cash, and simultaneously enters into an agreement to resell the same or substantially the same financial instruments to the seller at a stated price plus accrued interest at a future date.

A repurchase agreement is a transaction in which the firm sells financial instruments to a buyer, typically in exchange for cash, and simultaneously enters into an agreement to repurchase the same or substantially the same financial instruments from the buyer at a stated price plus accrued interest at a future date.

The financial instruments purchased or sold in resale and repurchase agreements typically include U.S. government and federal agency, and investment-grade sovereign obligations.

The firm receives financial instruments purchased under resale agreements and makes delivery of financial instruments sold under repurchase agreements. To mitigate credit exposure, the firm monitors the market value of these financial instruments on a daily basis, and delivers or obtains additional collateral due to changes in the market value of the financial instruments, as appropriate. For resale agreements, the firm typically requires collateral with a fair value approximately equal to the carrying value of the relevant assets in the consolidated statements of financial condition.

Even though repurchase and resale agreements (including “repos- and reverses-to-maturity”) involve the legal transfer of ownership of financial instruments, they are accounted for as financing arrangements because they require the financial instruments to be repurchased or resold at the maturity of the agreement. A repo-to-maturity is a transaction in which the firm transfers a security under an agreement to repurchase the security where the maturity date of the repurchase agreement matches the maturity date of the underlying security. Prior to January 2015, repos-to-maturity were accounted for as sales. The firm had no repos-to-maturity as of December 2015 and December 2014. See Note 3 for information about changes to the accounting for repos-to-maturity which became effective in January 2015.

Notes to Consolidated Financial Statements**Securities Borrowed and Loaned Transactions**

In a securities borrowed transaction, the firm borrows securities from a counterparty in exchange for cash or securities. When the firm returns the securities, the counterparty returns the cash or securities. Interest is generally paid periodically over the life of the transaction.

In a securities loaned transaction, the firm lends securities to a counterparty in exchange for cash or securities. When the counterparty returns the securities, the firm returns the cash or securities posted as collateral. Interest is generally paid periodically over the life of the transaction.

The firm receives securities borrowed and makes delivery of securities loaned. To mitigate credit exposure, the firm monitors the market value of these securities on a daily basis, and delivers or obtains additional collateral due to changes in the market value of the securities, as appropriate. For securities borrowed transactions, the firm typically requires collateral with a fair value approximately equal to the carrying value of the securities borrowed transaction.

Securities borrowed and loaned within Fixed Income, Currency and Commodities Client Execution are recorded at fair value under the fair value option. See Note 8 for further information about securities borrowed and loaned accounted for at fair value.

Securities borrowed and loaned within Securities Services are recorded based on the amount of cash collateral advanced or received plus accrued interest. As these arrangements generally can be terminated on demand, they exhibit little, if any, sensitivity to changes in interest rates. Therefore, the carrying value of such arrangements approximates fair value. While these arrangements are carried at amounts that approximate fair value, they are not accounted for at fair value under the fair value option or at fair value in accordance with other U.S. GAAP and therefore are not included in the firm's fair value hierarchy in Notes 6 through 8. Had these arrangements been included in the firm's fair value hierarchy, they would have been classified in level 2 as of December 2015 and December 2014.

Offsetting Arrangements

The tables below present the gross and net resale and repurchase agreements and securities borrowed and loaned transactions, and the related amount of counterparty netting included in the consolidated statements of financial condition. The tables below also present the amounts not offset in the consolidated statements of financial condition, including counterparty netting that does not meet the criteria for netting under U.S. GAAP and the fair value of cash or securities collateral received or posted subject to enforceable credit support agreements.

<i>\$ in millions</i>	As of December 2015			
	Assets		Liabilities	
	Resale agreements	Securities borrowed	Repurchase agreements	Securities loaned
Amounts included in the consolidated statements of financial condition				
Gross carrying value	\$ 163,199	\$ 180,203	\$ 114,960	\$ 6,179
Counterparty netting	(28,891)	(2,565)	(28,891)	(2,565)
Total	134,308¹	177,638¹	86,069	3,614
Amounts not offset in the consolidated statements of financial condition				
Counterparty netting	(4,979)	(1,732)	(4,979)	(1,732)
Collateral	(125,561)	(167,061)	(78,958)	(1,721)
Total	\$ 3,768	\$ 8,845	\$ 2,132	\$ 161

<i>\$ in millions</i>	As of December 2014			
	Assets		Liabilities	
	Resale agreements	Securities borrowed	Repurchase agreements	Securities loaned
Amounts included in the consolidated statements of financial condition				
Gross carrying value	\$ 160,644	\$ 171,384	\$ 114,879	\$ 9,150
Counterparty netting	(26,664)	(3,580)	(26,664)	(3,580)
Total	133,980¹	167,804¹	88,215	5,570
Amounts not offset in the consolidated statements of financial condition				
Counterparty netting	(3,834)	(641)	(3,834)	(641)
Collateral	(124,528)	(154,058)	(78,457)	(4,882)
Total	\$ 5,618	\$ 13,105	\$ 5,924	\$ 47

1. As of December 2015 and December 2014, the firm had \$13.40 billion and \$6.04 billion, respectively, of securities received under resale agreements, and \$5.54 billion and \$7.08 billion, respectively, of securities borrowed transactions that were segregated to satisfy certain regulatory requirements. These securities are included in "Cash and securities segregated for regulatory and other purposes."

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In the tables above:

- Substantially all of the gross carrying values of these arrangements are subject to enforceable netting agreements.
- Where the firm has received or posted collateral under credit support agreements, but has not yet determined such agreements are enforceable, the related collateral has not been netted.

Gross Carrying Value of Repurchase Agreements and Securities Loaned

The tables below present the gross carrying value of repurchase agreements and securities loaned by class of collateral pledged.

<i>\$ in millions</i>	As of December 2015	
	Repurchase agreements	Securities loaned
Commercial paper, certificates of deposit, time deposits and other money market instruments	\$ 806	\$ —
U.S. government and federal agency obligations	54,856	101
Non-U.S. government and agency obligations	31,547	2,465
Securities backed by commercial real estate	269	—
Securities backed by residential real estate	2,059	—
Corporate debt securities	6,877	30
State and municipal obligations	609	—
Other debt obligations	101	—
Equities and convertible debentures	17,836	3,583
Total	\$114,960	\$6,179

<i>\$ in millions</i>	As of December 2014	
	Repurchase agreements	Securities loaned
Commercial paper, certificates of deposit, time deposits and other money market instruments	\$ 900	\$ —
U.S. government and federal agency obligations	56,788	123
Non-U.S. government and agency obligations	27,169	3,463
Securities backed by commercial real estate	419	—
Securities backed by residential real estate	1,574	—
Corporate debt securities	8,028	26
State and municipal obligations	984	—
Other debt obligations	562	—
Equities and convertible debentures	18,455	5,538
Total	\$114,879	\$9,150

The table below presents the gross carrying value of repurchase agreements and securities loaned by maturity date.

<i>\$ in millions</i>	As of December 2015	
	Repurchase agreements	Securities loaned
No stated maturity and overnight	\$ 30,901	\$4,275
2 - 30 days	35,686	1,437
31 - 90 days	16,035	—
91 days - 1 year	25,691	467
Greater than 1 year	6,647	—
Total	\$114,960	\$6,179

In the table above:

- Repurchase agreements and securities loaned that are repayable prior to maturity at the option of the firm are reflected at their contractual maturity dates.
- Repurchase agreements and securities loaned that are redeemable prior to maturity at the option of the holders are reflected at the earliest dates such options become exercisable.

Other Secured Financings

In addition to repurchase agreements and securities loaned transactions, the firm funds certain assets through the use of other secured financings and pledges financial instruments and other assets as collateral in these transactions. These other secured financings consist of:

- Liabilities of consolidated VIEs;
- Transfers of assets accounted for as financings rather than sales (primarily collateralized central bank financings, pledged commodities, bank loans and mortgage whole loans); and
- Other structured financing arrangements.

Other secured financings include arrangements that are nonrecourse. As of December 2015 and December 2014, nonrecourse other secured financings were \$2.20 billion and \$1.94 billion, respectively.

The firm has elected to apply the fair value option to substantially all other secured financings because the use of fair value eliminates non-economic volatility in earnings that would arise from using different measurement attributes. See Note 8 for further information about other secured financings that are accounted for at fair value.

Notes to Consolidated Financial Statements

Other secured financings that are not recorded at fair value are recorded based on the amount of cash received plus accrued interest, which generally approximates fair value. While these financings are carried at amounts that approximate fair value, they are not accounted for at fair value under the fair value option or at fair value in accordance with other U.S. GAAP and therefore are not included in the firm's fair value hierarchy in Notes 6 through 8. Had these financings been included in the firm's fair value hierarchy, they would have been primarily classified in level 2 as of December 2015 and December 2014.

The tables below present information about other secured financings.

<i>\$ in millions</i>	As of December 2015		
	U.S. Dollar	Non-U.S. Dollar	Total
Other secured financings (short-term):			
At fair value	\$ 7,952	\$ 5,448	\$13,400
At amortized cost	514	319	833
Weighted average interest rates	2.93%	3.83%	
Other secured financings (long-term):			
At fair value	6,702	3,105	9,807
At amortized cost	370	343	713
Weighted average interest rates	2.87%	1.54%	
Total¹	\$15,538	\$ 9,215	\$24,753
Amount of other secured financings collateralized by:			
Financial instruments ²	\$14,862	\$ 8,872	\$23,734
Other assets	676	343	1,019

<i>\$ in millions</i>	As of December 2014		
	U.S. Dollar	Non-U.S. Dollar	Total
Other secured financings (short-term):			
At fair value	\$ 7,887	\$ 7,668	\$15,555
At amortized cost	5	—	5
Weighted average interest rates	4.33%	—%	
Other secured financings (long-term):			
At fair value	3,290	2,605	5,895
At amortized cost	580	774	1,354
Weighted average interest rates	2.69%	2.31%	
Total¹	\$11,762	\$11,047	\$22,809
Amount of other secured financings collateralized by:			
Financial instruments ²	\$11,460	\$10,483	\$21,943
Other assets	302	564	866

1. Includes \$334 million and \$974 million related to transfers of financial assets accounted for as financings rather than sales as of December 2015 and December 2014, respectively. Such financings were collateralized by financial assets included in "Financial instruments owned, at fair value" of \$336 million and \$995 million as of December 2015 and December 2014, respectively.

2. Includes \$14.98 billion and \$10.24 billion of other secured financings collateralized by financial instruments owned, at fair value as of December 2015 and December 2014, respectively, and includes \$8.76 billion and \$11.70 billion of other secured financings collateralized by financial instruments received as collateral and repledged as of December 2015 and December 2014, respectively.

In the tables above:

- Short-term secured financings include financings maturing within one year of the financial statement date and financings that are redeemable within one year of the financial statement date at the option of the holder.
- Weighted average interest rates exclude secured financings at fair value and include the effect of hedging activities. See Note 7 for further information about hedging activities.

The table below presents other secured financings by maturity date.

<i>\$ in millions</i>	As of December 2015
Other secured financings (short-term)	\$14,233
Other secured financings (long-term):	
2017	5,651
2018	2,814
2019	482
2020	953
2021 - thereafter	620
Total other secured financings (long-term)	10,520
Total other secured financings	\$24,753

In the table above:

- Long-term secured financings that are repayable prior to maturity at the option of the firm are reflected at their contractual maturity dates.
- Long-term secured financings that are redeemable prior to maturity at the option of the holders are reflected at the earliest dates such options become exercisable.

Collateral Received and Pledged

The firm receives cash and securities (e.g., U.S. government and federal agency, other sovereign and corporate obligations, as well as equities and convertible debentures) as collateral, primarily in connection with resale agreements, securities borrowed, derivative transactions and customer margin loans. The firm obtains cash and securities as collateral on an upfront or contingent basis for derivative instruments and collateralized agreements to reduce its credit exposure to individual counterparties.

In many cases, the firm is permitted to deliver or repledge financial instruments received as collateral when entering into repurchase agreements and securities loaned transactions, primarily in connection with secured client financing activities. The firm is also permitted to deliver or repledge these financial instruments in connection with other secured financings, collateralized derivative transactions and firm or customer settlement requirements.

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The firm also pledges certain financial instruments owned, at fair value in connection with repurchase agreements, securities loaned transactions and other secured financings, and other assets (primarily real estate and cash) in connection with other secured financings to counterparties who may or may not have the right to deliver or repledge them.

The table below presents financial instruments at fair value received as collateral that were available to be delivered or repledged and were delivered or repledged by the firm.

<i>\$ in millions</i>	As of December	
	2015	2014
Collateral available to be delivered or repledged ¹	\$636,684	\$630,046
Collateral that was delivered or repledged	496,240	474,057

1. As of December 2015 and December 2014, amounts exclude \$13.40 billion and \$6.04 billion, respectively, of securities received under resale agreements, and \$5.54 billion and \$7.08 billion, respectively, of securities borrowed transactions that contractually had the right to be delivered or repledged, but were segregated to satisfy certain regulatory requirements.

The table below presents information about assets pledged.

<i>\$ in millions</i>	As of December	
	2015	2014
Financial instruments owned, at fair value pledged to counterparties that:		
Had the right to deliver or repledge	\$ 54,426	\$ 64,473
Did not have the right to deliver or repledge	63,880	68,027
Other assets pledged to counterparties that:		
Did not have the right to deliver or repledge	1,841	1,304

Note 11.**Securitization Activities**

The firm securitizes residential and commercial mortgages, corporate bonds, loans and other types of financial assets by selling these assets to securitization vehicles (e.g., trusts, corporate entities and limited liability companies) or through a resecuritization. The firm acts as underwriter of the beneficial interests that are sold to investors. The firm's residential mortgage securitizations are primarily in connection with government agency securitizations.

Beneficial interests issued by securitization entities are debt or equity securities that give the investors rights to receive all or portions of specified cash inflows to a securitization vehicle and include senior and subordinated interests in principal, interest and/or other cash inflows. The proceeds from the sale of beneficial interests are used to pay the transferor for the financial assets sold to the securitization vehicle or to purchase securities which serve as collateral.

The firm accounts for a securitization as a sale when it has relinquished control over the transferred assets. Prior to securitization, the firm accounts for assets pending transfer at fair value and therefore does not typically recognize significant gains or losses upon the transfer of assets. Net revenues from underwriting activities are recognized in connection with the sales of the underlying beneficial interests to investors.

For transfers of assets that are not accounted for as sales, the assets remain in "Financial instruments owned, at fair value" and the transfer is accounted for as a collateralized financing, with the related interest expense recognized over the life of the transaction. See Notes 10 and 23 for further information about collateralized financings and interest expense, respectively.

The firm generally receives cash in exchange for the transferred assets but may also have continuing involvement with transferred assets, including ownership of beneficial interests in securitized financial assets, primarily in the form of senior or subordinated securities. The firm may also purchase senior or subordinated securities issued by securitization vehicles (which are typically VIEs) in connection with secondary market-making activities.

The primary risks included in beneficial interests and other interests from the firm's continuing involvement with securitization vehicles are the performance of the underlying collateral, the position of the firm's investment in the capital structure of the securitization vehicle and the market yield for the security. Substantially all of these interests are accounted for at fair value, are included in "Financial instruments owned, at fair value" and are classified in level 2 of the fair value hierarchy. See Notes 5 through 8 for further information about fair value measurements.

Notes to Consolidated Financial Statements

The table below presents the amount of financial assets securitized and the cash flows received on retained interests in securitization entities in which the firm had continuing involvement.

<i>\$ in millions</i>	Year Ended December		
	2015	2014	2013
Residential mortgages	\$10,479	\$19,099	\$29,772
Commercial mortgages	6,043	2,810	6,086
Other financial assets	—	1,009	—
Total	\$16,522	\$22,918	\$35,858
Cash flows on retained interests	\$ 174	\$ 215	\$ 249

The tables below present the firm's continuing involvement in nonconsolidated securitization entities to which the firm sold assets, as well as the total outstanding principal amount of transferred assets in which the firm has continuing involvement.

<i>\$ in millions</i>	As of December 2015		
	Outstanding Principal Amount	Fair Value of Retained Interests	Fair Value of Purchased Interests
U.S. government agency-issued collateralized mortgage obligations	\$39,088	\$ 846	\$ 20
Other residential mortgage-backed	2,195	154	17
Other commercial mortgage-backed	6,842	115	28
CDOs, CLOs and other	2,732	44	7
Total	\$50,857	\$1,159	\$ 72

<i>\$ in millions</i>	As of December 2014		
	Outstanding Principal Amount	Fair Value of Retained Interests	Fair Value of Purchased Interests
U.S. government agency-issued collateralized mortgage obligations	\$56,792	\$2,140	\$ —
Other residential mortgage-backed	2,273	144	5
Other commercial mortgage-backed	3,313	86	45
CDOs, CLOs and other	4,299	59	17
Total	\$66,677	\$2,429	\$ 67

In the tables above:

- The outstanding principal amount is presented for the purpose of providing information about the size of the securitization entities in which the firm has continuing involvement and is not representative of the firm's risk of loss.
- For retained or purchased interests, the firm's risk of loss is limited to the fair value of these interests.
- Purchased interests represent senior and subordinated interests, purchased in connection with secondary market-making activities, in securitization entities in which the firm also holds retained interests.
- Substantially all of the total outstanding principal amount and total fair value of retained interests as of December 2015 relate to securitizations during 2012 and thereafter, and substantially all of the total outstanding principal amount and total fair value of retained interests as of December 2014 relate to securitizations during 2011 and thereafter.

In addition to the interests in the tables above, the firm had other continuing involvement in the form of derivative transactions and commitments with certain nonconsolidated VIEs. The carrying value of these derivatives and commitments was a net asset of \$92 million and \$115 million as of December 2015 and December 2014, respectively. The notional amounts of these derivatives and commitments are included in maximum exposure to loss in the nonconsolidated VIE table in Note 12.

Notes to Consolidated Financial Statements

The table below presents the weighted average key economic assumptions used in measuring the fair value of mortgage-backed retained interests and the sensitivity of this fair value to immediate adverse changes of 10% and 20% in those assumptions.

<i>\$ in millions</i>	As of December	
	2015	2014
Fair value of retained interests	\$ 1,115	\$ 2,370
Weighted average life (years)	7.5	7.6
Constant prepayment rate	10.4%	13.2%
Impact of 10% adverse change	\$ (22)	\$ (33)
Impact of 20% adverse change	(43)	(66)
Discount rate	5.5%	4.1%
Impact of 10% adverse change	\$ (28)	\$ (50)
Impact of 20% adverse change	(55)	(97)

In the table above:

- Amounts do not reflect the benefit of other financial instruments that are held to mitigate risks inherent in these retained interests.
- Changes in fair value based on an adverse variation in assumptions generally cannot be extrapolated because the relationship of the change in assumptions to the change in fair value is not usually linear.
- The impact of a change in a particular assumption is calculated independently of changes in any other assumption. In practice, simultaneous changes in assumptions might magnify or counteract the sensitivities disclosed above.
- The constant prepayment rate is included only for positions for which it is a key assumption in the determination of fair value.
- The discount rate for retained interests that relate to U.S. government agency-issued collateralized mortgage obligations does not include any credit loss.
- Expected credit loss assumptions are reflected in the discount rate for the remainder of retained interests.

The firm has other retained interests not reflected in the table above with a fair value of \$44 million and a weighted average life of 3.5 years as of December 2015, and a fair value of \$59 million and a weighted average life of 3.6 years as of December 2014. Due to the nature and current fair value of certain of these retained interests, the weighted average assumptions for constant prepayment and discount rates and the related sensitivity to adverse changes are not meaningful as of December 2015 and December 2014. The firm's maximum exposure to adverse changes in the value of these interests is the carrying value of \$44 million and \$59 million as of December 2015 and December 2014, respectively.

Note 12.**Variable Interest Entities**

VIEs generally finance the purchase of assets by issuing debt and equity securities that are either collateralized by or indexed to the assets held by the VIE. The debt and equity securities issued by a VIE may include tranches of varying levels of subordination. The firm's involvement with VIEs includes securitization of financial assets, as described in Note 11, and investments in and loans to other types of VIEs, as described below. See Note 11 for additional information about securitization activities, including the definition of beneficial interests. See Note 3 for the firm's consolidation policies, including the definition of a VIE.

The firm is principally involved with VIEs through the following business activities:

Mortgage-Backed VIEs and Corporate CDO and CLO

VIEs. The firm sells residential and commercial mortgage loans and securities to mortgage-backed VIEs and corporate bonds and loans to corporate CDO and CLO VIEs and may retain beneficial interests in the assets sold to these VIEs. The firm purchases and sells beneficial interests issued by mortgage-backed and corporate CDO and CLO VIEs in connection with market-making activities. In addition, the firm may enter into derivatives with certain of these VIEs, primarily interest rate swaps, which are typically not variable interests. The firm generally enters into derivatives with other counterparties to mitigate its risk from derivatives with these VIEs.

Certain mortgage-backed and corporate CDO and CLO VIEs, usually referred to as synthetic CDOs or credit-linked note VIEs, synthetically create the exposure for the beneficial interests they issue by entering into credit derivatives, rather than purchasing the underlying assets. These credit derivatives may reference a single asset, an index, or a portfolio/basket of assets or indices. See Note 7 for further information about credit derivatives. These VIEs use the funds from the sale of beneficial interests and the premiums received from credit derivative counterparties to purchase securities which serve to collateralize the beneficial interest holders and/or the credit derivative counterparty. These VIEs may enter into other derivatives, primarily interest rate swaps, which are typically not variable interests. The firm may be a counterparty to derivatives with these VIEs and generally enters into derivatives with other counterparties to mitigate its risk.

Notes to Consolidated Financial Statements**Real Estate, Credit-Related and Other Investing VIEs.**

The firm purchases equity and debt securities issued by and makes loans to VIEs that hold real estate, performing and nonperforming debt, distressed loans and equity securities. The firm typically does not sell assets to, or enter into derivatives with, these VIEs.

Other Asset-Backed VIEs. The firm structures VIEs that issue notes to clients, and purchases and sells beneficial interests issued by other asset-backed VIEs in connection with market-making activities. In addition, the firm may enter into derivatives with certain other asset-backed VIEs, primarily total return swaps on the collateral assets held by these VIEs under which the firm pays the VIE the return due to the note holders and receives the return on the collateral assets owned by the VIE. The firm generally can be removed as the total return swap counterparty. The firm generally enters into derivatives with other counterparties to mitigate its risk from derivatives with these VIEs. The firm typically does not sell assets to the other asset-backed VIEs it structures.

Principal-Protected Note VIEs. The firm structures VIEs that issue principal-protected notes to clients. These VIEs own portfolios of assets, principally with exposure to hedge funds. Substantially all of the principal protection on the notes issued by these VIEs is provided by the asset portfolio rebalancing that is required under the terms of the notes. The firm enters into total return swaps with these VIEs under which the firm pays the VIE the return due to the principal-protected note holders and receives the return on the assets owned by the VIE. The firm may enter into derivatives with other counterparties to mitigate the risk it has from the derivatives it enters into with these VIEs. The firm also obtains funding through these VIEs.

Other VIEs. Other primarily includes nonconsolidated power-related and investment fund VIEs. The firm purchases debt and equity securities issued by VIEs that hold power-related assets, and may provide commitments to these VIEs. The firm also makes equity investments in certain of the investment fund VIEs it manages, and is entitled to receive fees from these VIEs. The firm typically does not sell assets to, or enter into derivatives with, these VIEs.

VIE Consolidation Analysis

A variable interest in a VIE is an investment (e.g., debt or equity securities) or other interest (e.g., derivatives or loans and lending commitments) in a VIE that will absorb portions of the VIE's expected losses and/or receive portions of the VIE's expected residual returns.

The firm's variable interests in VIEs include senior and subordinated debt in residential and commercial mortgage-backed and other asset-backed securitization entities, CDOs and CLOs; loans and lending commitments; limited and general partnership interests; preferred and common equity; derivatives that may include foreign currency, equity and/or credit risk; guarantees; and certain of the fees the firm receives from investment funds. Certain interest rate, foreign currency and credit derivatives the firm enters into with VIEs are not variable interests because they create rather than absorb risk.

The enterprise with a controlling financial interest in a VIE is known as the primary beneficiary and consolidates the VIE. The firm determines whether it is the primary beneficiary of a VIE by performing an analysis that principally considers:

- Which variable interest holder has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance;
- Which variable interest holder has the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE;
- The VIE's purpose and design, including the risks the VIE was designed to create and pass through to its variable interest holders;
- The VIE's capital structure;
- The terms between the VIE and its variable interest holders and other parties involved with the VIE; and
- Related-party relationships.

The firm reassesses its initial evaluation of whether an entity is a VIE when certain reconsideration events occur. The firm reassesses its determination of whether it is the primary beneficiary of a VIE on an ongoing basis based on current facts and circumstances.

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Nonconsolidated VIEs

The table below presents information about nonconsolidated VIEs in which the firm holds variable interests.

<i>\$ in millions</i>	Nonconsolidated VIEs as of December	
	2015	2014
Mortgage-backed¹		
Assets in VIEs	\$62,672	\$ 78,107
Carrying value of variable interests - assets	2,439	4,348
Maximum Exposure to Loss		
Retained interests	1,115	2,370
Purchased interests	1,324	1,978
Commitments and guarantees	40	—
Derivatives	222	392
Total maximum exposure to loss	2,701	4,740
Corporate CDOs and CLOs		
Assets in VIEs	6,493	8,317
Carrying value of variable interests - assets	624	463
Carrying value of variable interests - liabilities	29	3
Maximum Exposure to Loss		
Retained interests	3	4
Purchased interests	106	184
Commitments and guarantees	647	—
Derivatives	2,633	2,053
Loans and investments	265	—
Total maximum exposure to loss	3,654	2,241
Real estate, credit-related and other investing		
Assets in VIEs	9,793	8,720
Carrying value of variable interests - assets	3,557	3,051
Carrying value of variable interests - liabilities	3	3
Maximum Exposure to Loss		
Commitments and guarantees	570	604
Loans and investments	3,557	3,051
Total maximum exposure to loss	4,127	3,655
Other asset-backed		
Assets in VIEs	7,026	8,253
Carrying value of variable interests - assets	265	509
Carrying value of variable interests - liabilities	145	16
Maximum Exposure to Loss		
Retained interests	41	55
Purchased interests	98	322
Commitments and guarantees	500	213
Derivatives	4,075	3,221
Total maximum exposure to loss	4,714	3,811
Other		
Assets in VIEs	4,161	5,677
Carrying value of variable interests - assets	286	290
Maximum Exposure to Loss		
Commitments and guarantees	263	307
Derivatives	6	88
Loans and investments	286	290
Total maximum exposure to loss	555	685
Total nonconsolidated VIEs		
Assets in VIEs	90,145	109,074
Carrying value of variable interests - assets	7,171	8,661
Carrying value of variable interests - liabilities	177	22
Maximum Exposure to Loss		
Retained interests	1,159	2,429
Purchased interests	1,528	2,484
Commitments and guarantees ²	2,020	1,124
Derivatives ²	6,936	5,754
Loans and investments	4,108	3,341
Total maximum exposure to loss	\$15,751	\$ 15,132

1. Assets in VIEs and maximum exposure to loss include \$4.08 billion and \$502 million, respectively, as of December 2015, and \$3.57 billion and \$662 million, respectively, as of December 2014, related to CDOs backed by mortgage obligations.

2. Includes \$1.52 billion and \$1.64 billion as of December 2015 and December 2014, respectively, related to commitments and derivative transactions with VIEs to which the firm transferred assets.

The firm's exposure to the obligations of VIEs is generally limited to its interests in these entities. In certain instances, the firm provides guarantees, including derivative guarantees, to VIEs or holders of variable interests in VIEs.

In the table above, nonconsolidated VIEs are aggregated based on principal business activity. The nature of the firm's variable interests can take different forms, as described in the rows under maximum exposure to loss. In the table above:

- The maximum exposure to loss excludes the benefit of offsetting financial instruments that are held to mitigate the risks associated with these variable interests.
- For retained and purchased interests, and loans and investments, the maximum exposure to loss is the carrying value of these interests.
- For commitments and guarantees, and derivatives, the maximum exposure to loss is the notional amount, which does not represent anticipated losses and also has not been reduced by unrealized losses already recorded. As a result, the maximum exposure to loss exceeds liabilities recorded for commitments and guarantees, and derivatives provided to VIEs.

The carrying values of the firm's variable interests in nonconsolidated VIEs are included in the consolidated statement of financial condition as follows:

- Substantially all assets held by the firm related to mortgage-backed and corporate CDO and CLO VIEs are included in "Financial instruments owned, at fair value." Substantially all liabilities held by the firm related to corporate CDO and CLO VIEs are included in "Financial instruments sold, but not yet purchased, at fair value;"
- Substantially all assets held by the firm related to other asset-backed VIEs are included in "Financial instruments owned, at fair value" and "Loans Receivable." Substantially all liabilities held by the firm related to other asset-backed VIEs are included in "Financial instruments sold, but not yet purchased, at fair value;"
- Substantially all assets held by the firm related to real estate, credit-related and other investing VIEs are included in "Financial instruments owned, at fair value," "Loans receivable," and "Other assets." Substantially all liabilities held by the firm related to real estate, credit-related and other investing VIEs are included in "Other liabilities and accrued expenses" and "Financial Instruments sold, but not yet purchased, at fair value;" and
- Substantially all assets held by the firm related to other VIEs are included in "Financial instruments owned, at fair value."

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Consolidated VIEs

The table below presents the carrying amount and classification of assets and liabilities in consolidated VIEs, excluding the benefit of offsetting financial instruments that are held to mitigate the risks associated with the firm's variable interests.

<i>\$ in millions</i>	Consolidated VIEs as of December	
	2015	2014
Real estate, credit-related and other investing		
<i>Assets</i>		
Cash and cash equivalents	\$ 374	\$ 218
Cash and securities segregated for regulatory and other purposes	49	19
Receivables from brokers, dealers and clearing organizations	1	—
Loans receivable	1,534	589
Financial instruments owned, at fair value	1,585	2,608
Other assets	456	349
Total	3,999	3,783
<i>Liabilities</i>		
Other secured financings	332	419
Payables to customers and counterparties	2	—
Financial instruments sold, but not yet purchased, at fair value	16	10
Unsecured long-term borrowings	—	12
Other liabilities and accrued expenses	556	906
Total	906	1,347
CDOs, mortgage-backed and other asset-backed		
<i>Assets</i>		
Financial instruments owned, at fair value	572	121
Other assets	15	—
Total	587	121
<i>Liabilities</i>		
Other secured financings	113	99
Payables to customers and counterparties	432	—
Financial instruments sold, but not yet purchased, at fair value	—	8
Total	545	107
Principal-protected notes		
<i>Assets</i>		
Cash and securities segregated for regulatory and other purposes	—	31
Financial instruments owned, at fair value	126	276
Total	126	307
<i>Liabilities</i>		
Other secured financings	413	439
Unsecured short-term borrowings, including the current portion of unsecured long-term borrowings	416	1,090
Unsecured long-term borrowings	312	103
Total	1,141	1,632
Total consolidated VIEs		
<i>Assets</i>		
Cash and cash equivalents	374	218
Cash and securities segregated for regulatory and other purposes	49	50
Receivables from brokers, dealers and clearing organizations	1	—
Loans receivable	1,534	589
Financial instruments owned, at fair value	2,283	3,005
Other assets	471	349
Total	4,712	4,211
<i>Liabilities</i>		
Other secured financings	858	957
Payables to customers and counterparties	434	—
Financial instruments sold, but not yet purchased, at fair value	16	18
Unsecured short-term borrowings, including the current portion of unsecured long-term borrowings	416	1,090
Unsecured long-term borrowings	312	115
Other liabilities and accrued expenses	556	906
Total	\$2,592	\$3,086

In the table above:

- Consolidated VIEs are aggregated based on principal business activity and their assets and liabilities are presented net of intercompany eliminations. The majority of the assets in principal-protected notes VIEs are intercompany and are eliminated in consolidation.
- VIEs in which the firm holds a majority voting interest are excluded if (i) the VIE meets the definition of a business and (ii) the VIE's assets can be used for purposes other than the settlement of its obligations.
- Substantially all the assets can only be used to settle obligations of the VIE. The liabilities of real estate, credit-related and other investing VIEs, and CDOs, mortgage-backed and other asset-backed VIEs do not have recourse to the general credit of the firm.

**Note 13.
Other Assets**

Other assets are generally less liquid, non-financial assets. The table below presents other assets by type.

<i>\$ in millions</i>	As of December	
	2015	2014
Property, leasehold improvements and equipment	\$ 9,956	\$ 9,344
Goodwill and identifiable intangible assets	4,148	4,160
Income tax-related assets	5,548	5,181
Equity-method investments ¹	258	360
Miscellaneous receivables and other ²	5,308 ³	3,156
Total	\$25,218	\$22,201

1. Excludes investments accounted for at fair value under the fair value option where the firm would otherwise apply the equity method of accounting of \$6.59 billion and \$6.62 billion as of December 2015 and December 2014, respectively, all of which are included in "Financial instruments owned, at fair value." The firm has generally elected the fair value option for such investments acquired after the fair value option became available.
2. Includes \$581 million and \$461 million of investments in qualified affordable housing projects as of December 2015 and December 2014, respectively.
3. Includes \$1.96 billion of assets classified as held for sale related to certain of the firm's consolidated investments in Europe.

Assets Held for Sale

In the fourth quarter of 2015, the firm classified certain consolidated investments in Europe within its Investing & Lending segment as held for sale. As of December 2015, assets and liabilities related to these investments were included in “Other assets” and “Other liabilities and accrued expenses,” respectively. Assets related to these investments were \$1.96 billion as of December 2015 and substantially all consisted of “Property, leasehold improvements and equipment.” Liabilities related to these investments were \$783 million as of December 2015 and substantially all consisted of “Other secured financings” carried at fair value under the fair value option.

Property, Leasehold Improvements and Equipment

Property, leasehold improvements and equipment in the table above is net of accumulated depreciation and amortization of \$7.77 billion and \$8.98 billion as of December 2015 and December 2014, respectively. Property, leasehold improvements and equipment included \$5.93 billion and \$5.81 billion as of December 2015 and December 2014, respectively, related to property, leasehold improvements and equipment that the firm uses in connection with its operations. The remainder is held by investment entities, including VIEs, consolidated by the firm. Substantially all property and equipment is depreciated on a straight-line basis over the useful life of the asset. Leasehold improvements are amortized on a straight-line basis over the useful life of the improvement or the term of the lease, whichever is shorter. Certain costs of software developed or obtained for internal use are capitalized and amortized on a straight-line basis over the useful life of the software.

Goodwill and Identifiable Intangible Assets

The tables below present the carrying values of goodwill and identifiable intangible assets.

<i>\$ in millions</i>	Goodwill as of December	
	2015	2014
Investment Banking:		
Financial Advisory	\$ 98	\$ 98
Underwriting	183	183
Institutional Client Services:		
Fixed Income, Currency and Commodities Client Execution	269	269
Equities Client Execution	2,402	2,403
Securities Services	105	105
Investing & Lending	2	—
Investment Management	598	587
Total	\$3,657	\$3,645

<i>\$ in millions</i>	Identifiable Intangible Assets as of December	
	2015	2014
Institutional Client Services:		
Fixed Income, Currency and Commodities Client Execution	\$ 92	\$138
Equities Client Execution	193	246
Investing & Lending	75	18
Investment Management	131	113
Total	\$491	\$515

Goodwill. Goodwill is the cost of acquired companies in excess of the fair value of net assets, including identifiable intangible assets, at the acquisition date.

Goodwill is assessed for impairment annually in the fourth quarter or more frequently if events occur or circumstances change that indicate an impairment may exist. When assessing goodwill for impairment, first, qualitative factors are assessed to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the results of the qualitative assessment are not conclusive, a quantitative goodwill test is performed. The quantitative goodwill test consists of two steps:

- The first step compares the estimated fair value of each reporting unit with its estimated net book value (including goodwill and identifiable intangible assets). If the reporting unit’s estimated fair value exceeds its estimated net book value, goodwill is not impaired.
- If the estimated fair value of a reporting unit is less than its estimated net book value, the second step of the goodwill test is performed to measure the amount of impairment, if any. An impairment is equal to the excess of the carrying amount of goodwill over its fair value.

Goodwill was tested for impairment, using a quantitative test, during the fourth quarter of 2015. The estimated fair value of each of the reporting units exceeded its respective net book value. Accordingly, goodwill was not impaired and step two of the quantitative goodwill test was not performed.

To estimate the fair value of each reporting unit, a relative value technique was used because the firm believes market participants would use this technique to value the firm’s reporting units. The relative value technique applies observable price-to-earnings multiples or price-to-book multiples and projected return on equity of comparable competitors to reporting units’ net earnings or net book value. The net book value of each reporting unit reflects an allocation of total shareholders’ equity and represents the estimated amount of total shareholders’ equity required to support the activities of the reporting unit under currently applicable regulatory capital requirements.

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Identifiable Intangible Assets. The table below presents the gross carrying amount, accumulated amortization and net carrying amount of identifiable intangible assets and their weighted average remaining useful lives.

\$ in millions	As of December		
	2015	Weighted Average Remaining Useful Lives (years)	2014
Customer lists			
Gross carrying amount	\$ 1,072		\$1,036
Accumulated amortization	(777)		(715)
Net carrying amount	295	6	321
Commodities-related			
Gross carrying amount	185		216
Accumulated amortization	(94)		(78)
Net carrying amount	91 ¹	7	138
Other			
Gross carrying amount	264		200
Accumulated amortization	(159)		(144)
Net carrying amount	105 ²	6	56
Total			
Gross carrying amount	1,521		1,452
Accumulated amortization	(1,030)		(937)
Net carrying amount	\$ 491	6	\$ 515

1. Primarily includes commodities-related transportation rights.
2. Primarily includes intangible assets related to acquired leases.

Substantially all of the firm's identifiable intangible assets are considered to have finite useful lives and are amortized over their estimated useful lives using the straight-line method or based on economic usage for certain commodities-related intangibles.

The tables below present details about amortization of identifiable intangible assets.

\$ in millions	Year Ended December		
	2015	2014	2013
Amortization	\$132	\$217	\$205

\$ in millions	As of
	December 2015
Estimated future amortization	
2016	\$130
2017	117
2018	100
2019	68
2020	21

Impairments

The firm tests property, leasehold improvements and equipment, identifiable intangible assets and other assets for impairment whenever events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable. To the extent the carrying value of an asset exceeds the projected undiscounted cash flows expected to result from the use and eventual disposal of the asset or asset group, the firm determines the asset is impaired and records an impairment equal to the difference between the estimated fair value and the carrying value of the asset or asset group. In addition, the firm will recognize an impairment prior to the sale of an asset if the carrying value of the asset exceeds its estimated fair value.

During 2015, the firm recorded impairments of \$103 million, substantially all of which were attributable to consolidated investments and included in the firm's Investing & Lending segment. The impairments generally reflected challenging market conditions for certain companies in the energy industry resulting from continued low energy commodity prices. These impairments consisted of \$81 million related to property, leasehold improvements and equipment, which was included in "Depreciation and amortization," and \$22 million related to other assets, which was included in "Other Expenses."

During 2014, primarily as a result of deterioration in market and operating conditions related to certain of the firm's consolidated investments and the firm's exchange-traded fund lead market maker (LMM) rights, the firm determined that certain assets were impaired and recorded impairments of \$360 million, all of which were included in "Depreciation and amortization." These impairments consisted of \$268 million related to property, leasehold improvements and equipment, substantially all of which was attributable to a consolidated investment in Latin America, \$70 million related to identifiable intangible assets, primarily attributable to the firm's LMM rights, and \$22 million related to goodwill as a result of the sale of Metro International Trade Services (Metro). The impairments related to property, leasehold improvements and equipment and goodwill were included within the firm's Investing & Lending segment and the impairments related to identifiable intangible assets were principally included within the firm's Institutional Client Services segment.

The impairments represented the excess of the carrying values of these assets over their estimated fair values, substantially all of which are calculated using level 3 measurements. These fair values were calculated using a combination of discounted cash flow analyses and relative value analyses, including the estimated cash flows expected to result from the use and eventual disposition of these assets.

Note 14.
Deposits

The table below presents deposits held in U.S. and non-U.S. offices, substantially all of which were interest-bearing. Substantially all U.S. deposits were held at Goldman Sachs Bank USA (GS Bank USA) and substantially all non-U.S. deposits were held at Goldman Sachs International Bank (GSIB).

<i>\$ in millions</i>	As of December	
	2015	2014
U.S. offices	\$81,920	\$69,142
Non-U.S. offices	15,599	13,738
Total	\$97,519	\$82,880

The table below presents maturities of time deposits held in U.S. and non-U.S. offices.

<i>\$ in millions</i>	As of December 2015		
	U.S.	Non-U.S.	Total
2016	\$ 8,572	\$8,692	\$17,264
2017	6,213	119	6,332
2018	3,975	7	3,982
2019	3,931	—	3,931
2020	3,191	—	3,191
2021 - thereafter	8,196	116	8,312
Total	\$34,078¹	\$8,934²	\$43,012³

1. Includes \$1.92 billion greater than \$100,000, of which \$741 million matures within three months, \$730 million matures within three to six months, \$326 million matures within six to twelve months, and \$127 million matures after twelve months.

2. Includes \$6.98 billion greater than \$100,000.

3. Includes \$14.68 billion of time deposits accounted for at fair value under the fair value option. See Note 8 for further information about deposits accounted for at fair value.

As of December 2015 and December 2014, deposits include \$54.51 billion and \$49.29 billion, respectively, of savings and demand deposits, which have no stated maturity, and were recorded based on the amount of cash received plus accrued interest, which approximates fair value. In addition, the firm designates certain derivatives as fair value hedges to convert substantially all of its time deposits not accounted for at fair value from fixed-rate obligations into floating-rate obligations. Accordingly, the carrying value of time deposits approximated fair value as of December 2015 and December 2014. While these savings and demand deposits and time deposits are carried at amounts that approximate fair value, they are not accounted for at fair value under the fair value option or at fair value in accordance with other U.S. GAAP and therefore are not included in the firm's fair value hierarchy in Notes 6 through 8. Had these deposits been included in the firm's fair value hierarchy, they would have been classified in level 2 as of December 2015 and December 2014.

Note 15.
Short-Term Borrowings

The table below presents details about the firm's short-term borrowings.

<i>\$ in millions</i>	As of December	
	2015	2014
Other secured financings (short-term)	\$14,233	\$15,560
Unsecured short-term borrowings	42,787	44,539
Total	\$57,020	\$60,099

See Note 10 for information about other secured financings.

Unsecured short-term borrowings include the portion of unsecured long-term borrowings maturing within one year of the financial statement date and unsecured long-term borrowings that are redeemable within one year of the financial statement date at the option of the holder.

The firm accounts for promissory notes, commercial paper and certain hybrid financial instruments at fair value under the fair value option. See Note 8 for further information about unsecured short-term borrowings that are accounted for at fair value. The carrying value of unsecured short-term borrowings that are not recorded at fair value generally approximates fair value due to the short-term nature of the obligations. While these unsecured short-term borrowings are carried at amounts that approximate fair value, they are not accounted for at fair value under the fair value option or at fair value in accordance with other U.S. GAAP and therefore are not included in the firm's fair value hierarchy in Notes 6 through 8. Had these borrowings been included in the firm's fair value hierarchy, substantially all would have been classified in level 2 as of December 2015 and December 2014.

The table below presents details about the firm's unsecured short-term borrowings.

<i>\$ in millions</i>	As of December	
	2015	2014
Current portion of unsecured long-term borrowings ¹	\$25,373	\$25,125
Hybrid financial instruments	12,956	14,083
Promissory notes	—	338
Commercial paper	208	617
Other short-term borrowings	4,250	4,376
Total	\$42,787	\$44,539
Weighted average interest rate ²	1.52%	1.52%

1. Includes \$24.11 billion and \$23.82 billion as of December 2015 and December 2014, respectively, issued by Group Inc.

2. The weighted average interest rates for these borrowings include the effect of hedging activities and exclude financial instruments accounted for at fair value under the fair value option. See Note 7 for further information about hedging activities.

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 16.

Long-Term Borrowings

The table below presents details about the firm's long-term borrowings.

<i>\$ in millions</i>	As of December	
	2015	2014
Other secured financings (long-term)	\$ 10,520	\$ 7,249
Unsecured long-term borrowings	175,422	167,302
Total	\$185,942	\$174,551

See Note 10 for information about other secured financings.

The tables below present unsecured long-term borrowings extending through 2061 and consisting principally of senior borrowings.

<i>\$ in millions</i>	As of December 2015		
	U.S. Dollar	Non-U.S. Dollar	Total
Fixed-rate obligations ¹			
Group Inc.	\$ 90,076	\$29,808	\$119,884
Subsidiaries	2,114	895	3,009
Floating-rate obligations ²			
Group Inc.	27,881	16,916	44,797
Subsidiaries	5,662	2,070	7,732
Total	\$125,733	\$49,689	\$175,422

<i>\$ in millions</i>	As of December 2014		
	U.S. Dollar	Non-U.S. Dollar	Total
Fixed-rate obligations ¹			
Group Inc.	\$ 86,255	\$34,070	\$120,325
Subsidiaries	3,062	710	3,772
Floating-rate obligations ²			
Group Inc.	23,396	14,590	37,986
Subsidiaries	4,137	1,082	5,219
Total	\$116,850	\$50,452	\$167,302

1. Interest rates on U.S. dollar-denominated debt ranged from 1.60% to 10.04% (with a weighted average rate of 4.89%) and 1.55% to 10.04% (with a weighted average rate of 5.08%) as of December 2015 and December 2014, respectively. Interest rates on non-U.S. dollar-denominated debt ranged from 0.40% to 13.00% (with a weighted average rate of 3.81%) and 0.02% to 13.00% (with a weighted average rate of 4.06%) as of December 2015 and December 2014, respectively.

2. Floating interest rates generally are based on LIBOR or OIS. Equity-linked and indexed instruments are included in floating-rate obligations.

The table below presents unsecured long-term borrowings by maturity date.

<i>\$ in millions</i>	As of December 2015		
	Group Inc.	Subsidiaries	Total
2017	\$ 22,744	\$ 2,618	\$ 25,362
2018	23,262	1,869	25,131
2019	15,010	1,025	16,035
2020	17,606	349	17,955
2021 - thereafter	86,059	4,880	90,939
Total ¹	\$164,681	\$10,741	\$175,422

1. Includes \$8.34 billion of adjustments to the carrying value of certain unsecured long-term borrowings resulting from the application of hedge accounting by year of maturity as follows: \$436 million in 2017, \$614 million in 2018, \$407 million in 2019, \$443 million in 2020, and \$6.44 billion in 2021 and thereafter.

In the table above:

- Unsecured long-term borrowings maturing within one year of the financial statement date and unsecured long-term borrowings that are redeemable within one year of the financial statement date at the option of the holders are excluded from the table as they are included as unsecured short-term borrowings.
- Unsecured long-term borrowings that are repayable prior to maturity at the option of the firm are reflected at their contractual maturity dates.
- Unsecured long-term borrowings that are redeemable prior to maturity at the option of the holders are reflected at the earliest dates such options become exercisable.

The firm designates certain derivatives as fair value hedges to convert a majority of the amount of its fixed-rate unsecured long-term borrowings not accounted for at fair value into floating-rate obligations. Accordingly, excluding the cumulative impact of changes in the firm's credit spreads, the carrying value of unsecured long-term borrowings approximated fair value as of December 2015 and December 2014. See Note 7 for further information about hedging activities. For unsecured long-term borrowings for which the firm did not elect the fair value option, the cumulative impact due to changes in the firm's own credit spreads would be an increase of less than 1% and an increase of 2% in the carrying value of such borrowings as of December 2015 and December 2014, respectively. As these borrowings are not accounted for at fair value under the fair value option or at fair value in accordance with other U.S. GAAP, their fair value is not included in the firm's fair value hierarchy in Notes 6 through 8. Had these borrowings been included in the firm's fair value hierarchy, substantially all would have been classified in level 2 as of December 2015 and December 2014.

Notes to Consolidated Financial Statements

The tables below present unsecured long-term borrowings, after giving effect to hedging activities that converted a majority of the amount of fixed-rate obligations to floating-rate obligations.

<i>\$ in millions</i>	As of December 2015		
	Group Inc.	Subsidiaries	Total
Fixed-rate obligations			
At fair value	\$ —	\$ 21	\$ 21
At amortized cost ¹	52,448	2,569	55,017
Floating-rate obligations			
At fair value	16,194	6,058	22,252
At amortized cost ¹	96,039	2,093	98,132
Total	\$164,681	\$10,741	\$175,422

<i>\$ in millions</i>	As of December 2014		
	Group Inc.	Subsidiaries	Total
Fixed-rate obligations			
At fair value	\$ —	\$ 861	\$ 861
At amortized cost ¹	31,232	2,440	33,672
Floating-rate obligations			
At fair value	11,662	3,482	15,144
At amortized cost ¹	115,417	2,208	117,625
Total	\$158,311	\$ 8,991	\$167,302

1. The weighted average interest rates on the aggregate amounts were 2.73% (4.33% related to fixed-rate obligations and 1.84% related to floating-rate obligations) and 2.68% (5.09% related to fixed-rate obligations and 2.01% related to floating-rate obligations) as of December 2015 and December 2014, respectively. These rates exclude financial instruments accounted for at fair value under the fair value option.

Subordinated Borrowings

Unsecured long-term borrowings include subordinated debt and junior subordinated debt. Junior subordinated debt is junior in right of payment to other subordinated borrowings, which are junior to senior borrowings. As of December 2015 and December 2014, subordinated debt had maturities ranging from 2017 to 2045, and 2017 to 2038, respectively.

The tables below present subordinated borrowings.

<i>\$ in millions</i>	As of December 2015		
	Par Amount	Carrying Amount	Rate ¹
Subordinated debt ²	\$18,004	\$20,784	3.79%
Junior subordinated debt	1,359	1,817	5.77%
Total subordinated borrowings	\$19,363	\$22,601	3.93%

<i>\$ in millions</i>	As of December 2014		
	Par Amount	Carrying Amount	Rate ¹
Subordinated debt ²	\$14,254	\$17,236	3.77%
Junior subordinated debt	1,582	2,121	6.21%
Total subordinated borrowings	\$15,836	\$19,357	4.02%

1. Weighted average interest rates after giving effect to fair value hedges used to convert these fixed-rate obligations into floating-rate obligations. See Note 7 for further information about hedging activities. See below for information about interest rates on junior subordinated debt.

2. Par amount and carrying amount of subordinated debt issued by Group Inc. were \$17.47 billion and \$20.25 billion, respectively, as of December 2015, and \$13.68 billion and \$16.67 billion, respectively, as of December 2014.

Junior Subordinated Debt

Junior Subordinated Debt Held by 2012 Trusts. In 2012, the Vesey Street Investment Trust I and the Murray Street Investment Trust I (together, the 2012 Trusts) issued an aggregate of \$2.25 billion of senior guaranteed trust securities to third parties. The proceeds of that offering were used to purchase \$1.75 billion of junior subordinated debt issued by Group Inc. that pays interest semi-annually at a fixed annual rate of 4.647% and matures on March 9, 2017, and \$500 million of junior subordinated debt issued by Group Inc. that pays interest semi-annually at a fixed annual rate of 4.404% and matures on September 1, 2016. During 2014, the firm exchanged \$175 million of the senior guaranteed trust securities held by the firm for \$175 million of junior subordinated debt held by the Murray Street Investment Trust I. Following the exchange, these senior guaranteed trust securities and junior subordinated debt were extinguished.

The 2012 Trusts purchased the junior subordinated debt from Goldman Sachs Capital II and Goldman Sachs Capital III (APEX Trusts). The APEX Trusts used the proceeds from such sales to purchase shares of Group Inc.'s Perpetual Non-Cumulative Preferred Stock, Series E (Series E Preferred Stock) and Perpetual Non-Cumulative Preferred Stock, Series F (Series F Preferred Stock). See Note 19 for more information about the Series E and Series F Preferred Stock.

The 2012 Trusts are required to pay distributions on their senior guaranteed trust securities in the same amounts and on the same dates that they are scheduled to receive interest on the junior subordinated debt they hold, and are required to redeem their respective senior guaranteed trust securities upon the maturity or earlier redemption of the junior subordinated debt they hold.

The firm has the right to defer payments on the junior subordinated debt, subject to limitations. During any such deferral period, the firm will not be permitted to, among other things, pay dividends on or make certain repurchases of its common or preferred stock. However, as Group Inc. fully and unconditionally guarantees the payment of the distribution and redemption amounts when due on a senior basis on the senior guaranteed trust securities issued by the 2012 Trusts, if the 2012 Trusts are unable to make scheduled distributions to the holders of the senior guaranteed trust securities, under the guarantee, Group Inc. would be obligated to make those payments. As such, the \$1.58 billion and the \$500 million of junior subordinated debt held by the 2012 Trusts for the benefit of investors, included in "Unsecured long-term borrowings" and "Unsecured short-term borrowings," respectively, in the consolidated statements of financial condition, is not classified as subordinated borrowings.

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The APEX Trusts and the 2012 Trusts are Delaware statutory trusts sponsored by the firm and wholly-owned finance subsidiaries of the firm for regulatory and legal purposes but are not consolidated for accounting purposes.

The firm has covenanted in favor of the holders of Group Inc.'s 6.345% junior subordinated debt due February 15, 2034, that, subject to certain exceptions, the firm will not redeem or purchase the capital securities issued by the APEX Trusts or shares of Group Inc.'s Series E or Series F Preferred Stock prior to specified dates in 2022 for a price that exceeds a maximum amount determined by reference to the net cash proceeds that the firm has received from the sale of qualifying securities.

Junior Subordinated Debt Issued in Connection with Trust Preferred Securities. Group Inc. issued \$2.84 billion of junior subordinated debt in 2004 to Goldman Sachs Capital I (Trust), a Delaware statutory trust. The Trust issued \$2.75 billion of guaranteed preferred beneficial interests (Trust Preferred Securities) to third parties and \$85 million of common beneficial interests to Group Inc. and used the proceeds from the issuances to purchase the junior subordinated debt from Group Inc. During 2014 and the first quarter of 2015, the firm purchased \$1.43 billion (par amount) of Trust Preferred Securities and delivered these securities, along with \$44.2 million of common beneficial interests, to the Trust in exchange for a corresponding par amount of the junior subordinated debt. Following the exchanges, these Trust Preferred Securities, common beneficial interests and junior subordinated debt were extinguished. Subsequent to these extinguishments, the outstanding par amount of junior subordinated debt held by the Trust was \$1.36 billion and the outstanding par amount of Trust Preferred Securities and common beneficial interests issued by the Trust was \$1.32 billion and \$40.8 million, respectively. The Trust is a wholly-owned finance subsidiary of the firm for regulatory and legal purposes but is not consolidated for accounting purposes.

The firm pays interest semi-annually on the junior subordinated debt at an annual rate of 6.345% and the debt matures on February 15, 2034. The coupon rate and the payment dates applicable to the beneficial interests are the same as the interest rate and payment dates for the junior subordinated debt. The firm has the right, from time to time, to defer payment of interest on the junior subordinated debt, and therefore cause payment on the Trust's preferred beneficial interests to be deferred, in each case up to ten consecutive semi-annual periods. During any such deferral period, the firm will not be permitted to, among other things, pay dividends on or make certain repurchases of its common stock. The Trust is not permitted to pay any distributions on the common beneficial interests held by Group Inc. unless all dividends payable on the preferred beneficial interests have been paid in full.

Note 17.**Other Liabilities and Accrued Expenses**

The table below presents other liabilities and accrued expenses by type.

<i>\$ in millions</i>	As of December	
	2015	2014
Compensation and benefits	\$ 8,149	\$ 8,368
Noncontrolling interests ¹	459	404
Income tax-related liabilities	1,280	1,533
Employee interests in consolidated funds	149	176
Subordinated liabilities issued by consolidated VIEs	501	843
Accrued expenses and other ²	8,355³	4,751
Total	\$18,893	\$16,075

1. Primarily relates to consolidated investment funds.

2. Substantially all of the increase from December 2014 to December 2015 relates to provisions for the agreement in principle with the Residential Mortgage-Backed Securities Working Group of the U.S. Financial Fraud Enforcement Task Force (RMBS Working Group). See Note 27 for further information about this agreement in principle.

3. Includes \$783 million of liabilities classified as held for sale related to certain of the firm's consolidated investments in Europe. See Note 13 for further information.

Note 18.

Commitments, Contingencies and Guarantees

Commitments

The table below presents the firm's commitments by type.

<i>\$ in millions</i>	As of December	
	2015	2014
Commitments to extend credit		
Commercial lending:		
Investment-grade	\$ 72,428	\$ 63,634
Non-investment-grade	41,277	29,605
Warehouse financing	3,453	2,710
Total commitments to extend credit	117,158	95,949
Contingent and forward starting resale and securities borrowing agreements	28,874	35,225
Forward starting repurchase and secured lending agreements	5,878	8,180
Letters of credit	249	308
Investment commitments	6,054	5,164
Other	6,944	6,321
Total commitments	\$165,157	\$151,147

The table below presents the firm's commitments by period of expiration.

<i>\$ in millions</i>	Commitment Amount by Period of Expiration as of December 2015			
	2016	2017 - 2018	2019 - 2020	2021- Thereafter
Commitments to extend credit				
Commercial lending:				
Investment-grade	\$18,283	\$14,530	\$36,811	\$ 2,804
Non-investment-grade	9,652	8,521	16,932	6,172
Warehouse financing	469	1,905	79	1,000
Total commitments to extend credit	28,404	24,956	53,822	9,976
Contingent and forward starting resale and securities borrowing agreements	28,839	35	—	—
Forward starting repurchase and secured lending agreements	5,878	—	—	—
Letters of credit	217	25	3	4
Investment commitments	4,600	336	24	1,094
Other	6,484	339	70	51
Total commitments	\$74,422	\$25,691	\$53,919	\$11,125

Commitments to Extend Credit

The firm's commitments to extend credit are agreements to lend with fixed termination dates and depend on the satisfaction of all contractual conditions to borrowing. These commitments are presented net of amounts syndicated to third parties. The total commitment amount does not necessarily reflect actual future cash flows because the firm may syndicate all or substantial additional portions of these commitments. In addition, commitments can expire unused or be reduced or cancelled at the counterparty's request.

As of December 2015 and December 2014, \$93.92 billion and \$66.22 billion, respectively, of the firm's lending commitments were held for investment and were accounted for on an accrual basis. See Note 9 for further information about such commitments. In addition, as of December 2015 and December 2014, \$9.92 billion and \$3.12 billion, respectively, of the firm's lending commitments were held for sale and were accounted for at the lower of cost or fair value.

The firm accounts for the remaining commitments to extend credit at fair value. Losses, if any, are generally recorded, net of any fees in "Other principal transactions."

Notes to Consolidated Financial Statements

Commercial Lending. The firm's commercial lending commitments are extended to investment-grade and non-investment-grade corporate borrowers. Commitments to investment-grade corporate borrowers are principally used for operating liquidity and general corporate purposes. The firm also extends lending commitments in connection with contingent acquisition financing and other types of corporate lending as well as commercial real estate financing. Commitments that are extended for contingent acquisition financing are often intended to be short-term in nature, as borrowers often seek to replace them with other funding sources.

Sumitomo Mitsui Financial Group, Inc. (SMFG) provides the firm with credit loss protection on certain approved loan commitments (primarily investment-grade commercial lending commitments). The notional amount of such loan commitments was \$27.03 billion and \$27.51 billion as of December 2015 and December 2014, respectively. The credit loss protection on loan commitments provided by SMFG is generally limited to 95% of the first loss the firm realizes on such commitments, up to a maximum of approximately \$950 million. In addition, subject to the satisfaction of certain conditions, upon the firm's request, SMFG will provide protection for 70% of additional losses on such commitments, up to a maximum of \$1.13 billion, of which \$768 million of protection had been provided as of both December 2015 and December 2014. The firm also uses other financial instruments to mitigate credit risks related to certain commitments not covered by SMFG. These instruments primarily include credit default swaps that reference the same or similar underlying instrument or entity, or credit default swaps that reference a market index.

Warehouse Financing. The firm provides financing to clients who warehouse financial assets. These arrangements are secured by the warehoused assets, primarily consisting of consumer and corporate loans.

Contingent and Forward Starting Resale and Securities Borrowing Agreements/Forward Starting Repurchase and Secured Lending Agreements

The firm enters into resale and securities borrowing agreements and repurchase and secured lending agreements that settle at a future date, generally within three business days. The firm also enters into commitments to provide contingent financing to its clients and counterparties through resale agreements. The firm's funding of these commitments depends on the satisfaction of all contractual conditions to the resale agreement and these commitments can expire unused.

Letters of Credit

The firm has commitments under letters of credit issued by various banks which the firm provides to counterparties in lieu of securities or cash to satisfy various collateral and margin deposit requirements.

Investment Commitments

The firm's investment commitments of \$6.05 billion and \$5.16 billion as of December 2015 and December 2014, respectively, include commitments to invest in private equity, real estate and other assets directly and through funds that the firm raises and manages. Of these amounts, \$2.86 billion and \$2.87 billion as of December 2015 and December 2014, respectively, relate to commitments to invest in funds managed by the firm. If these commitments are called, they would be funded at market value on the date of investment.

Leases

The firm has contractual obligations under long-term noncancelable lease agreements for office space expiring on various dates through 2069. Certain agreements are subject to periodic escalation provisions for increases in real estate taxes and other charges.

The table below presents future minimum rental payments, net of minimum sublease rentals.

<i>\$ in millions</i>	As of December 2015
2016	\$ 317
2017	313
2018	301
2019	258
2020	226
2021 - thereafter	1,160
Total	\$2,575

Rent charged to operating expense was \$249 million for 2015, \$309 million for 2014 and \$324 million for 2013.

Operating leases include office space held in excess of current requirements. Rent expense relating to space held for growth is included in "Occupancy." The firm records a liability, based on the fair value of the remaining lease rentals reduced by any potential or existing sublease rentals, for leases where the firm has ceased using the space and management has concluded that the firm will not derive any future economic benefits. Costs to terminate a lease before the end of its term are recognized and measured at fair value on termination.

Notes to Consolidated Financial Statements**Contingencies**

Legal Proceedings. See Note 27 for information about legal proceedings, including certain mortgage-related matters, and agreements the firm has entered into to toll the statute of limitations.

Certain Mortgage-Related Contingencies. There are multiple areas of focus by regulators, governmental agencies and others within the mortgage market that may impact originators, issuers, servicers and investors. There remains significant uncertainty surrounding the nature and extent of any potential exposure for participants in this market.

The firm has not been a significant originator of residential mortgage loans. The firm did purchase loans originated by others and generally received loan-level representations. During the period 2005 through 2008, the firm sold approximately \$10 billion of loans to government-sponsored enterprises and approximately \$11 billion of loans to other third parties. In addition, the firm transferred \$125 billion of loans to trusts and other mortgage securitization vehicles. In connection with both sales of loans and securitizations, the firm provided loan level representations and/or assigned the loan level representations from the party from whom the firm purchased the loans.

The firm's exposure to claims for repurchase of residential mortgage loans based on alleged breaches of representations will depend on a number of factors such as the extent to which these claims are made within the statute of limitations taking into consideration the agreements to toll the statute of limitations the firm has entered into with trustees representing trusts. Based upon the large number of defaults in residential mortgages, including those sold or securitized by the firm, there is a potential for repurchase claims. However, the firm is not in a position to make a meaningful estimate of that exposure at this time.

Other Contingencies. In connection with the sale of Metro, the firm provided customary representations and warranties, and indemnities for breaches of these representations and warranties, to the buyer. The firm further agreed to provide indemnities to the buyer, which primarily relate to potential liabilities for legal or regulatory proceedings arising out of the conduct of Metro's business while the firm owned it.

Guarantees

The tables below present information about certain derivatives that meet the definition of a guarantee, securities lending indemnifications and certain other guarantees.

As of December 2015			
<i>\$ in millions</i>	Derivatives	Securities lending indemnifications	Other financial guarantees
Carrying Value of Net Liability	\$ 8,351	\$ —	\$ 76
Maximum Payout/Notional Amount by Period of Expiration			
2016	\$640,288	\$31,902	\$ 611
2017 - 2018	168,784	—	1,402
2019 - 2020	67,643	—	1,772
2021 - thereafter	49,728	—	676
Total	\$926,443	\$31,902	\$4,461

As of December 2014			
<i>\$ in millions</i>	Derivatives	Securities lending indemnifications	Other financial guarantees
Carrying Value of Net Liability	\$ 11,201	\$ —	\$ 119
Maximum Payout/Notional Amount by Period of Expiration			
2015	\$351,308	\$27,567	\$ 471
2016 - 2017	150,989	—	935
2018 - 2019	51,927	—	1,390
2020 - thereafter	58,511	—	1,690
Total	\$612,735	\$27,567	\$4,486

In the tables above:

- The maximum payout is based on the notional amount of the contract and does not represent anticipated losses.
- Amounts exclude certain commitments to issue standby letters of credit that are included in "Commitments to extend credit." See the tables in "Commitments" above for a summary of the firm's commitments.

Notes to Consolidated Financial Statements

Derivative Guarantees. The firm enters into various derivatives that meet the definition of a guarantee under U.S. GAAP, including written equity and commodity put options, written currency contracts and interest rate caps, floors and swaptions. These derivatives are risk managed together with derivatives that do not meet the definition of a guarantee, and therefore the amounts in the tables above do not reflect the firm's overall risk related to its derivative activities. Disclosures about derivatives are not required if they may be cash settled and the firm has no basis to conclude it is probable that the counterparties held the underlying instruments at inception of the contract. The firm has concluded that these conditions have been met for certain large, internationally active commercial and investment bank counterparties, central clearing counterparties and certain other counterparties. Accordingly, the firm has not included such contracts in the tables above. In addition, see Note 7 for information about credit derivatives that meet the definition of a guarantee, which are not included in the tables above.

Derivatives are accounted for at fair value and therefore the carrying value is considered the best indication of payment/performance risk for individual contracts. However, the carrying values in the tables above exclude the effect of counterparty and cash collateral netting.

Securities Lending Indemnifications. The firm, in its capacity as an agency lender, indemnifies most of its securities lending customers against losses incurred in the event that borrowers do not return securities and the collateral held is insufficient to cover the market value of the securities borrowed. Collateral held by the lenders in connection with securities lending indemnifications was \$32.85 billion and \$28.49 billion as of December 2015 and December 2014, respectively. Because the contractual nature of these arrangements requires the firm to obtain collateral with a market value that exceeds the value of the securities lent to the borrower, there is minimal performance risk associated with these guarantees.

Other Financial Guarantees. In the ordinary course of business, the firm provides other financial guarantees of the obligations of third parties (e.g., standby letters of credit and other guarantees to enable clients to complete transactions and fund-related guarantees). These guarantees represent obligations to make payments to beneficiaries if the guaranteed party fails to fulfill its obligation under a contractual arrangement with that beneficiary.

Guarantees of Securities Issued by Trusts. The firm has established trusts, including Goldman Sachs Capital I, the APEX Trusts, the 2012 Trusts, and other entities for the limited purpose of issuing securities to third parties, lending the proceeds to the firm and entering into contractual arrangements with the firm and third parties related to this purpose. The firm does not consolidate these entities. See Note 16 for further information about the transactions involving Goldman Sachs Capital I, the APEX Trusts, and the 2012 Trusts.

The firm effectively provides for the full and unconditional guarantee of the securities issued by these entities. Timely payment by the firm of amounts due to these entities under the guarantee, borrowing, preferred stock and related contractual arrangements will be sufficient to cover payments due on the securities issued by these entities.

Management believes that it is unlikely that any circumstances will occur, such as nonperformance on the part of paying agents or other service providers, that would make it necessary for the firm to make payments related to these entities other than those required under the terms of the guarantee, borrowing, preferred stock and related contractual arrangements and in connection with certain expenses incurred by these entities.

Indemnities and Guarantees of Service Providers. In the ordinary course of business, the firm indemnifies and guarantees certain service providers, such as clearing and custody agents, trustees and administrators, against specified potential losses in connection with their acting as an agent of, or providing services to, the firm or its affiliates.

Notes to Consolidated Financial Statements

The firm may also be liable to some clients or other parties for losses arising from its custodial role or caused by acts or omissions of third-party service providers, including sub-custodians and third-party brokers. In certain cases, the firm has the right to seek indemnification from these third-party service providers for certain relevant losses incurred by the firm. In addition, the firm is a member of payment, clearing and settlement networks as well as securities exchanges around the world that may require the firm to meet the obligations of such networks and exchanges in the event of member defaults and other loss scenarios.

In connection with its prime brokerage and clearing businesses, the firm agrees to clear and settle on behalf of its clients the transactions entered into by them with other brokerage firms. The firm's obligations in respect of such transactions are secured by the assets in the client's account as well as any proceeds received from the transactions cleared and settled by the firm on behalf of the client. In connection with joint venture investments, the firm may issue loan guarantees under which it may be liable in the event of fraud, misappropriation, environmental liabilities and certain other matters involving the borrower.

The firm is unable to develop an estimate of the maximum payout under these guarantees and indemnifications. However, management believes that it is unlikely the firm will have to make any material payments under these arrangements, and no material liabilities related to these guarantees and indemnifications have been recognized in the consolidated statements of financial condition as of December 2015 and December 2014.

Other Representations, Warranties and Indemnifications. The firm provides representations and warranties to counterparties in connection with a variety of commercial transactions and occasionally indemnifies them against potential losses caused by the breach of those representations and warranties. The firm may also provide indemnifications protecting against changes in or adverse application of certain U.S. tax laws in connection with ordinary-course transactions such as securities issuances, borrowings or derivatives.

In addition, the firm may provide indemnifications to some counterparties to protect them in the event additional taxes are owed or payments are withheld, due either to a change in or an adverse application of certain non-U.S. tax laws.

These indemnifications generally are standard contractual terms and are entered into in the ordinary course of business. Generally, there are no stated or notional amounts included in these indemnifications, and the contingencies triggering the obligation to indemnify are not expected to occur. The firm is unable to develop an estimate of the maximum payout under these guarantees and indemnifications. However, management believes that it is unlikely the firm will have to make any material payments under these arrangements, and no material liabilities related to these arrangements have been recognized in the consolidated statements of financial condition as of December 2015 and December 2014.

Guarantees of Subsidiaries. Group Inc. fully and unconditionally guarantees the securities issued by GS Finance Corp., a wholly-owned finance subsidiary of the firm.

Group Inc. has guaranteed the payment obligations of Goldman, Sachs & Co. (GS&Co.), GS Bank USA and Goldman Sachs Execution & Clearing, L.P. (GSEC), subject to certain exceptions.

In November 2008, the firm contributed subsidiaries into GS Bank USA, and Group Inc. agreed to guarantee the reimbursement of certain losses, including credit-related losses, relating to assets held by the contributed entities.

In addition, Group Inc. guarantees many of the obligations of its other consolidated subsidiaries on a transaction-by-transaction basis, as negotiated with counterparties. Group Inc. is unable to develop an estimate of the maximum payout under its subsidiary guarantees; however, because these guaranteed obligations are also obligations of consolidated subsidiaries, Group Inc.'s liabilities as guarantor are not separately disclosed.

Note 19.

Shareholders' Equity

Common Equity

Dividends declared per common share were \$2.55 in 2015, \$2.25 in 2014 and \$2.05 in 2013. On January 19, 2016, Group Inc. declared a dividend of \$0.65 per common share to be paid on March 30, 2016 to common shareholders of record on March 2, 2016.

The firm's share repurchase program is intended to help maintain the appropriate level of common equity. The share repurchase program is effected primarily through regular open-market purchases (which may include repurchase plans designed to comply with Rule 10b5-1), the amounts and timing of which are determined primarily by the firm's current and projected capital position, but which may also be influenced by general market conditions and the prevailing price and trading volumes of the firm's common stock. Prior to repurchasing common stock, the firm must receive confirmation that the Federal Reserve Board does not object to such capital actions.

The table below presents the amount of common stock repurchased by the firm under the share repurchase program.

<i>in millions, except per share amounts</i>	Year Ended December		
	2015	2014	2013
Common share repurchases	22.1	31.8	39.3
Average cost per share	\$189.41	\$171.79	\$157.11
Total cost of common share repurchases	\$ 4,195	\$ 5,469	\$ 6,175

Pursuant to the terms of certain share-based compensation plans, employees may remit shares to the firm or the firm may cancel restricted stock units (RSUs) or stock options to satisfy minimum statutory employee tax withholding requirements and the exercise price of stock options. Under these plans, during 2015, 2014 and 2013, employees remitted 35,217 shares, 174,489 shares and 161,211 shares with a total value of \$6 million, \$31 million and \$25 million, and the firm cancelled 5.7 million, 5.8 million and 4.0 million of RSUs with a total value of \$1.03 billion, \$974 million and \$599 million. Under these plans, the firm also cancelled 2.0 million and 15.6 million of stock options with a total value of \$406 million and \$2.65 billion during 2015 and 2014, respectively.

Preferred Equity

The tables below present details about the perpetual preferred stock issued and outstanding as of December 2015.

Series	Shares Authorized	Shares Issued	Shares Outstanding	Depository Shares Per Share
A	50,000	30,000	29,999	1,000
B	50,000	32,000	32,000	1,000
C	25,000	8,000	8,000	1,000
D	60,000	54,000	53,999	1,000
E	17,500	17,500	17,500	N/A
F	5,000	5,000	5,000	N/A
I	34,500	34,000	34,000	1,000
J	46,000	40,000	40,000	1,000
K	32,200	28,000	28,000	1,000
L	52,000	52,000	52,000	25
M ¹	80,000	80,000	80,000	25
Total	452,200	380,500	380,498	

1. In April 2015, Group Inc. issued 80,000 shares of Series M perpetual 5.375% Fixed-to-Floating Rate Non-Cumulative Preferred Stock (Series M Preferred Stock).

Series	Liquidation Preference	Redemption Price Per Share	Redemption Value (\$ in millions)
A	\$ 25,000	\$25,000 plus declared and unpaid dividends	\$ 750
B	25,000	\$25,000 plus declared and unpaid dividends	800
C	25,000	\$25,000 plus declared and unpaid dividends	200
D	25,000	\$25,000 plus declared and unpaid dividends	1,350
E	100,000	\$100,000 plus declared and unpaid dividends	1,750
F	100,000	\$100,000 plus declared and unpaid dividends	500
I	25,000	\$25,000 plus accrued and unpaid dividends	850
J	25,000	\$25,000 plus accrued and unpaid dividends	1,000
K	25,000	\$25,000 plus accrued and unpaid dividends	700
L	25,000	\$25,000 plus accrued and unpaid dividends	1,300
M	25,000	\$25,000 plus accrued and unpaid dividends	2,000
Total			\$11,200

Notes to Consolidated Financial Statements

In the tables above:

- Each share of non-cumulative Series A, Series B, Series C and Series D Preferred Stock issued and outstanding is redeemable at the firm's option.
- Each share of non-cumulative Series E and Series F Preferred Stock issued and outstanding is redeemable at the firm's option, subject to certain covenant restrictions governing the firm's ability to redeem or purchase the preferred stock without issuing common stock or other instruments with equity-like characteristics. See Note 16 for information about the replacement capital covenants applicable to the Series E and Series F Preferred Stock.
- Each share of non-cumulative Series I Preferred Stock issued and outstanding is redeemable at the firm's option beginning November 10, 2017.
- Each share of non-cumulative Series J Preferred Stock issued and outstanding is redeemable at the firm's option beginning May 10, 2023.
- Each share of non-cumulative Series K Preferred Stock issued and outstanding is redeemable at the firm's option beginning May 10, 2024.
- Each share of non-cumulative Series L Preferred Stock issued and outstanding is redeemable at the firm's option beginning May 10, 2019.
- Each share of non-cumulative Series M Preferred Stock issued and outstanding is redeemable at the firm's option beginning May 10, 2020.
- All shares of preferred stock have a par value of \$0.01 per share and, where applicable, each share of preferred stock is represented by the specified number of depository shares.

Prior to redeeming preferred stock, the firm must receive confirmation that the Federal Reserve Board does not object to such capital actions. All series of preferred stock are pari passu and have a preference over the firm's common stock on liquidation. Dividends on each series of preferred stock, excluding Series L and Series M Preferred Stock, if declared, are payable quarterly in arrears. Dividends on Series L and Series M Preferred Stock, if declared, are payable semi-annually in arrears from the issuance date to, but excluding, May 10, 2019 and May 10, 2020, respectively, and quarterly thereafter. The firm's ability to declare or pay dividends on, or purchase, redeem or otherwise acquire, its common stock is subject to certain restrictions in the event that the firm fails to pay or set aside full dividends on the preferred stock for the latest completed dividend period.

The table below presents the dividend rates of the firm's perpetual preferred stock as of December 2015.

Series	Dividend Rate
A	3 month LIBOR + 0.75%, with floor of 3.75% per annum
B	6.20% per annum
C	3 month LIBOR + 0.75%, with floor of 4.00% per annum
D	3 month LIBOR + 0.67%, with floor of 4.00% per annum
E	3 month LIBOR + 0.77%, with floor of 4.00% per annum
F	3 month LIBOR + 0.77%, with floor of 4.00% per annum
I	5.95% per annum
J	5.50% per annum to, but excluding, May 10, 2023; 3 month LIBOR + 3.64% per annum thereafter
K	6.375% per annum to, but excluding, May 10, 2024; 3 month LIBOR + 3.55% per annum thereafter
L	5.70% per annum to, but excluding, May 10, 2019; 3 month LIBOR + 3.884% per annum thereafter
M	5.375% per annum to, but excluding, May 10, 2020; 3 month LIBOR + 3.922% per annum thereafter

The table below presents preferred dividends declared on the firm's preferred stock.

Series	Year Ended December					
	2015		2014		2013	
	per share	\$ in millions	per share	\$ in millions	per share	\$ in millions
A	\$ 950.52	\$ 28	\$ 945.32	\$ 28	\$ 947.92	\$ 28
B	1,550.00	50	1,550.00	50	1,550.00	50
C	1,013.90	8	1,008.34	8	1,011.11	8
D	1,013.90	54	1,008.34	54	1,011.11	54
E	4,055.55	71	4,044.44	71	4,044.44	71
F	4,055.55	20	4,044.44	20	4,044.44	20
I	1,487.52	51	1,487.52	51	1,553.63	53
J	1,375.00	55	1,375.00	55	744.79	30
K	1,593.76	45	850.00	24	—	—
L	1,425.00	74	760.00	39	—	—
M	735.33	59	—	—	—	—
Total		\$515		\$400		\$314

On January 8, 2016, Group Inc. declared dividends of \$239.58, \$387.50, \$255.56, \$255.56, \$371.88, \$343.75 and \$398.44 per share of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series I Preferred Stock, Series J Preferred Stock and Series K Preferred Stock, respectively, to be paid on February 10, 2016 to preferred shareholders of record on January 26, 2016. In addition, the firm declared dividends of \$1,011.11 per each share of Series E Preferred Stock and Series F Preferred Stock, to be paid on March 1, 2016 to preferred shareholders of record on February 15, 2016.

Notes to Consolidated Financial Statements**Accumulated Other Comprehensive Loss**

The tables below present accumulated other comprehensive loss, net of tax by type.

	December 2015		
	Balance, beginning of year	Other comprehensive income/(loss) adjustments, net of tax	Balance, end of year
<i>\$ in millions</i>			
Currency translation	\$(473)	\$(114)	\$(587)
Pension and postretirement liabilities	(270)	139	(131)
Accumulated other comprehensive income/(loss), net of tax	\$(743)	\$ 25	\$(718)

	December 2014		
	Balance, beginning of year	Other comprehensive income/(loss) adjustments, net of tax	Balance, end of year
<i>\$ in millions</i>			
Currency translation	\$(364)	\$(109)	\$(473)
Pension and postretirement liabilities	(168)	(102)	(270)
Cash flow hedges	8	(8)	—
Accumulated other comprehensive loss, net of tax	\$(524)	\$(219)	\$(743)

Note 20.**Regulation and Capital Adequacy**

The Federal Reserve Board is the primary regulator of Group Inc., a bank holding company under the Bank Holding Company Act of 1956 (BHC Act) and a financial holding company under amendments to the BHC Act. As a bank holding company, the firm is subject to consolidated regulatory capital requirements which are calculated in accordance with the revised risk-based capital and leverage regulations of the Federal Reserve Board, subject to certain transitional provisions (Revised Capital Framework).

The risk-based capital requirements are expressed as capital ratios that compare measures of regulatory capital to risk-weighted assets (RWAs). Failure to comply with these requirements could result in restrictions being imposed by the firm's regulators. The firm's capital levels are also subject to qualitative judgments by the regulators about components of capital, risk weightings and other factors. Furthermore, certain of the firm's subsidiaries are subject to separate regulations and capital requirements as described below.

Capital Framework

The regulations under the Revised Capital Framework are largely based on the Basel Committee's final capital framework for strengthening international capital standards (Basel III) and also implement certain provisions of the Dodd-Frank Act. Under the Revised Capital Framework, the firm is an "Advanced approach" banking organization.

As of December 2015, the firm calculated its Common Equity Tier 1 (CET1), Tier 1 capital and Total capital ratios in accordance with (i) the Standardized approach and market risk rules set out in the Revised Capital Framework (together, the Standardized Capital Rules) and (ii) the Advanced approach and market risk rules set out in the Revised Capital Framework (together, the Basel III Advanced Rules). The lower of each ratio calculated in (i) and (ii) is the ratio against which the firm's compliance with its minimum ratio requirements is assessed. Each of the ratios calculated in accordance with the Basel III Advanced Rules was lower than that calculated in accordance with the Standardized Capital Rules and therefore the Basel III Advanced ratios were the ratios that applied to the firm as of December 2015. The capital ratios that apply to the firm can change in future reporting periods as a result of these regulatory requirements.

As of December 2014, the firm calculated its CET1, Tier 1 capital and Total capital ratios using the Revised Capital Framework for regulatory capital, but RWAs were calculated in accordance with (i) the Basel I Capital Accord of the Basel Committee, incorporating the market risk requirements set out in the Revised Capital Framework, and adjusted for certain items related to capital deductions and for the phase-in of capital deductions (Hybrid Capital Rules), and (ii) the Basel III Advanced Rules. The lower of each ratio calculated in (i) and (ii) was the ratio against which the firm's compliance with its minimum ratio requirements was assessed. Each of the ratios calculated in accordance with the Basel III Advanced Rules was lower than that calculated in accordance with the Hybrid Capital Rules and therefore the Basel III Advanced ratios were the ratios that applied to the firm as of December 2014.

Notes to Consolidated Financial Statements

Regulatory Capital and Capital Ratios. The table below presents the minimum ratios required for the firm as of December 2015.

	Minimum Ratio
CET1 ratio	4.5%
Tier 1 capital ratio	6.0%
Total capital ratio ¹	8.0%
Tier 1 leverage ratio ²	4.0%

1. In order to meet the quantitative requirements for being “well-capitalized” under the Federal Reserve Board’s regulations, the firm must meet a higher required minimum Total capital ratio of 10.0%.

2. Tier 1 leverage ratio is defined as Tier 1 capital divided by quarterly average adjusted total assets (which includes adjustments for goodwill and identifiable intangible assets, and certain investments in nonconsolidated financial institutions).

Certain aspects of the Revised Capital Framework’s requirements phase in over time (transitional provisions). These include the introduction of capital buffers (including surcharges) and certain deductions from regulatory capital (such as investments in nonconsolidated financial institutions). These deductions from regulatory capital are required to be phased in ratably per year from 2014 to 2018, with residual amounts not deducted during the transitional period subject to risk weighting. In addition, junior subordinated debt issued to trusts is being phased out of regulatory capital. The minimum CET1, Tier 1 and Total capital ratios that apply to the firm will increase as the transitional provisions phase in and capital buffers (including surcharges) are introduced.

Definition of Risk-Weighted Assets. As of December 2015, RWAs were calculated in accordance with both the Standardized Capital Rules and the Basel III Advanced Rules. The following is a comparison of RWA calculations under these rules:

- RWAs for credit risk in accordance with the Standardized Capital Rules are calculated in a different manner than the Basel III Advanced Rules. The primary difference is that the Standardized Capital Rules do not contemplate the use of internal models to compute exposure for credit risk on derivatives and securities financing transactions, whereas the Basel III Advanced Rules permit the use of such models, subject to supervisory approval. In addition, credit RWAs calculated in accordance with the Standardized Capital Rules utilize prescribed risk-weights which depend largely on the type of counterparty, rather than on internal assessments of the creditworthiness of such counterparties;
- RWAs for market risk in accordance with the Standardized Capital Rules and the Basel III Advanced Rules are generally consistent; and
- RWAs for operational risk are not required by the Standardized Capital Rules, whereas the Basel III Advanced Rules do include such a requirement.

As of December 2014, the firm calculated RWAs in accordance with both the Basel III Advanced Rules and the Hybrid Capital Rules described below.

Credit Risk

Credit RWAs are calculated based upon measures of exposure, which are then risk weighted. The following is a description of the calculation of credit RWAs in accordance with the Standardized Capital Rules, the Basel III Advanced Rules and the Hybrid Capital Rules:

- For credit RWAs calculated in accordance with the Standardized Capital Rules, the firm utilizes prescribed risk-weights which depend largely on the type of counterparty (e.g., whether the counterparty is a sovereign, bank, broker-dealer or other entity). The exposure measure for derivatives is based on a combination of positive net current exposure and a percentage of the notional amount of each derivative. The exposure measure for securities financing transactions is calculated to reflect adjustments for potential price volatility, the size of which depends on factors such as the type and maturity of the security, and whether it is denominated in the same currency as the other side of the financing transaction. The firm utilizes specific required formulaic approaches to measure exposure for securitizations and equities;
- For credit RWAs calculated in accordance with the Basel III Advanced Rules, the firm has been given permission by its regulators to compute risk-weights for wholesale and retail credit exposures in accordance with the Advanced Internal Ratings-Based approach. This approach is based on internal assessments of the creditworthiness of counterparties, with key inputs being the probability of default, loss given default and the effective maturity. The firm utilizes internal models to measure exposure for derivatives, securities financing transactions and eligible margin loans. The Revised Capital Framework requires that a bank holding company obtain prior written agreement from its regulators before using internal models for such purposes. The firm utilizes specific required formulaic approaches to measure exposure for securitizations and equities; and
- For credit RWAs calculated in accordance with the Hybrid Capital Rules, the firm utilized prescribed risk-weights depending on, among other things, the type of counterparty. The exposure measure for derivatives was based on a combination of positive net current exposure and a percentage of the notional amount of each derivative. The exposure measure for securities financing transactions was based on the carrying value without the application of potential price volatility adjustments required under the Standardized Capital Rules.

Notes to Consolidated Financial Statements**Market Risk**

Market RWAs are calculated based on measures of exposure which include Value-at-Risk (VaR), stressed VaR, incremental risk and comprehensive risk based on internal models, and a standardized measurement method for specific risk. The market risk regulatory capital rules require that a bank holding company obtain prior written agreement from its regulators before using any internal model to calculate its risk-based capital requirement. The following is further information regarding the measures of exposure for market RWAs calculated in accordance with the Standardized Capital Rules, Basel III Advanced Rules and Hybrid Capital Rules:

- VaR is the potential loss in value of inventory positions, as well as certain other financial assets and financial liabilities, due to adverse market movements over a defined time horizon with a specified confidence level. For both risk management purposes and regulatory capital calculations the firm uses a single VaR model which captures risks including those related to interest rates, equity prices, currency rates and commodity prices. However, VaR used for regulatory capital requirements (regulatory VaR) differs from risk management VaR due to different time horizons and confidence levels (10-day and 99% for regulatory VaR vs. one-day and 95% for risk management VaR), as well as differences in the scope of positions on which VaR is calculated. In addition, the daily trading net revenues used to determine risk management VaR exceptions (i.e., comparing the daily trading net revenues to the VaR measure calculated as of the end of the prior business day) include intraday activity, whereas the Federal Reserve Board's regulatory capital rules require that intraday activity be excluded from daily trading net revenues when calculating regulatory VaR exceptions. Intraday activity includes bid/offer net revenues, which are more likely than not to be positive by their nature. As a result, there may be differences in the number of VaR exceptions and the amount of daily trading net revenues calculated for regulatory VaR compared to the amounts calculated for risk management VaR. The firm's positional losses observed on a single day did not exceed its 99% one-day regulatory VaR during 2015, but did exceed its 99% one-day regulatory VaR on three occasions during 2014. There was no change in the VaR multiplier used to calculate Market RWAs;

- Stressed VaR is the potential loss in value of inventory positions, as well as certain other financial assets and financial liabilities, during a period of significant market stress;
- Incremental risk is the potential loss in value of non-securitized inventory positions due to the default or credit migration of issuers of financial instruments over a one-year time horizon;
- Comprehensive risk is the potential loss in value, due to price risk and defaults, within the firm's credit correlation positions; and
- Specific risk is the risk of loss on a position that could result from factors other than broad market movements, including event risk, default risk and idiosyncratic risk. The standardized measurement method is used to determine specific risk RWAs, by applying supervisory defined risk-weighting factors after applicable netting is performed.

Operational Risk

Operational RWAs are only required to be included under the Basel III Advanced Rules. The firm has been given permission by its regulators to calculate operational RWAs in accordance with the "Advanced Measurement Approach," and therefore utilizes an internal risk-based model to quantify operational RWAs.

Consolidated Regulatory Capital Ratios

Capital Ratios and RWAs. Each of the ratios calculated in accordance with the Basel III Advanced Rules was lower than that calculated in accordance with the Standardized Rules as of December 2015 and therefore such lower ratios applied to the firm as of that date. Each of the ratios calculated in accordance with the Basel III Advanced Rules was lower than that calculated in accordance with the Hybrid Capital Rules as of December 2014 and therefore such lower ratios applied to the firm as of that date.

Notes to Consolidated Financial Statements

The table below presents the ratios calculated in accordance with both the Standardized and Basel III Advanced rules as of both December 2015 and December 2014. While the ratios calculated in accordance with the Standardized Capital Rules were not applicable until January 2015, the December 2014 ratios are presented in the table below for comparative purposes.

<i>\$ in millions</i>	As of December	
	2015	2014
Common shareholders' equity	\$ 75,528	\$ 73,597
Deductions for goodwill and identifiable intangible assets, net of deferred tax liabilities	(2,814)	(2,787)
Deductions for investments in nonconsolidated financial institutions	(864)	(953)
Other adjustments	(487)	(27)
Common Equity Tier 1	71,363	69,830
Perpetual non-cumulative preferred stock	11,200	9,200
Junior subordinated debt issued to trusts	330	660
Deduction for investments in covered funds	(413)	—
Other adjustments	(969)	(1,257)
Tier 1 capital	\$ 81,511	\$ 78,433
Standardized Tier 2 and total capital		
Tier 1 capital	\$ 81,511	\$ 78,433
Qualifying subordinated debt	15,132	11,894
Junior subordinated debt issued to trusts	990	660
Allowance for losses on loans and lending commitments	602	316
Other adjustments	(19)	(9)
Standardized Tier 2 capital	16,705	12,861
Standardized total capital	\$ 98,216	\$ 91,294
Basel III Advanced Tier 2 and total capital		
Tier 1 capital	\$ 81,511	\$ 78,433
Standardized Tier 2 capital	16,705	12,861
Allowance for losses on loans and lending commitments	(602)	(316)
Basel III Advanced Tier 2 capital	16,103	12,545
Basel III Advanced total capital	\$ 97,614	\$ 90,978
RWAs		
Standardized	\$524,107	\$619,216
Basel III Advanced	577,651	570,313
CET1 ratio		
Standardized	13.6%	11.3%
Basel III Advanced	12.4%	12.2%
Tier 1 capital ratio		
Standardized	15.6%	12.7%
Basel III Advanced	14.1%	13.8%
Total capital ratio		
Standardized	18.7%	14.7%
Basel III Advanced	16.9%	16.0%
Tier 1 leverage ratio	9.3%	9.0%

In the table above:

- The deductions for goodwill and identifiable intangible assets, net of deferred tax liabilities, include goodwill of \$3.66 billion and \$3.65 billion as of December 2015 and December 2014, respectively, and identifiable intangible assets of \$196 million (40% of \$491 million) and \$103 million (20% of \$515 million) as of December 2015 and December 2014, respectively, net of associated deferred tax liabilities of \$1.04 billion and \$961 million as of December 2015 and December 2014, respectively. Goodwill is fully deducted from CET1, while the deduction for identifiable intangible assets is required to be phased into CET1 ratably over five years from 2014 to 2018. The balance that is not deducted during the transitional period is risk weighted.
- The deductions for investments in nonconsolidated financial institutions represent the amount by which the firm's investments in the capital of nonconsolidated financial institutions exceed certain prescribed thresholds. The deduction for such investments is required to be phased into CET1 ratably over five years from 2014 to 2018. As of December 2015 and December 2014, CET1 reflects 40% and 20% of the deduction, respectively. The balance that is not deducted during the transitional period is risk weighted.
- The deduction for investments in covered funds represents the firm's aggregate investments in applicable covered funds, as permitted by the Volcker Rule, that were purchased after December 2013. Substantially all of these investments in covered funds were purchased in connection with the firm's market-making activities. This deduction became effective in July 2015 and is not subject to a transition period. See Note 6 for further information about the Volcker Rule.
- Other adjustments within CET1 and Tier 1 capital primarily include accumulated other comprehensive loss, credit valuation adjustments on derivative liabilities, debt valuation adjustments, the overfunded portion of the firm's defined benefit pension plan obligation net of associated deferred tax liabilities, disallowed deferred tax assets and other required credit risk-based deductions. The deductions for such items are generally required to be phased into CET1 ratably over five years from 2014 to 2018. As of December 2015 and December 2014, CET1 reflects 40% and 20% of such deductions, respectively. The balance that is not deducted from CET1 during the transitional period is generally deducted from Tier 1 capital within other adjustments.

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- Junior subordinated debt issued to trusts is reflected in both Tier 1 capital (25%) and Tier 2 capital (75%) as of December 2015. Such percentages were 50% for both Tier 1 and Tier 2 capital as of December 2014. Junior subordinated debt issued to trusts is reduced by the amount of trust preferred securities purchased by the firm and will be fully phased out of Tier 1 capital into Tier 2 capital by 2016, and then out of Tier 2 capital by 2022. See Note 16 for additional information about the firm's junior subordinated debt issued to trusts and trust preferred securities purchased by the firm.
- Qualifying subordinated debt represents subordinated debt issued by Group Inc. with an original term to maturity of five years or greater. The outstanding amount of subordinated debt qualifying for Tier 2 capital is reduced upon reaching a remaining maturity of five years. See Note 16 for additional information about the firm's subordinated debt.

The tables below present changes in CET1, Tier 1 capital and Tier 2 capital for the period ended December 2015 and the period from December 31, 2013 to December 31, 2014.

\$ in millions	Period Ended December 2015	
	Standardized	Basel III Advanced
Common Equity Tier 1		
Beginning balance	\$69,830	\$69,830
Increased deductions due to transitional provisions ¹	(1,368)	(1,368)
Increase in common shareholders' equity	1,931	1,931
Change in deduction for goodwill and identifiable intangible assets, net of deferred tax liabilities	75	75
Change in deduction for investments in nonconsolidated financial institutions	1,059	1,059
Change in other adjustments	(164)	(164)
Ending balance	\$71,363	\$71,363
Tier 1 capital		
Beginning balance	\$78,433	\$78,433
Increased deductions due to transitional provisions ¹	(1,073)	(1,073)
Other net increase in CET1	2,901	2,901
Redesignation of junior subordinated debt issued to trusts	(330)	(330)
Increase in perpetual non-cumulative preferred stock	2,000	2,000
Deduction for investments in covered funds	(413)	(413)
Change in other adjustments	(7)	(7)
Ending balance	81,511	81,511
Tier 2 capital		
Beginning balance	12,861	12,545
Increased deductions due to transitional provisions ¹	(53)	(53)
Increase in qualifying subordinated debt	3,238	3,238
Redesignation of junior subordinated debt issued to trusts	330	330
Change in the allowance for losses on loans and lending commitments	286	—
Change in other adjustments	43	43
Ending balance	16,705	16,103
Total capital	\$98,216	\$97,614

1. Represents the increased phase-in of deductions from 20% to 40%, effective January 2015.

\$ in millions	Period Ended December 2014
Common Equity Tier 1	
Balance, December 31, 2013	\$63,248
Change in CET1 related to the transition to the Revised Capital Framework ¹	3,177
Increase in common shareholders' equity	2,330
Change in deduction for goodwill and identifiable intangible assets, net of deferred tax liabilities	144
Change in deduction for investments in nonconsolidated financial institutions	839
Change in other adjustments	92
Balance, December 31, 2014	\$69,830
Tier 1 capital	
Balance, December 31, 2013	\$72,471
Change in CET1 related to the transition to the Revised Capital Framework ¹	3,177
Change in Tier 1 capital related to the transition to the Revised Capital Framework ²	(443)
Other net increase in CET1	3,405
Increase in perpetual non-cumulative preferred stock	2,000
Redesignation of junior subordinated debt issued to trusts and decrease related to trust preferred securities purchased by the firm	(1,403)
Change in other adjustments	(774)
Balance, December 31, 2014	78,433
Tier 2 capital	
Balance, December 31, 2013	13,632
Change in Tier 2 capital related to the transition to the Revised Capital Framework ³	(197)
Decrease in qualifying subordinated debt	(879)
Trust preferred securities purchased by the firm, net of redesignation of junior subordinated debt issued to trusts	(27)
Change in other adjustments	16
Balance, December 31, 2014	12,545
Total capital	\$90,978

1. Includes \$3.66 billion related to the transition to the Revised Capital Framework on January 1, 2014 as well as \$(479) million related to the firm's application of the Basel III Advanced Rules on April 1, 2014.

2. Includes \$(219) million related to the transition to the Revised Capital Framework on January 1, 2014 as well as \$(224) million related to the firm's application of the Basel III Advanced Rules on April 1, 2014.

3. Includes \$(2) million related to the transition to the Revised Capital Framework on January 1, 2014 as well as \$(195) million related to the firm's application of the Basel III Advanced Rules on April 1, 2014.

In the table above, "Change in CET1 related to the transition to the Revised Capital Framework" primarily reflects the change in the treatment of equity investments in certain nonconsolidated entities. The Revised Capital Framework requires only a portion of such investments that exceed certain prescribed thresholds to be treated as deductions from CET1 and the remainder are risk-weighted, subject to the applicable transitional provisions. As of December 2013, in accordance with the previous capital regulations, these equity investments were treated as deductions.

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The tables below present the components of RWAs calculated in accordance with the Standardized and Basel III Advanced rules as of December 2015 and December 2014.

\$ in millions	Standardized Capital Rules as of December	
	2015	2014
Credit RWAs		
Derivatives	\$136,841	\$180,771
Commitments, guarantees and loans	111,391	89,783
Securities financing transactions ¹	71,392	92,116
Equity investments	37,687	38,526
Other ²	62,807	71,499
Total Credit RWAs	420,118	472,695
Market RWAs		
Regulatory VaR	12,000	10,238
Stressed VaR	21,738	29,625
Incremental risk	9,513	16,950
Comprehensive risk	5,725	9,855
Specific risk	55,013	79,853
Total Market RWAs	103,989	146,521
Total RWAs	\$524,107	\$619,216

\$ in millions	Basel III Advanced Rules as of December	
	2015	2014
Credit RWAs		
Derivatives	\$113,671	\$122,501
Commitments, guarantees and loans	114,523	95,209
Securities financing transactions ¹	14,901	15,618
Equity investments	40,110	40,146
Other ²	60,877	54,470
Total Credit RWAs	344,082	327,944
Market RWAs		
Regulatory VaR	12,000	10,238
Stressed VaR	21,738	29,625
Incremental risk	9,513	16,950
Comprehensive risk	4,717	8,150
Specific risk	55,013	79,918
Total Market RWAs	102,981	144,881
Total Operational RWAs	130,588	97,488
Total RWAs	\$577,651	\$570,313

1. Represents resale and repurchase agreements and securities borrowed and loaned transactions.

2. Includes receivables, other assets, and cash and cash equivalents.

The table below presents changes in RWAs calculated in accordance with the Standardized and Basel III Advanced rules for the period ended December 2015.

\$ in millions	Period Ended December 2015	
	Standardized	Basel III Advanced
Risk-Weighted Assets		
Beginning balance	\$619,216	\$570,313
Credit RWAs		
Increase/(decrease) due to transitional provisions ¹	(1,073)	(1,073)
Increase/(decrease) in derivatives	(43,930)	(8,830)
Increase/(decrease) in commitments, guarantees and loans	21,608	19,314
Increase/(decrease) in securities financing transactions	(20,724)	(717)
Increase/(decrease) in equity investments	131	934
Change in other	(8,589)	6,510
Change in Credit RWAs	(52,577)	16,138
Market RWAs		
Increase/(decrease) in regulatory VaR	1,762	1,762
Increase/(decrease) in stressed VaR	(7,887)	(7,887)
Increase/(decrease) in incremental risk	(7,437)	(7,437)
Increase/(decrease) in comprehensive risk	(4,130)	(3,433)
Increase/(decrease) in specific risk	(24,840)	(24,905)
Change in Market RWAs	(42,532)	(41,900)
Operational RWAs		
Increase/(decrease) in operational risk	—	33,100
Change in Operational RWAs	—	33,100
Ending balance	\$524,107	\$577,651

1. Represents the increased phase-in of deductions from 20% to 40%, effective January 2015.

Standardized Credit RWAs as of December 2015 decreased by \$52.58 billion compared with December 2014, reflecting decreases in derivatives and securities financing transactions, primarily due to lower exposures. These decreases were partially offset by an increase in lending activity. Standardized Market RWAs as of December 2015 decreased by \$42.53 billion compared with December 2014, primarily due to decreased specific risk, as a result of reduced risk exposures.

Basel III Advanced Credit RWAs as of December 2015 increased by \$16.14 billion compared with December 2014, primarily reflecting an increase in lending activity. This increase was partially offset by a decrease in RWAs related to derivatives, due to lower counterparty credit risk. Basel III Advanced Market RWAs as of December 2015 decreased by \$41.90 billion compared with December 2014, primarily due to decreased specific risk, as a result of reduced risk exposures. Basel III Advanced Operational RWAs as of December 2015 increased by \$33.10 billion compared with December 2014, substantially all of which is associated with mortgage-related legal matters and regulatory proceedings.

Notes to Consolidated Financial Statements

See “Definition of Risk-Weighted Assets” above for a description of the calculations of Credit RWAs, Market RWAs and Operational RWAs, including the differences in the calculation of Credit RWAs under each of the Standardized Capital Rules and the Basel III Advanced Rules.

The table below presents changes in RWAs from December 31, 2013 to December 31, 2014. As of December 31, 2013, the firm was subject to the capital regulations of the Federal Reserve Board that were based on the Basel Committee’s Basel I Capital Accord, including the revised market risk capital requirements.

<i>\$ in millions</i>	Period Ended December 2014
Risk-weighted assets	
Balance, December 31, 2013	\$433,226
Credit RWAs	
Change related to the transition to the Revised Capital Framework ¹	69,101
Decrease in derivatives	(24,109)
Increase in commitments, guarantees and loans	18,208
Decrease in securities financing transactions	(2,782)
Decrease in equity investments	(2,728)
Increase in other	2,007
Change in Credit RWAs	59,697
Market RWAs	
Change related to the transition to the Revised Capital Framework	1,626
Decrease in regulatory VaR	(5,175)
Decrease in stressed VaR	(11,512)
Increase in incremental risk	7,487
Decrease in comprehensive risk	(6,617)
Decrease in specific risk	(5,907)
Change in Market RWAs	(20,098)
Operational RWAs	
Change related to the transition to the Revised Capital Framework	88,938
Increase in operational risk	8,550
Change in Operational RWAs	97,488
Ending balance (Basel III Advanced)	\$570,313

1. Includes \$26.67 billion of RWA changes related to the transition to the Revised Capital Framework on January 1, 2014 and \$42.43 billion of changes to the calculation of credit RWAs in accordance with the Basel III Advanced Rules related to the firm’s application of the Basel III Advanced Rules on April 1, 2014.

Credit RWAs as of December 2014 increased by \$59.70 billion compared with December 2013, primarily due to increased risk weightings related to counterparty credit risk for derivative exposures and the inclusion of RWAs for equity investments in certain nonconsolidated entities, both resulting from the transition to the Revised Capital Framework. Market RWAs as of December 2014 decreased by \$20.10 billion compared with December 2013, primarily due to a decrease in stressed VaR, reflecting reduced fixed income and equities exposures. Operational RWAs as of December 2014 increased by \$97.49 billion compared with December 2013, substantially all of which was due to the transition to the Revised Capital Framework.

Bank Subsidiaries

Regulatory Capital Ratios. GS Bank USA, an FDIC-insured, New York State-chartered bank and a member of the Federal Reserve System, is supervised and regulated by the Federal Reserve Board, the FDIC, the New York State Department of Financial Services and the Consumer Financial Protection Bureau, and is subject to regulatory capital requirements that are calculated in substantially the same manner as those applicable to bank holding companies. For purposes of assessing the adequacy of its capital, GS Bank USA calculates its capital ratios in accordance with the risk-based capital and leverage requirements applicable to state member banks. Those requirements are based on the Revised Capital Framework described above. GS Bank USA is an Advanced approach banking organization under the Revised Capital Framework.

Under the regulatory framework for prompt corrective action applicable to GS Bank USA, in order to meet the quantitative requirements for being a “well-capitalized” depository institution, GS Bank USA must meet higher minimum requirements than the minimum ratios in the table below. The table below presents the minimum ratios and “well-capitalized” minimum ratios required for GS Bank USA as of December 2015.

	Minimum Ratio	“Well-capitalized” Minimum Ratio
CET1 ratio	4.5%	6.5%
Tier 1 capital ratio	6.0%	8.0%
Total capital ratio	8.0%	10.0%
Tier 1 leverage ratio	4.0%	5.0%

GS Bank USA was in compliance with its minimum capital requirements and the “well-capitalized” minimum ratios as of December 2015 and December 2014. GS Bank USA’s capital levels and prompt corrective action classification are also subject to qualitative judgments by the regulators about components of capital, risk weightings and other factors. Failure to comply with these capital requirements could result in restrictions being imposed by GS Bank USA’s regulators.

Notes to Consolidated Financial Statements

As of December 2015, similar to the firm, GS Bank USA is required to calculate each of the CET1, Tier 1 capital and Total capital ratios in accordance with both the Standardized Capital Rules and Basel III Advanced Rules. The lower of each ratio calculated in accordance with the Standardized Capital Rules and Basel III Advanced Rules is the ratio against which GS Bank USA's compliance with its minimum ratio requirements is assessed. Each of the ratios calculated in accordance with the Standardized Capital Rules was lower than that calculated in accordance with the Basel III Advanced Rules and therefore the Standardized Capital ratios were the ratios that applied to GS Bank USA as of December 2015. The capital ratios that apply to GS Bank USA can change in future reporting periods as a result of these regulatory requirements.

As of December 2014, GS Bank USA was required to calculate each of the CET1, Tier 1 capital and Total capital ratios in accordance with both the Basel III Advanced Rules and Hybrid Capital Rules. The lower of each ratio calculated in accordance with the Basel III Advanced Rules and the Hybrid Capital Rules was the ratio against which GS Bank USA's compliance with its minimum ratio requirements was assessed. Each of the ratios calculated in accordance with the Hybrid Capital Rules was lower than that calculated in accordance with the Basel III Advanced Rules and therefore the Hybrid Capital ratios were the ratios that applied to GS Bank USA as of December 2014.

The table below presents the ratios for GS Bank USA calculated in accordance with both the Standardized and Basel III Advanced rules as of both December 2015 and December 2014, and with the Hybrid Capital Rules as of December 2014. While the ratios calculated in accordance with the Standardized Capital Rules were not applicable until January 2015, the December 2014 ratios are presented in the table below for comparative purposes.

<i>\$ in millions</i>	As of December	
	2015	2014
Standardized		
Common Equity Tier 1	\$ 23,017	\$ 21,293
Tier 1 capital	23,017	21,293
Tier 2 capital	2,311	2,182
Total capital	\$ 25,328	\$ 23,475
RWAs	\$202,197	\$200,605
CET1 ratio	11.4%	10.6%
Tier 1 capital ratio	11.4%	10.6%
Total capital ratio	12.5%	11.7%
Basel III Advanced		
Common Equity Tier 1	\$ 23,017	\$ 21,293
Tier 1 capital	23,017	21,293
Standardized Tier 2 capital	2,311	2,182
Allowance for losses on loans and lending commitments	(311)	(182)
Tier 2 capital	2,000	2,000
Total capital	\$ 25,017	\$ 23,293
RWAs	\$131,059	\$141,978
CET1 ratio	17.6%	15.0%
Tier 1 capital ratio	17.6%	15.0%
Total capital ratio	19.1%	16.4%
Hybrid		
RWAs	N/A	\$149,963
CET1 ratio	N/A	14.2%
Tier 1 capital ratio	N/A	14.2%
Total capital ratio	N/A	15.7%
Tier 1 leverage ratio	16.4%	17.3%

The firm's principal non-U.S. bank subsidiary, GSIB, is a wholly-owned credit institution, regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) and is subject to minimum capital requirements. As of December 2015 and December 2014, GSIB was in compliance with all regulatory capital requirements.

Notes to Consolidated Financial Statements**Broker-Dealer Subsidiaries**

U.S. Regulated Broker-Dealer Subsidiaries. The firm's U.S. regulated broker-dealer subsidiaries include GS&Co. and GSEC. GS&Co. and GSEC are registered U.S. broker-dealers and futures commission merchants, and are subject to regulatory capital requirements, including those imposed by the SEC, the U.S. Commodity Futures Trading Commission (CFTC), the Chicago Mercantile Exchange, the Financial Industry Regulatory Authority, Inc. (FINRA) and the National Futures Association. Rule 15c3-1 of the SEC and Rule 1.17 of the CFTC specify uniform minimum net capital requirements, as defined, for their registrants, and also effectively require that a significant part of the registrants' assets be kept in relatively liquid form. GS&Co. and GSEC have elected to calculate their minimum capital requirements in accordance with the "Alternative Net Capital Requirement" as permitted by Rule 15c3-1.

As of December 2015 and December 2014, GS&Co. had regulatory net capital, as defined by Rule 15c3-1, of \$14.75 billion and \$14.83 billion, respectively, which exceeded the amount required by \$12.37 billion and \$12.46 billion, respectively. As of December 2015 and December 2014, GSEC had regulatory net capital, as defined by Rule 15c3-1, of \$1.71 billion and \$1.67 billion, respectively, which exceeded the amount required by \$1.59 billion and \$1.53 billion, respectively.

In addition to its alternative minimum net capital requirements, GS&Co. is also required to hold tentative net capital in excess of \$1 billion and net capital in excess of \$500 million in accordance with the market and credit risk standards of Appendix E of Rule 15c3-1. GS&Co. is also required to notify the SEC in the event that its tentative net capital is less than \$5 billion. As of December 2015 and December 2014, GS&Co. had tentative net capital and net capital in excess of both the minimum and the notification requirements.

Non-U.S. Regulated Broker-Dealer Subsidiaries. The firm's principal non-U.S. regulated broker-dealer subsidiaries include Goldman Sachs International (GSI) and Goldman Sachs Japan Co., Ltd. (GSJCL). GSI, the firm's U.K. broker-dealer, is regulated by the PRA and the FCA. GSJCL, the firm's Japanese broker-dealer, is regulated by Japan's Financial Services Agency. These and certain other non-U.S. subsidiaries of the firm are also subject to capital adequacy requirements promulgated by authorities of the countries in which they operate. As of December 2015 and December 2014, these subsidiaries were in compliance with their local capital adequacy requirements.

Restrictions on Payments

Group Inc.'s ability to withdraw capital from its regulated subsidiaries is limited by minimum equity capital requirements applicable to those subsidiaries, provisions of applicable law and regulations and other regulatory restrictions that limit the ability of those subsidiaries to declare and pay dividends without prior regulatory approval even if the relevant subsidiary would satisfy the equity capital requirements applicable to it after giving effect to the dividend. For example, the Federal Reserve Board, the FDIC and the New York State Department of Financial Services have authority to prohibit or to limit the payment of dividends by the banking organizations they supervise (including GS Bank USA) if, in the relevant regulator's opinion, payment of a dividend would constitute an unsafe or unsound practice in the light of the financial condition of the banking organization.

As of December 2015 and December 2014, Group Inc. was required to maintain \$48.09 billion and \$33.62 billion, respectively, of minimum equity capital in its regulated subsidiaries in order to satisfy the regulatory requirements of such subsidiaries. The increased requirement is primarily a result of higher regulatory capital requirements in GS Bank USA, reflecting the implementation of the Standardized Capital Rules.

Other

The deposits of GS Bank USA are insured by the FDIC to the extent provided by law. The Federal Reserve Board requires that GS Bank USA maintain cash reserves with the Federal Reserve Bank of New York. The amount deposited by GS Bank USA held at the Federal Reserve Bank of New York was \$49.36 billion and \$38.68 billion as of December 2015 and December 2014, respectively, which exceeded required reserve amounts by \$49.25 billion and \$38.57 billion as of December 2015 and December 2014, respectively.

Note 21.

Earnings Per Common Share

Basic earnings per common share (EPS) is calculated by dividing net earnings applicable to common shareholders by the weighted average number of common shares outstanding. Common shares outstanding includes common stock and RSUs for which no future service is required as a condition to the delivery of the underlying common stock. Diluted EPS includes the determinants of basic EPS and, in addition, reflects the dilutive effect of the common stock deliverable for stock options, warrants and for RSUs for which future service is required as a condition to the delivery of the underlying common stock.

The table below presents the computations of basic and diluted EPS.

<i>in millions, except per share amounts</i>	Year Ended December		
	2015	2014	2013
Numerator for basic and diluted EPS — net earnings applicable to common shareholders	\$5,568	\$8,077	\$7,726
Denominator for basic EPS — weighted average number of common shares	448.9	458.9	471.3
Effect of dilutive securities:			
RSUs	5.3	6.1	7.2
Stock options and warrants	4.4	8.2	21.1
Dilutive potential common shares	9.7	14.3	28.3
Denominator for diluted EPS — weighted average number of common shares and dilutive potential common shares	458.6	473.2	499.6
Basic EPS	\$12.35	\$17.55	\$16.34
Diluted EPS	12.14	17.07	15.46

In the table above, unvested share-based awards that have non-forfeitable rights to dividends or dividend equivalents are treated as a separate class of securities in calculating EPS. The impact of applying this methodology was a reduction in basic EPS of \$0.05 for 2015, 2014 and 2013.

The diluted EPS computations in the table above do not include antidilutive RSUs and common shares underlying antidilutive stock options of 6.0 million for 2015, 2014 and 2013.

Note 22.

Transactions with Affiliated Funds

The firm has formed numerous nonconsolidated investment funds with third-party investors. As the firm generally acts as the investment manager for these funds, it is entitled to receive management fees and, in certain cases, advisory fees or incentive fees from these funds. Additionally, the firm invests alongside the third-party investors in certain funds.

The tables below present fees earned from affiliated funds, fees receivable from affiliated funds and the aggregate carrying value of the firm's interests in affiliated funds.

<i>\$ in millions</i>	Year Ended December		
	2015	2014	2013
Fees earned from funds	\$3,293	\$3,232	\$2,897

<i>\$ in millions</i>	As of December	
	2015	2014
Fees receivable from funds	\$ 599	\$ 724
Aggregate carrying value of interests in funds	7,768	9,099

As of December 2015 and December 2014, the firm had outstanding guarantees on behalf of its funds of \$300 million and \$304 million, respectively. This amount primarily related to a guarantee that the firm has voluntarily provided in connection with a financing agreement with a third-party lender executed by one of the firm's real estate funds that is not covered by the Volcker Rule. As of December 2015 and December 2014, the firm had no outstanding loans or commitments to extend credit to affiliated funds.

The Volcker Rule restricts the firm from providing financial support to covered funds (as defined in the rule) after the expiration of any applicable conformance period. As a general matter, in the ordinary course of business, the firm does not expect to provide additional voluntary financial support to any covered funds but may choose to do so with respect to funds that are not subject to the Volcker Rule; however, in the event that such support is provided, the amount is not expected to be material.

In addition, in the ordinary course of business, the firm may also engage in other activities with its affiliated funds including, among others, securities lending, trade execution, market making, custody, and acquisition and bridge financing. See Note 18 for the firm's investment commitments related to these funds.

Note 23.

Interest Income and Interest Expense

Interest is recorded over the life of the instrument on an accrual basis based on contractual interest rates. The table below presents the firm's sources of interest income and interest expense.

\$ in millions	Year Ended December		
	2015	2014	2013
Interest income			
Deposits with banks	\$ 161	\$ 164	\$ 186
Securities borrowed, securities purchased under agreements to resell and federal funds sold ¹	10	(81)	43
Financial instruments owned, at fair value	5,842	7,452	8,159
Loans receivable	1,191	708	296
Other interest ²	1,248	1,361	1,376
Total interest income	8,452	9,604	10,060
Interest expense			
Deposits	408	333	387
Securities loaned and securities sold under agreements to repurchase	330	431	576
Financial instruments sold, but not yet purchased, at fair value	1,319	1,741	2,054
Short-term secured and unsecured borrowings	429	447	394
Long-term secured and unsecured borrowings	3,878	3,460	3,752
Other interest ³	(976)	(855)	(495)
Total interest expense	5,388	5,557	6,668
Net interest income	\$3,064	\$4,047	\$ 3,392

1. Includes rebates paid and interest income on securities borrowed.
2. Includes interest income on customer debit balances and other interest-earning assets.
3. Includes rebates received on other interest-bearing liabilities and interest expense on customer credit balances.

Note 24.

Income Taxes

Provision for Income Taxes

Income taxes are provided for using the asset and liability method under which deferred tax assets and liabilities are recognized for temporary differences between the financial reporting and tax bases of assets and liabilities. The firm reports interest expense related to income tax matters in "Provision for taxes" and income tax penalties in "Other expenses."

The tables below present the components of the provision for taxes and a reconciliation of the U.S. federal statutory income tax rate to the firm's effective income tax rate.

\$ in millions	Year Ended December		
	2015	2014	2013
Current taxes			
U.S. federal	\$1,116	\$1,908	\$2,589
State and local	(12) ¹	576	466
Non-U.S.	1,166	901	613
Total current tax expense	2,270	3,385	3,668
Deferred taxes			
U.S. federal	397	190	(188)
State and local	62	38	67
Non-U.S.	(34)	267	150
Total deferred tax expense	425	495	29
Provision for taxes	\$2,695	\$3,880	\$3,697

1. Includes the impact of a settlement of state and local examinations.

	Year Ended December		
	2015	2014	2013
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
State and local taxes, net of U.S. federal income tax effects	0.3% ²	3.2%	4.1%
Tax credits	(1.7)%	(1.1)%	(1.0)%
Non-U.S. operations ¹	(12.1)%	(5.8)%	(5.6)%
Tax-exempt income, including dividends	(0.7)%	(0.3)%	(0.5)%
Non-deductible legal expenses	10.2% ³	—	—
Other	(0.3)%	0.4%	(0.5)%
Effective income tax rate	30.7%	31.4%	31.5%

1. Includes the impact of permanently reinvested earnings.
2. Includes the impact of a settlement of state and local examinations.
3. Substantially all of the non-deductible legal expenses relate to provisions for the agreement in principle with the RMBS Working Group. See Note 27 for further information about this agreement in principle.

Notes to Consolidated Financial Statements**Deferred Income Taxes**

Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities. These temporary differences result in taxable or deductible amounts in future years and are measured using the tax rates and laws that will be in effect when such differences are expected to reverse. Valuation allowances are established to reduce deferred tax assets to the amount that more likely than not will be realized and primarily relate to the ability to utilize losses in various tax jurisdictions. Tax assets and liabilities are presented as a component of “Other assets” and “Other liabilities and accrued expenses,” respectively.

The table below presents the significant components of deferred tax assets and liabilities, excluding the impact of netting within tax jurisdictions.

<i>\$ in millions</i>	As of December	
	2015	2014
Deferred tax assets		
Compensation and benefits	\$2,744	\$3,032
ASC 740 asset related to unrecognized tax benefits	197	172
Non-U.S. operations	1,200	1,418
Net operating losses	426	336
Occupancy-related	80	78
Other comprehensive income-related	521	277
Other, net	836	545
Subtotal	6,004	5,858
Valuation allowance	(73)	(64)
Total deferred tax assets	\$5,931	\$5,794
Depreciation and amortization	\$1,254	\$1,176
Unrealized gains	853	406
Total deferred tax liabilities	\$2,107	\$1,582

The firm has recorded deferred tax assets of \$426 million and \$336 million as of December 2015 and December 2014, respectively, in connection with U.S. federal, state and local and foreign net operating loss carryforwards. The firm also recorded a valuation allowance of \$24 million and \$26 million as of December 2015 and December 2014, respectively, related to these net operating loss carryforwards.

As of December 2015, the U.S. federal and foreign net operating loss carryforwards were \$106 million and \$1.48 billion, respectively. If not utilized, the U.S. federal net operating loss carryforward will begin to expire in 2016. The foreign net operating loss carryforwards can be carried forward indefinitely. State and local net operating loss carryforwards of \$798 million will begin to expire in 2016. If these carryforwards expire, they will not have a material impact on the firm’s results of operations. The firm had no foreign tax credit carryforwards and no related net deferred income tax assets as of December 2015 and December 2014.

The firm had no capital loss carryforwards and no related net deferred income tax assets as of December 2015 and December 2014.

The valuation allowance increased by \$9 million during 2015 and decreased by \$119 million during 2014. The increase in 2015 was primarily due to an increase in deferred tax assets from which the firm does not expect to realize any benefit. The decrease in 2014 was primarily due to a decrease in deferred tax assets from which the firm does not expect to realize any benefit.

The firm permanently reinvests eligible earnings of certain foreign subsidiaries and, accordingly, does not accrue any U.S. income taxes that would arise if such earnings were repatriated. As of December 2015 and December 2014, this policy resulted in an unrecognized net deferred tax liability of \$5.66 billion and \$4.66 billion, respectively, attributable to reinvested earnings of \$28.55 billion and \$24.88 billion, respectively.

Notes to Consolidated Financial Statements**Unrecognized Tax Benefits**

The firm recognizes tax positions in the financial statements only when it is more likely than not that the position will be sustained on examination by the relevant taxing authority based on the technical merits of the position. A position that meets this standard is measured at the largest amount of benefit that will more likely than not be realized on settlement. A liability is established for differences between positions taken in a tax return and amounts recognized in the financial statements.

The accrued liability for interest expense related to income tax matters and income tax penalties was \$101 million as of both December 2015 and December 2014. The firm recognized interest expense and income tax penalties of \$17 million, \$45 million and \$53 million for 2015, 2014 and 2013, respectively. It is reasonably possible that unrecognized tax benefits could change significantly during the twelve months subsequent to December 2015 due to potential audit settlements. However, at this time it is not possible to estimate any potential change.

The table below presents the changes in the liability for unrecognized tax benefits. This liability is included in "Other liabilities and accrued expenses." See Note 17 for further information.

<i>\$ in millions</i>	As of December		
	2015	2014	2013
Balance, beginning of year	\$ 871	\$ 1,765	\$2,237
Increases based on tax positions related to the current year	65	204	144
Increases based on tax positions related to prior years	158	263	149
Decreases based on tax positions related to prior years	(205)	(241)	(471)
Decreases related to settlements	(87)	(1,112)	(299)
Exchange rate fluctuations	23	(8)	5
Balance, end of year	\$ 825	\$ 871	\$1,765
Related deferred income tax asset	197	172	475
Net unrecognized tax benefit	\$ 628	\$ 699	\$1,290

Regulatory Tax Examinations

The firm is subject to examination by the U.S. Internal Revenue Service (IRS) and other taxing authorities in jurisdictions where the firm has significant business operations, such as the United Kingdom, Japan, Hong Kong, Korea and various states, such as New York. The tax years under examination vary by jurisdiction. The firm does not expect completion of these audits to have a material impact on the firm's financial condition but it may be material to operating results for a particular period, depending, in part, on the operating results for that period.

The table below presents the earliest tax years that remain subject to examination by major jurisdiction.

Jurisdiction	As of December 2015
U.S. Federal	2008
New York State and City	2007
United Kingdom	2014
Japan	2010
Hong Kong	2006
Korea	2010

The U.S. Federal examinations of fiscal 2008 through calendar 2010 have been finalized, but the settlement is subject to review by the Joint Committee of Taxation. The examinations of 2011 and 2012 began in 2013.

The firm has been accepted into the Compliance Assurance Process program by the IRS for the 2013, 2014, 2015 and 2016 tax years. This program allows the firm to work with the IRS to identify and resolve potential U.S. federal tax issues before the filing of tax returns. The 2013 tax year is the first year that was examined under the program, and 2013 and 2014 remain subject to post-filing review.

New York State and City examinations of fiscal 2007 through calendar 2010 began in 2013. New York State and City examinations of 2011 through 2014 began in 2015.

All years including and subsequent to the years in the table above remain open to examination by the taxing authorities. The firm believes that the liability for unrecognized tax benefits it has established is adequate in relation to the potential for additional assessments.

Note 25.

Business Segments

The firm reports its activities in the following four business segments: Investment Banking, Institutional Client Services, Investing & Lending and Investment Management.

Basis of Presentation

In reporting segments, certain of the firm's business lines have been aggregated where they have similar economic characteristics and are similar in each of the following areas: (i) the nature of the services they provide, (ii) their methods of distribution, (iii) the types of clients they serve and (iv) the regulatory environments in which they operate.

The cost drivers of the firm taken as a whole — compensation, headcount and levels of business activity — are broadly similar in each of the firm's business segments. Compensation and benefits expenses in the firm's segments reflect, among other factors, the overall performance of the firm as well as the performance of individual businesses. Consequently, pre-tax margins in one segment of the firm's business may be significantly affected by the performance of the firm's other business segments.

The firm allocates assets (including allocations of global core liquid assets and cash, secured client financing and other assets), revenues and expenses among the four business segments. Due to the integrated nature of these segments, estimates and judgments are made in allocating certain assets, revenues and expenses. The allocation process is based on the manner in which management currently views the performance of the segments. Transactions between segments are based on specific criteria or approximate third-party rates. Total operating expenses include charitable contributions that have not been allocated to individual business segments.

Management believes that the information in the table below provides a reasonable representation of each segment's contribution to consolidated pre-tax earnings and total assets.

\$ in millions	Year Ended or as of December		
	2015	2014	2013
Investment Banking			
Financial Advisory	\$ 3,470	\$ 2,474	\$ 1,978
Equity underwriting	1,546	1,750	1,659
Debt underwriting	2,011	2,240	2,367
Total Underwriting	3,557	3,990	4,026
Total net revenues	7,027	6,464	6,004
Operating expenses	3,713	3,688	3,479
Pre-tax earnings	\$ 3,314	\$ 2,776	\$ 2,525
Segment assets	\$ 2,564	\$ 1,844	\$ 1,900
Institutional Client Services			
Fixed Income, Currency and Commodities Client Execution	\$ 7,322	\$ 8,461	\$ 8,651
Equities client execution	3,028	2,079	2,594
Commissions and fees	3,156	3,153	3,103
Securities services	1,645	1,504	1,373
Total Equities	7,829	6,736	7,070
Total net revenues	15,151	15,197	15,721 ⁴
Operating expenses	13,938	10,880	11,792
Pre-tax earnings	\$ 1,213	\$ 4,317	\$ 3,929
Segment assets	\$663,394	\$695,674	\$787,896
Investing & Lending			
Equity securities	\$ 3,781	\$ 4,579	\$ 4,974
Debt securities and loans	1,655	2,246	2,044
Total net revenues ¹	5,436	6,825	7,018
Operating expenses	2,402	2,819	2,686
Pre-tax earnings	\$ 3,034	\$ 4,006	\$ 4,332
Segment assets	\$179,428	\$143,790	\$109,250
Investment Management			
Management and other fees	\$ 4,887	\$ 4,800	\$ 4,386
Incentive fees	780	776	662
Transaction revenues	539	466	415
Total net revenues	6,206	6,042	5,463
Operating expenses	4,841	4,647	4,357
Pre-tax earnings	\$ 1,365	\$ 1,395	\$ 1,106
Segment assets	\$ 16,009	\$ 14,534	\$ 12,078
Total net revenues	\$ 33,820	\$ 34,528	\$ 34,206
Total operating expenses^{2, 3}	25,042	22,171	22,469
Total pre-tax earnings	\$ 8,778	\$ 12,357	\$ 11,737
Total assets	\$861,395	\$855,842	\$911,124

1. Net revenues related to the firm's consolidated investments, previously reported in other net revenues within Investing & Lending, are now reported in equity securities and debt securities and loans, as results from these activities (\$391 million for 2015) are no longer significant principally due to the sale of Metro in the fourth quarter of 2014. Reclassifications have been made to previously reported amounts to conform to the current presentation.

2. Includes net provisions for litigation and regulatory proceedings of \$4.01 billion (of which \$3.37 billion was related to the agreement in principle with the RMBS Working Group) for 2015, \$754 million for 2014 and \$962 million for 2013. See Note 27 for further information about this agreement in principle.

3. Includes charitable contributions that have not been allocated to the firm's segments of \$148 million for 2015, \$137 million for 2014 and \$155 million for 2013.

4. Includes \$37 million of realized gains on available-for-sale securities.

Notes to Consolidated Financial Statements

The segment information presented in the table above is prepared according to the following methodologies:

- Revenues and expenses directly associated with each segment are included in determining pre-tax earnings.
- Net revenues in the firm's segments include allocations of interest income and interest expense to specific securities, commodities and other positions in relation to the cash generated by, or funding requirements of, such underlying positions. Net interest is included in segment net revenues as it is consistent with the way in which management assesses segment performance.
- Overhead expenses not directly allocable to specific segments are allocated ratably based on direct segment expenses.

The table below presents the amounts of net interest income by segment included in net revenues.

<i>\$ in millions</i>	Year Ended December		
	2015	2014	2013
Investment Banking	\$ —	\$ —	\$ —
Institutional Client Services	2,471	3,679	3,250
Investing & Lending	418	237	25
Investment Management	175	131	117
Total net interest income	\$3,064	\$4,047	\$3,392

The table below presents the amounts of depreciation and amortization expense by segment included in pre-tax earnings.

<i>\$ in millions</i>	Year Ended December		
	2015	2014	2013
Investment Banking	\$ 123	\$ 135	\$ 144
Institutional Client Services	462	525	571
Investing & Lending	253	530	441
Investment Management	153	147	166
Total depreciation and amortization	\$ 991	\$1,337	\$1,322

Geographic Information

Due to the highly integrated nature of international financial markets, the firm manages its businesses based on the profitability of the enterprise as a whole. The methodology for allocating profitability to geographic regions is dependent on estimates and management judgment because a significant portion of the firm's activities require cross-border coordination in order to facilitate the needs of the firm's clients.

Geographic results are generally allocated as follows:

- Investment Banking: location of the client and investment banking team.
- Institutional Client Services: Fixed Income, Currency and Commodities Client Execution, and Equities (excluding Securities Services): location of the market-making desk; Securities Services: location of the primary market for the underlying security.
- Investing & Lending: Investing: location of the investment; Lending: location of the client.
- Investment Management: location of the sales team.

The table below presents the total net revenues, pre-tax earnings and net earnings of the firm by geographic region allocated based on the methodology referred to above, as well as the percentage of total net revenues, pre-tax earnings and net earnings (excluding Corporate) for each geographic region. In the table below, Asia includes Australia and New Zealand.

<i>\$ in millions</i>	Year Ended December					
	2015		2014		2013	
Net revenues						
Americas	\$19,202	56%	\$20,062	58%	\$19,858	58%
Europe, Middle East and Africa	8,981	27%	9,057	26%	8,828	26%
Asia	5,637	17%	5,409	16%	5,520	16%
Total net revenues	\$33,820	100%	\$34,528	100%	\$34,206	100%
Pre-tax earnings						
Americas	\$ 3,359 ²	37%	\$ 7,144	57%	\$ 6,794	57%
Europe, Middle East and Africa	3,364	38%	3,338	27%	3,230	27%
Asia	2,203	25%	2,012	16%	1,868	16%
Subtotal	8,926	100%	12,494	100%	11,892	100%
Corporate ¹	(148)		(137)		(155)	
Total pre-tax earnings	\$ 8,778		\$12,357		\$11,737	
Net earnings						
Americas	\$ 1,587	26%	\$ 4,558	53%	\$ 4,425	54%
Europe, Middle East and Africa	2,914	47%	2,576	30%	2,377	29%
Asia	1,686	27%	1,434	17%	1,345	17%
Subtotal	6,187	100%	8,568	100%	8,147	100%
Corporate ¹	(104)		(91)		(107)	
Total net earnings	\$ 6,083		\$ 8,477		\$ 8,040	

1. Includes charitable contributions that have not been allocated to the firm's geographic regions.

2. Includes provisions of \$3.37 billion recorded during 2015 for the agreement in principle with the RMBS Working Group. See Note 27 for further information about this agreement in principle.

Note 26.

Credit Concentrations

Credit concentrations may arise from market making, client facilitation, investing, underwriting, lending and collateralized transactions and may be impacted by changes in economic, industry or political factors. The firm seeks to mitigate credit risk by actively monitoring exposures and obtaining collateral from counterparties as deemed appropriate.

While the firm's activities expose it to many different industries and counterparties, the firm routinely executes a high volume of transactions with asset managers, investment funds, commercial banks, brokers and dealers, clearing houses and exchanges, which results in significant credit concentrations.

In the ordinary course of business, the firm may also be subject to a concentration of credit risk to a particular counterparty, borrower or issuer, including sovereign issuers, or to a particular clearing house or exchange.

The table below presents the credit concentrations in cash instruments held by the firm.

<i>\$ in millions</i>	As of December	
	2015	2014
U.S. government and federal agency obligations ¹	\$63,844	\$69,170
% of total assets	7.4%	8.1%
Non-U.S. government and agency obligations ¹	\$31,772	\$37,059
% of total assets	3.7%	4.3%

1. Included in "Financial instruments owned, at fair value" and "Cash and securities segregated for regulatory and other purposes."

As of December 2015 and December 2014, the firm did not have credit exposure to any other counterparty that exceeded 2% of total assets.

To reduce credit exposures, the firm may enter into agreements with counterparties that permit the firm to offset receivables and payables with such counterparties and/or enable the firm to obtain collateral on an upfront or contingent basis. Collateral obtained by the firm related to derivative assets is principally cash and is held by the firm or a third-party custodian. Collateral obtained by the firm related to resale agreements and securities borrowed transactions is primarily U.S. government and federal agency obligations and non-U.S. government and agency obligations. See Note 10 for further information about collateralized agreements and financings.

The table below presents U.S. government and federal agency obligations, and non-U.S. government and agency obligations, that collateralize resale agreements and securities borrowed transactions (including those in "Cash and securities segregated for regulatory and other purposes"). Because the firm's primary credit exposure on such transactions is to the counterparty to the transaction, the firm would be exposed to the collateral issuer only in the event of counterparty default.

<i>\$ in millions</i>	As of December	
	2015	2014
U.S. government and federal agency obligations	\$107,198	\$103,263
Non-U.S. government and agency obligations ¹	74,326	71,302

1. Principally consists of securities issued by the governments of France, the United Kingdom, Japan and Germany.

Notes to Consolidated Financial Statements**Note 27.****Legal Proceedings**

The firm is involved in a number of judicial, regulatory and arbitration proceedings (including those described below) concerning matters arising in connection with the conduct of the firm's businesses. Many of these proceedings are in early stages, and many of these cases seek an indeterminate amount of damages.

Under ASC 450, an event is "reasonably possible" if "the chance of the future event or events occurring is more than remote but less than likely" and an event is "remote" if "the chance of the future event or events occurring is slight." Thus, references to the upper end of the range of reasonably possible loss for cases in which the firm is able to estimate a range of reasonably possible loss mean the upper end of the range of loss for cases for which the firm believes the risk of loss is more than slight.

With respect to matters described below for which management has been able to estimate a range of reasonably possible loss where (i) actual or potential plaintiffs have claimed an amount of money damages, (ii) the firm is being, or threatened to be, sued by purchasers in an underwriting and is not being indemnified by a party that the firm believes will pay any judgment, or (iii) the purchasers are demanding that the firm repurchase securities, management has estimated the upper end of the range of reasonably possible loss as being equal to (a) in the case of (i), the amount of money damages claimed, (b) in the case of (ii), the difference between the initial sales price of the securities that the firm sold in such underwriting and the estimated lowest subsequent price of such securities and (c) in the case of (iii), the price that purchasers paid for the securities less the estimated value, if any, as of December 2015 of the relevant securities, in each of cases (i), (ii) and (iii), taking into account any factors believed to be relevant to the particular matter or matters of that type. As of the date hereof, the firm has estimated the upper end of the range of reasonably possible aggregate loss for such matters and for any other matters described below where management has been able to estimate a range of reasonably possible aggregate loss to be approximately \$2.0 billion in excess of the aggregate reserves for such matters.

Management is generally unable to estimate a range of reasonably possible loss for matters other than those included in the estimate above, including where (i) actual or potential plaintiffs have not claimed an amount of money damages, except in those instances where management can otherwise determine an appropriate amount, (ii) matters are in early stages, (iii) matters relate to regulatory investigations or reviews, except in those instances where management can otherwise determine an appropriate amount, (iv) there is uncertainty as to the likelihood of a class being certified or the ultimate size of the class, (v) there is uncertainty as to the outcome of pending appeals or motions, (vi) there are significant factual issues to be resolved, and/or (vii) there are novel legal issues presented. For example, the firm's potential liabilities with respect to future mortgage-related "put-back" claims described below may ultimately result in an increase in the firm's liabilities, but are not included in management's estimate of reasonably possible loss. As another example, the firm's potential liabilities with respect to the investigations and reviews described below under "Regulatory Investigations and Reviews and Related Litigation" also generally are not included in management's estimate of reasonably possible loss. However, management does not believe, based on currently available information, that the outcomes of such other matters will have a material adverse effect on the firm's financial condition, though the outcomes could be material to the firm's operating results for any particular period, depending, in part, upon the operating results for such period. See Note 18 for further information about mortgage-related contingencies.

Notes to Consolidated Financial Statements

Mortgage-Related Matters. Beginning in April 2010, a number of purported securities law class actions were filed in the U.S. District Court for the Southern District of New York challenging the adequacy of Group Inc.'s public disclosure of, among other things, the firm's activities in the CDO market, the firm's conflict of interest management, and the SEC investigation that led to GS&Co. entering into a consent agreement with the SEC, settling all claims made against GS&Co. by the SEC in connection with the ABACUS 2007-AC1 CDO offering (ABACUS 2007-AC1 transaction), pursuant to which GS&Co. paid \$550 million of disgorgement and civil penalties. The consolidated amended complaint filed on July 25, 2011, which names as defendants Group Inc. and certain officers and employees of Group Inc. and its affiliates, generally alleges violations of Sections 10(b) and 20(a) of the Exchange Act and seeks unspecified damages. On June 21, 2012, the district court dismissed the claims based on Group Inc.'s not disclosing that it had received a "Wells" notice from the staff of the SEC related to the ABACUS 2007-AC1 transaction, but permitted the plaintiffs' other claims to proceed. The district court granted class certification on September 24, 2015, but the appellate court granted defendants' petition for review on January 26, 2016. On February 1, 2016, the district court stayed proceedings in the district court pending the appellate court's decision.

In June 2012, the Board received a demand from a shareholder that the Board investigate and take action relating to the firm's mortgage-related activities and to stock sales by certain directors and executives of the firm. On February 15, 2013, this shareholder filed a putative shareholder derivative action in New York Supreme Court, New York County, against Group Inc. and certain current or former directors and employees, based on these activities and stock sales. The derivative complaint includes allegations of breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement and corporate waste, and seeks, among other things, unspecified monetary damages, disgorgement of profits and certain corporate governance and disclosure reforms. On May 28, 2013, Group Inc. informed the shareholder that the Board completed its investigation and determined to refuse the demand. On June 20, 2013, the shareholder made a books and records demand requesting materials relating to the Board's determination. The parties have agreed to stay proceedings in the putative derivative action pending resolution of the books and records demand.

In addition, the Board has received books and records demands from several shareholders for materials relating to, among other subjects, the firm's mortgage servicing and foreclosure activities, participation in federal programs providing assistance to financial institutions and homeowners, loan sales to Fannie Mae and Freddie Mac, mortgage-related activities and conflicts management.

GS&Co., Goldman Sachs Mortgage Company and GS Mortgage Securities Corp. and three current or former Goldman Sachs employees are defendants in a putative class action commenced on December 11, 2008 in the U.S. District Court for the Southern District of New York brought on behalf of purchasers of various mortgage pass-through certificates and asset-backed certificates issued by various securitization trusts established by the firm and underwritten by GS&Co. in 2007. On June 3, 2010, another investor filed a separate putative class action asserting substantively similar allegations relating to one other offering and thereafter moved to further amend its amended complaint to add claims with respect to two additional offerings. On December 30, 2015, the district court preliminarily approved a settlement covering both actions. The firm has paid the full amount of the proposed settlement into an escrow account.

On September 30, 2010, a class action was filed in the U.S. District Court for the Southern District of New York against GS&Co., Group Inc. and two former GS&Co. employees on behalf of investors in \$823 million of notes issued in 2006 and 2007 by two synthetic CDOs (Hudson Mezzanine 2006-1 and 2006-2). On November 2, 2015, the parties reached a settlement in principle, subject to documentation and court approval. The firm has reserved the full amount of the proposed settlement.

Notes to Consolidated Financial Statements

Various alleged purchasers of, and counterparties and providers of credit enhancement involved in transactions relating to, mortgage pass-through certificates, CDOs and other mortgage-related products (including ACA Financial Guaranty Corp., Aozora Bank, Ltd., Basis Yield Alpha Fund (Master), the Charles Schwab Corporation, CIFG Assurance of North America, Inc., the FDIC (as receiver for Guaranty Bank), IKB Deutsche Industriebank AG, Massachusetts Mutual Life Insurance Company, Texas County & District Retirement System and the Tennessee Consolidated Retirement System) have filed complaints in state and federal court against firm affiliates, generally alleging that the offering documents for the securities that they purchased contained untrue statements of material fact and material omissions and generally seeking rescission and/or damages. Certain of these complaints allege fraud and seek punitive damages. Certain of these complaints also name other firms as defendants.

Norges Bank Investment Management and Selective Insurance Company have threatened to assert claims of various types against the firm in connection with the sale of mortgage-related securities. The firm has entered into agreements with one of these entities to toll the relevant statute of limitations.

As of the date hereof, the aggregate amount of mortgage-related securities sold to plaintiffs in active and threatened cases described in the preceding two paragraphs where those plaintiffs are seeking rescission of such securities was approximately \$3.3 billion (which does not reflect adjustment for any subsequent paydowns or distributions or any residual value of such securities, statutory interest or any other adjustments that may be claimed). This amount does not include the potential claims by these or other purchasers in the same or other mortgage-related offerings that have not been described above, or claims that have been dismissed.

The firm has entered into agreements with Deutsche Bank National Trust Company and U.S. Bank National Association to toll the relevant statute of limitations with respect to claims for repurchase of residential mortgage loans based on alleged breaches of representations related to \$11.1 billion original notional face amount of securitizations issued by trusts for which they act as trustees.

Group Inc., Litton Loan Servicing LP (Litton), Ocwen Financial Corporation and Arrow Corporate Member Holdings LLC (Arrow), a former subsidiary of Group Inc., are defendants in a putative class action pending since January 23, 2013 in the U.S. District Court for the Southern District of New York generally challenging the procurement manner and scope of “force-placed” hazard insurance arranged by Litton when homeowners failed to arrange for insurance as required by their mortgages. The complaint asserts claims for breach of contract, breach of fiduciary duty, misappropriation, conversion, unjust enrichment and violation of Florida unfair practices law, and seeks unspecified compensatory and punitive damages as well as declaratory and injunctive relief. An amended complaint, filed on November 19, 2013, added an additional plaintiff and RICO claims. On September 29, 2014, the court denied without prejudice and with leave to renew at a later date Group Inc.’s motion to sever the claims against it and certain other defendants. On February 2, 2016, the defendants’ motion to dismiss the action as preempted by the “filed-rate doctrine” under a recent Second Circuit decision was granted with respect to certain of the plaintiffs. On January 15, 2016, Group Inc. and Arrow were added as defendants to a putative class action in the U.S. District Court for the Northern District of California based on substantially similar allegations, asserting RICO claims and violations of California’s Unfair Competition Law, and seeking similar relief. On February 10, 2016, Group Inc., Litton and Arrow and the plaintiffs in the action pending in the Southern District of New York reached a settlement in principle, subject to documentation and court approval, which would resolve the remaining claims in both actions.

Notes to Consolidated Financial Statements

On January 14, 2016, the firm announced an agreement in principle, subject to definitive documentation, to resolve the ongoing investigation of the Residential Mortgage-Backed Securities Working Group of the U.S. Financial Fraud Enforcement Task Force. The agreement in principle will resolve actual and potential civil claims by the U.S. Department of Justice, the New York and Illinois Attorneys General, the National Credit Union Administration (as conservator for several failed credit unions) and the Federal Home Loan Banks of Chicago and Seattle, relating to the firm's securitization, underwriting and sale of residential mortgage-backed securities from 2005 to 2007. Under the terms of the agreement in principle, the firm will pay a \$2.39 billion civil monetary penalty, make \$875 million in cash payments and provide \$1.80 billion in consumer relief. The consumer relief will be in the form of principal forgiveness for underwater homeowners and distressed borrowers; financing for construction, rehabilitation and preservation of affordable housing; and support for debt restructuring, foreclosure prevention and housing quality improvement programs, as well as land banks. The firm has established a reserve for its estimated obligations under the agreement in principle. See also "Regulatory Investigations and Reviews and Related Litigation" below. The firm has also received, and continues to receive, requests for information and/or subpoenas from, and is engaged in discussions with, federal, state and local regulators and law enforcement authorities as part of inquiries or investigations relating to the mortgage-related securitization process, subprime mortgages, CDOs, synthetic mortgage-related products, sales communications and particular transactions involving these products, and servicing and foreclosure activities, which may subject the firm to actions, including litigation, penalties and fines.

The firm may be the subject of additional putative shareholder derivative actions, purported class actions, rescission and "put-back" claims and other litigation, additional investor and shareholder demands, and additional regulatory and other investigations and actions with respect to mortgage-related offerings, loan sales, CDOs, and servicing and foreclosure activities. See Note 18 for information regarding mortgage-related contingencies not described in this Note 27.

GT Advanced Technologies Securities Litigation.

GS&Co. is among the underwriters named as defendants in several putative securities class actions filed in October 2014 in the U.S. District Court for the District of New Hampshire. In addition to the underwriters, the defendants include certain directors and officers of GT Advanced Technologies Inc. (GT Advanced Technologies). As to the underwriters, the complaints generally allege misstatements and omissions in connection with the December 2013 offerings by GT Advanced Technologies of approximately \$86 million of common stock and \$214 million principal amount of convertible senior notes, assert claims under the federal securities laws, and seek compensatory damages in an unspecified amount and rescission. On July 20, 2015, the plaintiffs filed a consolidated amended complaint. On October 7, 2015, the defendants moved to dismiss. GS&Co. underwrote 3,479,769 shares of common stock and \$75 million principal amount of notes for an aggregate offering price of approximately \$105 million. On October 6, 2014, GT Advanced Technologies filed for Chapter 11 bankruptcy.

FireEye Securities Litigation.

GS&Co. is among the underwriters named as defendants in several putative securities class actions, filed beginning in June 2014 in the California Superior Court, County of Santa Clara. In addition to the underwriters, the defendants include FireEye, Inc. (FireEye) and certain of its directors and officers. The complaints generally allege misstatements and omissions in connection with the offering materials for the March 2014 offering of approximately \$1.15 billion of FireEye common stock, assert claims under the federal securities laws, and seek compensatory damages in an unspecified amount and rescission. On August 11, 2015, the court overruled the defendants' demurrers, which sought to have the consolidated amended complaint dismissed. On November 16, 2015, plaintiffs moved for class certification. On January 6, 2016, FireEye and its director and officer defendants filed a motion for judgment on the pleadings for lack of subject matter jurisdiction. GS&Co. underwrote 2,100,000 shares for a total offering price of approximately \$172 million.

Notes to Consolidated Financial Statements**Cobalt International Energy Securities Litigation.**

Cobalt International Energy, Inc. (Cobalt), certain of its officers and directors (including employees of affiliates of Group Inc. who served as directors of Cobalt), affiliates of Group Inc. who served as directors of Cobalt), affiliates of shareholders of Cobalt (including Group Inc.) and underwriters (including GS&Co.) for certain offerings of Cobalt's securities are defendants in a putative securities class action filed on November 30, 2014 in the U.S. District Court for the Southern District of Texas. The consolidated amended complaint, filed on May 1, 2015, asserts claims under the federal securities laws, seeks compensatory and rescissory damages in unspecified amounts and alleges material misstatements and omissions concerning Cobalt in connection with a \$1.67 billion February 2012 offering of Cobalt common stock, a \$1.38 billion December 2012 offering of Cobalt's convertible notes, a \$1.00 billion January 2013 offering of Cobalt's common stock, a \$1.33 billion May 2013 offering of Cobalt's common stock, and a \$1.30 billion May 2014 offering of Cobalt's convertible notes. The consolidated amended complaint alleges that, among others, Group Inc. and GS&Co. are liable as controlling persons with respect to all five offerings. The consolidated amended complaint also seeks damages from GS&Co. in connection with its acting as an underwriter of 14,430,000 shares of common stock representing an aggregate offering price of approximately \$465 million, \$690 million principal amount of convertible notes, and approximately \$508 million principal amount of convertible notes in the February 2012, December 2012 and May 2014 offerings, respectively, for an aggregate offering price of approximately \$1.66 billion. On January 19, 2016, the court granted, with leave to plead, the underwriter defendants' motions to dismiss as to claims by plaintiffs who purchased Cobalt securities after April 30, 2013, but denied the motions to dismiss in all other respects.

Solazyme, Inc. Securities Litigation. GS&Co. is among the underwriters named as defendants in a putative securities class action filed on June 24, 2015 in the U.S. District Court for the Northern District of California. In addition to the underwriters, the defendants include Solazyme, Inc. (Solazyme) and certain of its directors and officers. As to the underwriters, the complaints generally allege misstatements and omissions in connection with March 2014 offerings by Solazyme of approximately \$63 million of common stock and \$150 million principal amount of convertible senior subordinated notes, assert claims under the federal securities laws, and seek compensatory damages in an unspecified amount and rescission. Plaintiffs filed an amended complaint on December 15, 2015, and defendants moved to dismiss on February 12, 2016. GS&Co. underwrote 3,450,000 shares of common stock and \$150 million principal amount of notes for an aggregate offering price of approximately \$187 million.

Employment-Related Matters. On September 15, 2010, a putative class action was filed in the U.S. District Court for the Southern District of New York by three female former employees alleging that Group Inc. and GS&Co. have systematically discriminated against female employees in respect of compensation, promotion, assignments, mentoring and performance evaluations. The complaint alleges a class consisting of all female employees employed at specified levels in specified areas by Group Inc. and GS&Co. since July 2002, and asserts claims under federal and New York City discrimination laws. The complaint seeks class action status, injunctive relief and unspecified amounts of compensatory, punitive and other damages. On July 17, 2012, the district court issued a decision granting in part Group Inc.'s and GS&Co.'s motion to strike certain of plaintiffs' class allegations on the ground that plaintiffs lacked standing to pursue certain equitable remedies and denying Group Inc.'s and GS&Co.'s motion to strike plaintiffs' class allegations in their entirety as premature. On March 21, 2013, the U.S. Court of Appeals for the Second Circuit held that arbitration should be compelled with one of the named plaintiffs, who as a managing director was a party to an arbitration agreement with the firm. On March 10, 2015, the magistrate judge to whom the district judge assigned the remaining plaintiffs' May 2014 motion for class certification recommended that the motion be denied in all respects. On August 3, 2015, the magistrate judge denied plaintiffs' motion for reconsideration of that recommendation and granted the plaintiffs' motion to intervene two female individuals, one of whom was employed by the firm as of September 2010 and the other of whom is a current employee of the firm. On August 17, 2015, the defendants appealed the magistrate judge's decision on intervention. On September 28, 2015, the defendants moved to dismiss the claims of an intervenor who is not a current employee of the firm for lack of standing.

Investment Management Services. Group Inc. and certain of its affiliates are parties to various civil litigation and arbitration proceedings and other disputes with clients relating to losses allegedly sustained as a result of the firm's investment management services. These claims generally seek, among other things, restitution or other compensatory damages and, in some cases, punitive damages.

Notes to Consolidated Financial Statements

Financial Advisory Services. Group Inc. and certain of its affiliates are from time to time parties to various civil litigation and arbitration proceedings and other disputes with clients and third parties relating to the firm's financial advisory activities. These claims generally seek, among other things, compensatory damages and, in some cases, punitive damages, and in certain cases allege that the firm did not appropriately disclose or deal with conflicts of interest.

Credit Derivatives Antitrust Matters. On December 4, 2015, the European Commission announced that it had closed antitrust proceedings against all banks, including Group Inc., involved in the European Commission's investigation, announced in April 2011, of numerous financial services companies in connection with the supply of data related to credit default swaps and in connection with profit sharing and fee arrangements for clearing of credit default swaps, including potential anti-competitive practices.

GS&Co. is among the numerous defendants in putative antitrust class actions relating to credit derivatives, filed beginning in May 2013 and consolidated in the U.S. District Court for the Southern District of New York. On October 29, 2015, the court preliminarily approved the settlement among GS&Co. and the plaintiffs. The firm has reserved the full amount of the proposed settlement.

Libya-Related Litigation. GSI is the defendant in an action filed on January 21, 2014 with the High Court of Justice in London by the Libyan Investment Authority, relating to nine derivative transactions between the plaintiff and GSI and seeking, among other things, rescission of the transactions and unspecified equitable compensation and damages exceeding \$1 billion. On December 4, 2014, the Libyan Investment Authority filed an amended statement of claim.

Municipal Securities Matters. GS&Co. (along with, in some cases, other financial services firms) is named by municipalities, municipal-owned entities, state-owned agencies or instrumentalities and non-profit entities in a number of FINRA arbitrations and federal court cases based on GS&Co.'s role as underwriter of the claimants' issuances of an aggregate of approximately \$1.9 billion of auction rate securities from 2003 through 2007 and as a broker-dealer with respect to auctions for these securities. The claimants generally allege that GS&Co. failed to disclose that it had a practice of placing cover bids in auctions, and/or failed to inform the claimant of the deterioration of the auction rate market beginning in the fall of 2007, and that, as a result, the claimant was forced to engage in a series of expensive refinancing and conversion transactions after the failure of the auction market in February 2008. Certain claimants also allege that GS&Co. advised them to enter into or continue with interest rate swaps in connection with their auction rate securities issuances, causing them to incur additional losses. The claims include breach of fiduciary duty, fraudulent concealment, negligent misrepresentation, breach of contract, violations of the Exchange Act and state securities laws, and breach of duties under the rules of the Municipal Securities Rulemaking Board and the NASD. Certain of the arbitrations have been enjoined in accordance with the exclusive forum selection clauses in the transaction documents. In addition, GS&Co. has filed motions with the FINRA Panels to dismiss the arbitrations, one of which has been granted, and has filed motions to dismiss two of the proceedings pending in federal court, one of which was granted but has been appealed and one of which was denied. GS&Co. has also reached settlements or settlements in principle in five actions and one action was voluntarily dismissed.

U.S. Treasury Securities-Related Litigation. GS&Co. is among the primary dealers named as defendants in several putative class actions relating to the market for U.S. Treasury securities, filed beginning in July 2015 and consolidated in the U.S. District Court for the Southern District of New York. The complaints generally allege that the defendants violated the federal antitrust laws and the Commodity Exchange Act in connection with an alleged conspiracy to manipulate the when-issued market and auctions for U.S. Treasury securities, as well as related futures and options, and seek declaratory and injunctive relief, treble damages in an unspecified amount and restitution.

Notes to Consolidated Financial Statements

Commodities-Related Litigation. GS&Co., GSI, J. Aron & Company and Metro, a previously consolidated subsidiary of Group Inc. that was sold in the fourth quarter of 2014, are among the defendants in a number of putative class actions filed beginning on August 1, 2013 and consolidated in the U.S. District Court for the Southern District of New York. The complaints generally allege violations of federal antitrust laws and state laws in connection with the storage of aluminum and aluminum trading. The complaints seek declaratory, injunctive and other equitable relief as well as unspecified monetary damages, including treble damages. On August 29, 2014, the court granted the Goldman Sachs defendants' motion to dismiss. Certain plaintiffs appealed on September 24, 2014, and the remaining plaintiffs sought to amend their complaints in October 2014. On March 26, 2015, the court granted in part and denied in part plaintiffs' motions for leave to amend their complaints, rejecting their monopolization claims and most state law claims but permitting their antitrust conspiracy claims and certain parallel state law and unjust enrichment claims to proceed, and the court directed the remaining plaintiffs to file their amended complaints, which they did on April 9, 2015.

GS Power, Metro and GSI are among the defendants named in putative class actions, filed beginning on May 23, 2014 in the U.S. District Court for the Southern District of New York, based on similar alleged violations of the federal antitrust laws in connection with the management of zinc storage facilities. On January 7, 2016, the court granted the defendants' motion to dismiss.

GSI is among the defendants named in putative class actions relating to trading in platinum and palladium, filed beginning on November 25, 2014, in the U.S. District Court for the Southern District of New York. The complaints generally allege that the defendants violated federal antitrust laws and the Commodity Exchange Act in connection with an alleged conspiracy to manipulate a benchmark for physical platinum and palladium prices and seek declaratory and injunctive relief as well as treble damages in an unspecified amount. On July 27, 2015, plaintiffs filed a second amended consolidated complaint, and on September 21, 2015, the defendants moved to dismiss.

ISDAFIX-Related Litigation. Group Inc. is among the defendants named in several putative class actions relating to trading in interest rate derivatives, filed beginning in September 2014 in the U.S. District Court for the Southern District of New York. The second consolidated amended complaint, filed on February 12, 2015, asserts claims under the federal antitrust laws and state common law in connection with an alleged conspiracy to manipulate the ISDAFIX benchmark and seeks declaratory and injunctive relief as well as treble damages in an unspecified amount. Defendants moved to dismiss the second consolidated amended complaint on April 13, 2015.

Currencies-Related Litigation. GS&Co. and Group Inc. are among the defendants named in several putative antitrust class actions relating to trading in the foreign exchange markets, filed beginning in December 2013 in the U.S. District Court for the Southern District of New York. The complaints generally allege that defendants violated federal antitrust laws in connection with an alleged conspiracy to manipulate the foreign currency exchange markets and seek declaratory and injunctive relief as well as treble damages in an unspecified amount. On February 13, 2014, the cases were consolidated into one action.

Beginning in February 2015, GS&Co. and Group Inc. were named as defendants in separate putative class actions filed in the U.S. District Court for the Southern District of New York, which were consolidated with the antitrust class actions described above on August 13, 2015. On December 15, 2015, the court preliminarily approved a settlement among GS&Co., Group Inc. and the plaintiffs in the consolidated action. The firm has paid the full amount of the proposed settlement into an escrow account.

On June 3, 2015, GS&Co. and Group Inc. were among the defendants named in a putative class action filed in the U.S. District Court for the Southern District of New York on behalf of certain ERISA employee benefit plans. As to the claims brought against GS&Co. and Group Inc., the amended complaint, filed on November 16, 2015, generally alleges that the defendants violated ERISA in connection with an alleged conspiracy to manipulate the foreign currency exchange markets, which caused losses to ERISA plans for which the defendants provided foreign exchange services or otherwise authorized the execution of foreign exchange services. The plaintiffs have moved for leave to file a second amended complaint containing substantially the same allegations. Plaintiffs seek declaratory and injunctive relief as well as restitution and disgorgement in an unspecified amount.

Notes to Consolidated Financial Statements

Group Inc., GS&Co. and Goldman Sachs Canada Inc. are among the defendants named in putative class actions related to trading in foreign exchange markets, filed beginning in September 2015 in the Superior Court of Justice in Ontario, Canada and the Superior Court of Quebec, Canada, on behalf of direct and indirect purchasers of foreign exchange instruments traded in Canada. The complaints generally allege a conspiracy to manipulate the foreign currency exchange markets and assert claims under Canada's Competition Act and common law. The Ontario and Quebec complaints seek, among other things, compensatory damages in the amounts of 1 billion Canadian dollars and 100 million Canadian dollars, respectively, as well as restitution and 50 million Canadian dollars in punitive, exemplary and aggravated damages.

Interest Rate Swap Antitrust Litigation. Group Inc., GS&Co., GSI, GS Bank USA and Goldman Sachs Financial Markets, L.P. are among the defendants named in a putative antitrust class action relating to the trading of interest rate swaps, filed on November 25, 2015 in the U.S. District Court for the Southern District of New York. The complaint generally alleges a conspiracy among the dealers and brokers since at least January 1, 2008 to preclude exchange trading of interest rate swaps. The complaint seeks declaratory and injunctive relief as well as treble damages in an unspecified amount.

Compensation-Related Litigation. On June 9, 2015, Group Inc. and certain of its current and former directors were named as defendants in a purported shareholder derivative action in the Court of Chancery of the State of Delaware. The derivative complaint alleges that excessive compensation has been paid to such directors since 2012. The derivative complaint includes allegations of breach of fiduciary duty and unjust enrichment and seeks, among other things, unspecified monetary damages, disgorgement of director compensation and reform of the firm's stock incentive plan. On September 30, 2015, the defendants moved to dismiss.

Regulatory Investigations and Reviews and Related Litigation. Group Inc. and certain of its affiliates are subject to a number of other investigations and reviews by, and in some cases have received subpoenas and requests for documents and information from, various governmental and regulatory bodies and self-regulatory organizations and litigation relating to various matters relating to the firm's businesses and operations, including:

- The 2008 financial crisis;
- The public offering process;
- The firm's investment management and financial advisory services;
- Conflicts of interest;
- Research practices, including research independence and interactions between research analysts and other firm personnel, including investment banking personnel, as well as third parties;
- Transactions involving municipal securities, including wall-cross procedures and conflict of interest disclosure with respect to state and municipal clients, the trading and structuring of municipal derivative instruments in connection with municipal offerings, political contribution rules, municipal advisory services and the possible impact of credit default swap transactions on municipal issuers;
- The offering, auction, sales, trading and clearance of corporate and government securities, currencies, commodities and other financial products and related sales and other communications and activities, including compliance with the SEC's short sale rule, algorithmic, high-frequency and quantitative trading, the firm's U.S. alternative trading system (dark pool), futures trading, options trading, when-issued trading, transaction reporting, technology systems and controls, securities lending practices, trading and clearance of credit derivative instruments, commodities activities and metals storage, private placement practices, allocations of and trading in securities, and trading activities and communications in connection with the establishment of benchmark rates, such as currency rates and the ISDAFIX benchmark rates;
- Compliance with the U.S. Foreign Corrupt Practices Act;
- The firm's hiring and compensation practices;
- The firm's system of risk management and controls; and
- Insider trading, the potential misuse and dissemination of material nonpublic information regarding corporate and governmental developments and the effectiveness of the firm's insider trading controls and information barriers.

Goldman Sachs is cooperating with all such regulatory investigations and reviews.

Notes to Consolidated Financial Statements**Note 28.****Employee Benefit Plans**

The firm sponsors various pension plans and certain other postretirement benefit plans, primarily healthcare and life insurance. The firm also provides certain benefits to former or inactive employees prior to retirement.

Defined Benefit Pension Plans and Postretirement Plans

Employees of certain non-U.S. subsidiaries participate in various defined benefit pension plans. These plans generally provide benefits based on years of credited service and a percentage of the employee's eligible compensation. The firm maintains a defined benefit pension plan for certain U.K. employees. As of April 2008, the U.K. defined benefit plan was closed to new participants, but allows existing participants to continue to accrue benefits. In 2015, the firm notified plan participants that the U.K. defined benefit plan will no longer accrue future benefit accruals after March 31, 2016. The non-U.S. plans do not have a material impact on the firm's consolidated results of operations.

The firm also maintains a defined benefit pension plan for substantially all U.S. employees hired prior to November 1, 2003. As of November 2004, this plan was closed to new participants and frozen for existing participants. In addition, the firm maintains unfunded postretirement benefit plans that provide medical and life insurance for eligible retirees and their dependents covered under these programs. These plans do not have a material impact on the firm's consolidated results of operations.

The firm recognizes the funded status of its defined benefit pension and postretirement plans, measured as the difference between the fair value of the plan assets and the benefit obligation, in the consolidated statements of financial condition. As of December 2015, "Other assets" and "Other liabilities and accrued expenses" included \$329 million (related to overfunded pension plans) and \$561 million, respectively, related to these plans. As of December 2014, "Other assets" and "Other liabilities and accrued expenses" included \$273 million (related to overfunded pension plans) and \$739 million, respectively, related to these plans.

Defined Contribution Plans

The firm contributes to employer-sponsored U.S. and non-U.S. defined contribution plans. The firm's contribution to these plans was \$231 million for 2015, \$223 million for 2014 and \$219 million for 2013.

Note 29.**Employee Incentive Plans**

The cost of employee services received in exchange for a share-based award is generally measured based on the grant-date fair value of the award. Share-based awards that do not require future service (i.e., vested awards, including awards granted to retirement-eligible employees) are expensed immediately. Share-based awards that require future service are amortized over the relevant service period. Expected forfeitures are included in determining share-based employee compensation expense.

The firm pays cash dividend equivalents on outstanding RSUs. Dividend equivalents paid on RSUs are generally charged to retained earnings. Dividend equivalents paid on RSUs expected to be forfeited are included in compensation expense. The firm accounts for the tax benefit related to dividend equivalents paid on RSUs as an increase to additional paid-in capital.

The firm generally issues new shares of common stock upon delivery of share-based awards. In certain cases, primarily related to conflicted employment (as outlined in the applicable award agreements), the firm may cash settle share-based compensation awards accounted for as equity instruments. For these awards, whose terms allow for cash settlement, additional paid-in capital is adjusted to the extent of the difference between the value of the award at the time of cash settlement and the grant-date value of the award.

Stock Incentive Plan

The firm sponsors a stock incentive plan, The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) (2015 SIP), which provides for grants of RSUs, restricted stock, dividend equivalent rights, incentive stock options, nonqualified stock options, stock appreciation rights, and other share-based awards, each of which may be subject to performance conditions. On May 21, 2015, shareholders approved the 2015 SIP. The 2015 SIP replaced The Goldman Sachs Amended and Restated Stock Incentive Plan (2013) (2013 SIP) previously in effect, and applies to awards granted on or after the date of approval.

As of December 2015, 83.8 million shares were available for grant under the 2015 SIP. If any shares of common stock underlying awards granted under the 2015 SIP or 2013 SIP are not delivered due to forfeiture, termination or cancellation or are surrendered or withheld, those shares will again become available to be delivered under the 2015 SIP. Shares available for grant are also subject to adjustment for certain changes in corporate structure as permitted under the 2015 SIP. The 2015 SIP is scheduled to terminate on the date of the annual meeting of shareholders that occurs in 2019.

Restricted Stock Units

The firm grants RSUs to employees under the 2015 SIP, which are valued based on the closing price of the underlying shares on the date of grant after taking into account a liquidity discount for any applicable post-vesting and delivery transfer restrictions. RSUs generally vest and underlying shares of common stock deliver as outlined in the applicable award agreements. Employee award agreements generally provide that vesting is accelerated in certain circumstances, such as on retirement, death, disability and conflicted employment. Delivery of the underlying shares of common stock is conditioned on the grantees satisfying certain vesting and other requirements outlined in the award agreements.

The table below presents the activity related to RSUs.

	Restricted Stock Units Outstanding		Weighted Average Grant-Date Fair Value of Restricted Stock Units Outstanding	
	Future Service Required	No Future Service Required	Future Service Required	No Future Service Required
Outstanding, December 2014	6,656,869 ⁴	21,289,845	\$143.07	\$129.52
Granted ^{1, 2}	4,193,176	10,450,094	164.23	158.58
Forfeited	(726,013)	(165,355)	152.06	147.10
Delivered ³	—	(13,966,859)	—	125.29
Vested ²	(4,474,876)	4,474,876	140.29	140.29
Outstanding, December 2015	5,649,156⁴	22,082,601	159.82	148.00

1. The weighted average grant-date fair value of RSUs granted during 2015, 2014 and 2013 was \$160.19, \$151.40 and \$122.59, respectively. The fair value of the RSUs granted during 2015, 2014 and 2013 includes a liquidity discount of 9.2%, 13.8% and 13.7%, respectively, to reflect post-vesting and delivery transfer restrictions of up to 4 years.

2. The aggregate fair value of awards that vested during 2015, 2014 and 2013 was \$2.40 billion, \$2.39 billion and \$2.26 billion, respectively.

3. Includes RSUs that were cash settled.

4. Includes restricted stock subject to future service requirements as of December 2015 and December 2014 of 6,354 and 20,651 shares, respectively.

In the first quarter of 2016, the firm granted to its employees 15.0 million year-end RSUs, of which 4.0 million RSUs require future service as a condition of delivery for the related shares of common stock. These awards are subject to additional conditions as outlined in the award agreements. Generally, shares underlying these awards, net of required withholding tax, deliver over a three-year period but are subject to post-vesting and delivery transfer restrictions through January 2021. These grants are not included in the table above.

Stock Options

Stock options generally vest as outlined in the applicable stock option agreement. In general, options expire on the tenth anniversary of the grant date, although they may be subject to earlier termination or cancellation under certain circumstances in accordance with the terms of the applicable stock option agreement and the SIP in effect at the time of grant.

The table below presents the activity related to outstanding stock options, all of which were granted in 2005 through 2008.

	Options Outstanding	Weighted Average Exercise Price	Aggregate Intrinsic Value (in millions)	Weighted Average Remaining Life (years)
Outstanding, December 2014	19,955,338	\$120.40	\$1,516	3.28
Exercised	(5,199,063)	96.57		
Outstanding, December 2015	14,756,275	128.79	891	2.38
Exercisable, December 2015	14,756,275	128.79	891	2.38

The total intrinsic value of options exercised during 2015, 2014 and 2013 was \$531 million, \$2.03 billion and \$26 million, respectively.

The table below presents options outstanding.

Exercise Price	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (years)
\$ 75.00 - \$ 89.99	8,780,151	\$ 78.78	3.00
90.00 - 194.99	—	—	—
195.00 - 209.99	5,976,124	202.27	1.48
Outstanding, December 2015	14,756,275	128.79	2.38

As of December 2015, there was \$440 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements. This cost is expected to be recognized over a weighted average period of 1.54 years.

The table below presents the share-based compensation and the related excess tax benefit.

\$ in millions	Year Ended December		
	2015	2014	2013
Share-based compensation	\$2,304	\$2,101	\$2,039
Excess net tax benefit related to options exercised	134	549	3
Excess net tax benefit related to share-based awards ¹	406	788	94

1. Represents the net tax benefit recognized in additional paid-in capital on stock options exercised, the delivery of common stock underlying share-based awards and dividend equivalents paid on RSUs.

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 30.

Parent Company

Group Inc. — Condensed Statements of Earnings

\$ in millions	Year Ended December		
	2015	2014	2013
Revenues			
Dividends from subsidiaries			
Bank subsidiaries	\$ 32	\$ 16	\$2,000
Nonbank subsidiaries	3,181	2,739	4,176
Undistributed earnings of subsidiaries	3,506	5,330	1,086
Other revenues	(132)	826	2,209
Total non-interest revenues	6,587	8,911	9,471
Interest income	3,519	3,769	4,048
Interest expense	4,165	3,802	4,161
Net interest loss	(646)	(33)	(113)
Net revenues, including net interest loss	5,941	8,878	9,358
Operating expenses			
Compensation and benefits	498	411	403
Other expenses	188	282	424
Total operating expenses	686	693	827
Pre-tax earnings	5,255	8,185	8,531
Provision/(benefit) for taxes	(828)	(292)	491
Net earnings	6,083	8,477	8,040
Preferred stock dividends	515	400	314
Net earnings applicable to common shareholders	\$5,568	\$8,077	\$7,726

Group Inc. — Condensed Statements of Financial Condition

\$ in millions	As of December	
	2015	2014
Assets		
Cash and cash equivalents		
With third-party banks	\$ 36	\$ 42
With subsidiary bank	1,300	—
Loans to and receivables from subsidiaries		
Bank subsidiaries	9,494	8,222
Nonbank subsidiaries ¹	179,826	171,121
Investments in subsidiaries and other affiliates		
Bank subsidiaries	23,985	22,393
Nonbank subsidiaries and other affiliates	61,533	57,311
Financial instruments owned, at fair value	4,410	11,812
Other assets	7,472	7,374
Total assets	\$288,056	\$278,275
Liabilities and shareholders' equity		
Payables to subsidiaries	\$ 591	\$ 129
Financial instruments sold, but not yet purchased, at fair value	443	169
Unsecured short-term borrowings		
With third parties ²	29,547	31,021
With subsidiaries	628	1,955
Unsecured long-term borrowings		
With third parties ³	164,718	158,359
With subsidiaries ⁴	3,854	1,616
Other liabilities and accrued expenses	1,547	2,229
Total liabilities	201,328	195,478
Commitments, contingencies and guarantees		
Shareholders' equity		
Preferred stock	11,200	9,200
Common stock	9	9
Share-based awards	4,151	3,766
Additional paid-in capital	51,340	50,049
Retained earnings	83,386	78,984
Accumulated other comprehensive loss	(718)	(743)
Stock held in treasury, at cost	(62,640)	(58,468)
Total shareholders' equity	86,728	82,797
Total liabilities and shareholders' equity	\$288,056	\$278,275

Group Inc. — Condensed Statements of Cash Flows

\$ in millions	Year Ended December		
	2015	2014	2013
Cash flows from operating activities			
Net earnings	\$ 6,083	\$ 8,477	\$ 8,040
Adjustments to reconcile net earnings to net cash provided by operating activities			
Undistributed earnings of subsidiaries	(3,506)	(5,330)	(1,086)
Depreciation and amortization	50	42	15
Deferred income taxes	86	(4)	1,398
Share-based compensation	178	188	194
Gain related to extinguishment of junior subordinated debt	(34)	(289)	—
Changes in operating assets and liabilities			
Financial instruments owned, at fair value	(620)	6,766	(3,235)
Financial instruments sold, but not yet purchased, at fair value	274	(252)	183
Other, net	(56)	(5,793)	586
Net cash provided by operating activities	2,455	3,805	6,095
Cash flows from investing activities			
Purchase of property, leasehold improvements and equipment	(33)	(15)	(3)
Issuances of short-term loans to subsidiaries, net	(24,417)	(4,099)	(5,153)
Issuance of term loans to subsidiaries	(8,632)	(8,803)	(2,174)
Repayments of term loans by subsidiaries	24,196	3,979	7,063
Capital distributions from/(contributions to) subsidiaries, net	(1,500)	865	655
Net cash provided by/(used for) investing activities	(10,386)	(8,073)	388
Cash flows from financing activities			
Unsecured short-term borrowings, net	(2,684)	963	1,296
Proceeds from issuance of long-term borrowings	42,795	37,101	28,458
Repayment of long-term borrowings, including the current portion	(27,726)	(27,931)	(29,910)
Purchase of trust preferred securities and senior guaranteed trust securities	(1)	(1,801)	—
Common stock repurchased	(4,135)	(5,469)	(6,175)
Dividends and dividend equivalents paid on common stock, preferred stock and share-based awards	(1,681)	(1,454)	(1,302)
Proceeds from issuance of preferred stock, net of issuance costs	1,993	1,980	991
Proceeds from issuance of common stock, including exercise of share-based awards	259	123	65
Excess tax benefit related to share-based awards	407	782	98
Cash settlement of share-based awards	(2)	(1)	(1)
Net cash provided by/(used for) financing activities	9,225	4,293	(6,480)
Net increase in cash and cash equivalents	1,294	25	3
Cash and cash equivalents, beginning of year	42	17	14
Cash and cash equivalents, end of year	\$ 1,336	\$ 42	\$ 17

SUPPLEMENTAL DISCLOSURES:

Cash payments for third-party interest, net of capitalized interest, were \$3.54 billion, \$4.31 billion and \$2.78 billion for 2015, 2014 and 2013, respectively.

Cash payments for income taxes, net of refunds, were \$1.28 billion, \$2.35 billion and \$3.21 billion for 2015, 2014 and 2013, respectively.

Non-cash activity:

During 2015, Group Inc. exchanged \$262 million of Trust Preferred Securities and common beneficial interests held by Group Inc. for \$296 million of Group Inc.'s junior subordinated debt held by the issuing trusts. Following the exchange, this junior subordinated debt was extinguished.

During 2015, Group Inc. exchanged \$6.12 billion in financial instruments owned, at fair value, held by Group Inc. for \$5.20 billion of loans to and \$918 million of equity in certain of its subsidiaries.

During 2015, Group Inc. repurchased \$60 million of its common stock for which settlement occurred and cash was paid in 2016.

During 2014, Group Inc. exchanged \$1.58 billion of Trust Preferred Securities, common beneficial interests and senior guaranteed trust securities held by Group Inc. for \$1.87 billion of Group Inc.'s junior subordinated debt held by the issuing trusts. Following the exchange, this junior subordinated debt was extinguished.

1. Primarily includes overnight loans, the proceeds of which can be used to satisfy the short-term obligations of Group Inc.

2. Includes \$4.92 billion and \$5.88 billion at fair value for 2015 and 2014, respectively.

3. Includes \$16.19 billion and \$11.66 billion at fair value for 2015 and 2014, respectively.

4. Unsecured long-term borrowings with subsidiaries by maturity date are \$2.18 billion in 2017, \$254 million in 2018, \$108 million in 2019, \$217 million in 2020, and \$1.09 billion in 2021-thereafter.

Supplemental Financial Information

Quarterly Results (unaudited)

The tables below present the firm's unaudited quarterly results for 2015 and 2014. These quarterly results were prepared in accordance with U.S. GAAP and reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results. These adjustments are of a normal, recurring nature. The timing and magnitude of changes in the firm's discretionary compensation accruals (included in operating expenses) can have a significant effect on results in a given quarter.

<i>in millions, except per share data</i>	Three Months Ended			
	December 2015	September 2015	June 2015	March 2015
Non-interest revenues	\$6,573	\$6,019	\$8,406	\$ 9,758
Interest income	2,148	2,119	2,150	2,035
Interest expense	1,448	1,277	1,487	1,176
Net interest income	700	842	663	859
Net revenues, including net interest income	7,273	6,861	9,069	10,617
Operating expenses	6,201	4,815	7,343	6,683
Pre-tax earnings	1,072	2,046	1,726	3,934
Provision for taxes	307	620	678	1,090
Net earnings	765	1,426	1,048	2,844
Preferred stock dividends	191	96	132	96
Net earnings applicable to common shareholders	\$ 574	\$1,330	\$ 916	\$ 2,748
Earnings per common share				
Basic	\$ 1.28	\$ 2.95	\$ 2.01	\$ 6.05
Diluted	1.27	2.90	1.98	5.94
Dividends declared per common share	0.65	0.65	0.65	0.60

<i>in millions, except per share data</i>	Three Months Ended			
	December 2014	September 2014	June 2014	March 2014
Non-interest revenues	\$ 6,727	\$7,338	\$8,125	\$ 8,291
Interest income	2,134	2,297	2,579	2,594
Interest expense	1,173	1,248	1,579	1,557
Net interest income	961	1,049	1,000	1,037
Net revenues, including net interest income	7,688	8,387	9,125	9,328
Operating expenses	4,478	5,082	6,304	6,307
Pre-tax earnings	3,210	3,305	2,821	3,021
Provision for taxes	1,044	1,064	784	988
Net earnings	2,166	2,241	2,037	2,033
Preferred stock dividends	134	98	84	84
Net earnings applicable to common shareholders	\$ 2,032	\$2,143	\$1,953	\$ 1,949
Earnings per common share				
Basic	\$ 4.50	\$ 4.69	\$ 4.21	\$ 4.15
Diluted	4.38	4.57	4.10	4.02
Dividends declared per common share	0.60	0.55	0.55	0.55

Common Stock Price Range

The table below presents the high and low sales prices per share of the firm's common stock.

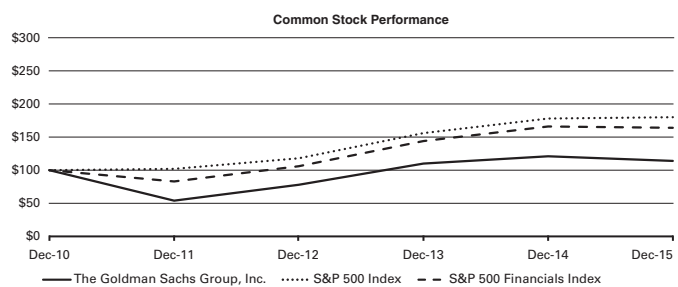
	Year Ended December					
	2015		2014		2013	
	High	Low	High	Low	High	Low
First quarter	\$195.73	\$172.26	\$181.13	\$159.77	\$159.00	\$129.62
Second quarter	218.77	186.96	171.08	151.65	168.20	137.29
Third quarter	214.61	167.49	188.58	161.53	170.00	149.28
Fourth quarter	199.90	169.87	198.06	171.26	177.44	152.83

As of February 5, 2016, there were 9,307 holders of record of the firm's common stock.

On February 5, 2016, the last reported sales price for the firm's common stock on the New York Stock Exchange was \$156.47 per share.

Common Stock Performance

The following graph and table compare the performance of an investment in the firm's common stock from December 31, 2010 (the last trading day before the firm's 2011 fiscal year) through December 31, 2015, with the S&P 500 Index and the S&P 500 Financials Index. The graph and table assume \$100 was invested on December 31, 2010 in each of the firm's common stock, the S&P 500 Index and the S&P 500 Financials Index, and the dividends were reinvested on the date of payment without payment of any commissions. The performance shown represents past performance and should not be considered an indication of future performance.



	As of December					
	2010	2011	2012	2013	2014	2015
The Goldman Sachs Group, Inc.	\$100.00	\$ 54.40	\$ 77.99	\$109.80	\$121.64	\$114.59
S&P 500 Index	100.00	102.11	118.44	156.78	178.22	180.66
S&P 500 Financials Index	100.00	82.94	106.78	144.78	166.76	164.15

Supplemental Financial Information**Selected Financial Data**

	Year Ended or as of December				
	2015	2014	2013	2012	2011
Income statement data (\$ in millions)					
Non-interest revenues	\$ 30,756	\$ 30,481	\$ 30,814	\$ 30,283	\$ 23,619
Interest income	8,452	9,604	10,060	11,381	13,174
Interest expense	5,388	5,557	6,668	7,501	7,982
Net interest income	3,064	4,047	3,392	3,880	5,192
Net revenues, including net interest income	33,820	34,528	34,206	34,163	28,811
Compensation and benefits	12,678	12,691	12,613	12,944	12,223
Non-compensation expenses	12,364	9,480	9,856	10,012	10,419
Pre-tax earnings	\$ 8,778	\$ 12,357	\$ 11,737	\$ 11,207	\$ 6,169
Balance sheet data (\$ in millions)					
Total assets ¹	\$861,395	\$855,842	\$911,124	\$938,205	\$923,022
Other secured financings (long-term)	10,520	7,249	7,524	8,965	8,179
Unsecured long-term borrowings	175,422	167,302	160,695	167,084	173,407
Total liabilities ¹	774,667	773,045	832,657	862,489	852,643
Total shareholders' equity	86,728	82,797	78,467	75,716	70,379
Common share data (in millions, except per share amounts)					
Earnings per common share					
Basic	\$ 12.35	\$ 17.55	\$ 16.34	\$ 14.63	\$ 4.71
Diluted	12.14	17.07	15.46	14.13	4.51
Dividends declared per common share	2.55	2.25	2.05	1.77	1.40
Book value per common share	171.03	163.01	152.48	144.67	130.31
Common shares outstanding, including RSUs granted to employees with no future service requirements					
	441.6	451.5	467.4	480.5	516.3
Average common shares outstanding					
Basic	448.9	458.9	471.3	496.2	524.6
Diluted	458.6	473.2	499.6	516.1	556.9
Selected data (unaudited)					
Total staff					
Americas	19,000	17,400	16,600	16,400	17,200
Non-Americas	17,800	16,600	16,300	16,000	16,100
Total staff	36,800	34,000	32,900	32,400	33,300
Assets under supervision (\$ in billions)					
Asset class					
Alternative investments	\$ 148	\$ 143	\$ 142	\$ 151	\$ 148
Equity	252	236	208	153	147
Fixed income	546	516	446	411	353
Long-term assets under supervision	946	895	796	715	648
Liquidity products	306	283	246	250	247
Total assets under supervision	\$ 1,252	\$ 1,178	\$ 1,042	\$ 965	\$ 895

1. The impact of adopting ASU No. 2015-03 was a reduction to both total assets and total liabilities of \$398 million, \$383 million, \$350 million and \$203 million as of December 2014, December 2013, December 2012 and December 2011, respectively. See Note 3 to the consolidated financial statements for further information about ASU No. 2015-03.

Supplemental Financial Information

Statistical Disclosures

Distribution of Assets, Liabilities and Shareholders' Equity

The table below presents a summary of consolidated average balances and interest rates. Assets, liabilities and interest are

classified as U.S. and non-U.S. based on the location of the legal entity in which the assets and liabilities are held.

\$ in millions	Year Ended December								
	2015			2014			2013		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Assets									
U.S.	\$ 57,846	\$ 141	0.24%	\$ 53,606	\$ 144	0.27%	\$ 56,848	\$ 167	0.29%
Non-U.S.	5,360	20	0.37%	5,529	20	0.36%	5,073	19	0.37%
Total deposits with banks	63,206	161	0.25%	59,135	164	0.28%	61,921	186	0.30%
U.S.	178,496	(376)	(0.21)%	193,555	(514)	(0.27)%	198,677	(289)	(0.15)%
Non-U.S.	111,168	386	0.35%	108,766	433	0.40%	129,071	332	0.26%
Total securities borrowed, securities purchased under agreements to resell and federal funds sold	289,664	10	0.00%	302,321	(81)	(0.03)%	327,748	43	0.01%
U.S.	150,631	4,063	2.70%	170,647	5,045	2.96%	182,158	5,353	2.94%
Non-U.S.	97,152	1,779	1.83%	101,163	2,407	2.38%	110,807	2,806	2.53%
Total financial instruments owned, at fair value ¹	247,783	5,842	2.36%	271,810	7,452	2.74%	292,965	8,159	2.78%
U.S.	34,521	1,101	3.19%	21,459	650	3.03%	9,736	268	2.75%
Non-U.S.	2,440	90	3.69%	966	58	6.00%	560	28	5.00%
Total loans receivable	36,961	1,191	3.22%	22,425	708	3.16%	10,296	296	2.87%
U.S.	75,789	783	1.03%	85,811	813	0.95%	81,759	796	0.97%
Non-U.S.	54,773	465	0.85%	54,922	548	1.00%	57,016	580	1.02%
Total other interest-earning assets ²	130,562	1,248	0.96%	140,733	1,361	0.97%	138,775	1,376	0.99%
Total interest-earning assets	768,176	8,452	1.10%	796,424	9,604	1.21%	831,705	10,060	1.21%
Cash and due from banks	6,352			5,237			6,212		
Other non-interest-earning assets ¹	99,421			92,600			105,713		
Total assets ³	\$873,949			\$894,261			\$943,630		
Liabilities									
U.S.	\$ 73,063	\$ 354	0.48%	\$ 62,595	\$ 286	0.46%	\$ 60,699	\$ 352	0.58%
Non-U.S.	13,885	54	0.39%	10,569	47	0.44%	8,883	35	0.39%
Total interest-bearing deposits	86,948	408	0.47%	73,164	333	0.46%	69,582	387	0.56%
U.S.	59,885	221	0.37%	79,517	206	0.26%	114,884	242	0.21%
Non-U.S.	29,777	109	0.37%	52,394	225	0.43%	63,802	334	0.52%
Total securities loaned and securities sold under agreements to repurchase	89,662	330	0.37%	131,911	431	0.33%	178,686	576	0.32%
U.S.	36,609	644	1.76%	39,708	828	2.09%	37,923	671	1.77%
Non-U.S.	36,066	675	1.87%	42,511	913	2.15%	54,990	1,383	2.52%
Total financial instruments sold, but not yet purchased, at fair value ¹	72,675	1,319	1.81%	82,219	1,741	2.12%	92,913	2,054	2.21%
U.S.	42,743	401	0.94%	45,841	413	0.90%	40,511	365	0.90%
Non-U.S.	14,447	28	0.19%	18,751	34	0.18%	20,415	29	0.14%
Total short-term borrowings ⁴	57,190	429	0.75%	64,592	447	0.69%	60,926	394	0.65%
U.S.	172,160	3,722	2.16%	164,568	3,327	2.02%	167,850	3,635	2.17%
Non-U.S.	8,843	156	1.76%	7,201	133	1.85%	6,088	117	1.92%
Total long-term borrowings ⁴	181,003	3,878	2.14%	171,769	3,460	2.01%	173,938	3,752	2.16%
U.S.	156,248	(1,378)	(0.88)%	153,600	(1,222)	(0.80)%	144,888	(904)	(0.62)%
Non-U.S.	62,672	402	0.64%	62,311	367	0.59%	58,594	409	0.70%
Total other interest-bearing liabilities ⁵	218,920	(976)	(0.45)%	215,911	(855)	(0.40)%	203,482	(495)	(0.24)%
Total interest-bearing liabilities	706,398	5,388	0.76%	739,566	5,557	0.75%	779,527	6,668	0.86%
Non-interest-bearing deposits	1,986			799			655		
Other non-interest-bearing liabilities ¹	79,251			73,057			86,095		
Total liabilities ³	787,635			813,422			866,277		
Shareholders' equity									
Preferred stock	10,585			8,585			6,892		
Common stock	75,729			72,254			70,461		
Total shareholders' equity	86,314			80,839			77,353		
Total liabilities and shareholders' equity	\$873,949			\$894,261			\$943,630		
Interest rate spread			0.34%			0.46%			0.35%
U.S.		\$ 1,748	0.35%		\$ 2,300	0.44%		\$ 1,934	0.37%
Non-U.S.		1,316	0.49%		1,747	0.64%		1,458	0.48%
Net interest income and net yield on interest-earning assets		3,064	0.40%		4,047	0.51%		3,392	0.41%
Percentage of interest-earning assets and interest-bearing liabilities attributable to non-U.S. operations									
Assets							34.07%		36.37%
Liabilities			23.46%				26.20%		27.30%

1. Derivative instruments and commodities are included in other non-interest-earning assets and other non-interest-bearing liabilities.

2. Primarily consists of certain receivables from customers and counterparties and cash and securities segregated for regulatory and other purposes.

3. The impact of adopting ASU No. 2015-03 was a reduction to both average total assets and average total liabilities of \$402 million and \$382 million for the year ended December 2014 and December 2013, respectively. See Note 3 to the consolidated financial statements for further information about ASU No. 2015-03.

4. Interest rates include the effects of interest rate swaps accounted for as hedges.

5. Substantially all consists of certain payables to customers and counterparties.

Supplemental Financial Information**Changes in Net Interest Income, Volume and Rate Analysis**

The table below presents an analysis of the effect on net interest income of volume and rate changes. In this analysis,

changes due to volume/rate variance have been allocated to volume.

	Year Ended					
	December 2015 versus December 2014			December 2014 versus December 2013		
	Increase (decrease) due to change in:			Increase (decrease) due to change in:		
<i>\$ in millions</i>	Volume	Rate	Net Change	Volume	Rate	Net Change
Interest-earning assets						
U.S.	\$ 10	\$ (13)	\$ (3)	\$ (9)	\$ (14)	\$ (23)
Non-U.S.	(1)	1	—	2	(1)	1
Total deposits with banks	9	(12)	(3)	(7)	(15)	(22)
U.S.	32	106	138	14	(239)	(225)
Non-U.S.	8	(55)	(47)	(81)	182	101
Total securities borrowed, securities purchased under agreements to resell and federal funds sold	40	51	91	(67)	(57)	(124)
U.S.	(540)	(442)	(982)	(340)	32	(308)
Non-U.S.	(73)	(555)	(628)	(229)	(170)	(399)
Total financial instruments owned, at fair value	(613)	(997)	(1,610)	(569)	(138)	(707)
U.S.	416	35	451	355	27	382
Non-U.S.	54	(22)	32	24	6	30
Total loans receivable	470	13	483	379	33	412
U.S.	(103)	73	(30)	38	(21)	17
Non-U.S.	(1)	(82)	(83)	(21)	(11)	(32)
Total other interest-earning assets	(104)	(9)	(113)	17	(32)	(15)
Change in interest income	(198)	(954)	(1,152)	(247)	(209)	(456)
Interest-bearing liabilities						
U.S.	51	17	68	9	(75)	(66)
Non-U.S.	13	(6)	7	7	5	12
Total interest-bearing deposits	64	11	75	16	(70)	(54)
U.S.	(72)	87	15	(92)	56	(36)
Non-U.S.	(83)	(33)	(116)	(49)	(60)	(109)
Total securities loaned and securities sold under agreements to repurchase	(155)	54	(101)	(141)	(4)	(145)
U.S.	(55)	(129)	(184)	37	120	157
Non-U.S.	(121)	(117)	(238)	(268)	(202)	(470)
Total financial instruments sold, but not yet purchased, at fair value	(176)	(246)	(422)	(231)	(82)	(313)
U.S.	(29)	17	(12)	48	—	48
Non-U.S.	(8)	2	(6)	(3)	8	5
Total short-term borrowings	(37)	19	(18)	45	8	53
U.S.	164	231	395	(66)	(242)	(308)
Non-U.S.	29	(6)	23	21	(5)	16
Total long-term borrowings	193	225	418	(45)	(247)	(292)
U.S.	(23)	(133)	(156)	(69)	(249)	(318)
Non-U.S.	2	33	35	22	(64)	(42)
Total other interest-bearing liabilities	(21)	(100)	(121)	(47)	(313)	(360)
Change in interest expense	(132)	(37)	(169)	(403)	(708)	(1,111)
Change in net interest income	\$ (66)	\$ (917)	\$ (983)	\$ 156	\$ 499	\$ 655

Supplemental Financial Information

Deposits

The table below presents a summary of the firm's interest-bearing deposits.

\$ in millions	Year Ended December		
	2015	2014	2013
Average balances			
U.S.			
Savings	\$44,486	\$ 41,785	\$ 39,411
Time	28,577	20,810	21,288
Total U.S.	73,063	62,595	60,699
Non-U.S.			
Demand	5,703	4,571	4,613
Time	8,182	5,998	4,270
Total Non-U.S.	13,885	10,569	8,883
Total	\$86,948	\$ 73,164	\$ 69,582
Average interest rates			
U.S.			
Savings	0.27%	0.23%	0.30%
Time	0.83%	0.91%	1.09%
Total U.S.	0.48%	0.46%	0.58%
Non-U.S.			
Demand	0.19%	0.18%	0.22%
Time	0.53%	0.65%	0.59%
Total Non-U.S.	0.39%	0.44%	0.39%
Total	0.47%	0.46%	0.56%

Short-Term and Other Borrowed Funds

The table below presents a summary of the firm's securities loaned and securities sold under agreements to repurchase, and short-term borrowings. These borrowings generally mature within one year of the financial statement date and include borrowings that are redeemable at the option of the holder within one year of the financial statement date.

\$ in millions	As of December		
	2015	2014	2013
Securities loaned and securities sold under agreements to repurchase			
Amounts outstanding at year-end	\$89,683	\$ 93,785	\$183,527
Average outstanding during the year	89,662	131,911	178,686
Maximum month-end outstanding	97,466	178,049	196,393
Weighted average interest rate			
During the year	0.37%	0.33%	0.32%
At year-end	0.39%	0.31%	0.28%
Short-term borrowings			
Amounts outstanding at year-end ¹	\$57,020	\$ 60,099	\$ 61,981
Average outstanding during the year	57,190	64,592	60,926
Maximum month-end outstanding	60,522	68,570	66,977
Weighted average interest rate ²			
During the year	0.75%	0.69%	0.65%
At year-end	0.80%	0.68%	0.89%

1. Includes short-term secured financings of \$14.23 billion, \$15.56 billion and \$17.29 billion as of December 2015, December 2014 and December 2013, respectively.

2. The weighted average interest rates for these borrowings include the effect of hedging activities.

Loan Portfolio

The table below presents a summary of the firm's loans receivable. Loans receivable are classified as U.S. and non-U.S. based on the location of the legal entity in which such loans are held.

\$ in millions	As of December				
	2015	2014	2013	2012	2011
U.S.					
Corporate loans	\$19,909	\$14,020	\$ 6,910	\$2,187	\$ 104
Loans to private wealth management clients	12,824	10,989	6,545	4,057	3,040
Loans backed by commercial real estate	3,186	1,876	727	245	198
Loans backed by residential real estate	2,187	311	—	—	—
Other loans	3,495	821	—	—	400
Total U.S.	41,601	28,017	14,182	6,489	3,742
Non-U.S.					
Corporate loans	831	290	131	—	—
Loans to private wealth management clients	1,137	300	13	14	22
Loans backed by commercial real estate	2,085	549	708	—	—
Loans backed by residential real estate	129	10	—	—	—
Other loans	38	—	—	—	—
Total non-U.S.	4,220	1,149	852	14	22
Total loans receivable, gross	45,821	29,166	15,034	6,503	3,764
Allowance for loan losses					
U.S.	381	205	115	24	8
Non-U.S.	33	23	24	—	—
Total allowance for loan losses	414	228	139	24	8
Total loans receivable	\$45,407	\$28,938	\$14,895	\$6,479	\$3,756

Allowance for Loan Losses

The table below presents changes in the allowance for loan losses. In the table below, provisions and allowance for loan losses primarily relate to corporate loans and loans extended to private wealth management clients that are held in legal entities located in the U.S.

\$ in millions	As of December				
	2015	2014	2013	2012	2011
Allowance for loan losses					
Balance, beginning of period	\$ 228	\$ 139	\$ 24	\$ 8	\$ 5
Charge-offs	(1)	(3)	—	—	—
Provision for loan losses	187	92	115	16	3
Balance, end of period	\$ 414	\$ 228	\$ 139	\$ 24	\$ 8

Supplemental Financial Information**Maturities and Sensitivity to Changes in Interest Rates**

The table below presents the firm's gross loans receivable by tenor and a distribution of such loans receivable between fixed and floating interest rates.

	Maturities and Sensitivity to Changes in Interest Rates as of December 2015			
	Less than 1 year	1 - 5 years	Greater than 5 years	Total
<i>\$ in millions</i>				
U.S.				
Corporate loans	\$ 1,382	\$14,042	\$4,485	\$19,909
Loans to private wealth management clients	9,742	3,042	40	12,824
Loans backed by commercial real estate	284	2,658	244	3,186
Loans backed by residential real estate	440	960	787	2,187
Other loans	74	2,478	943	3,495
Total U.S.	11,922	23,180	6,499	41,601
Non-U.S.				
Corporate loans	411	303	117	831
Loans to private wealth management clients	1,137	—	—	1,137
Loans backed by commercial real estate	15	1,670	400	2,085
Loans backed by residential real estate	—	69	60	129
Other loans	—	31	7	38
Total non-U.S.	1,563	2,073	584	4,220
Total loans receivable, gross	13,485	25,253	7,083	45,821
Loans at fixed interest rates	16	917	1,279	2,212
Loans at variable interest rates	13,469	24,336	5,804	43,609
Total loans receivable, gross	\$13,485	\$25,253	\$7,083	\$45,821

Cross-border Outstandings

Cross-border outstandings are based on the Federal Financial Institutions Examination Council's (FFIEC) guidelines for reporting cross-border information and represent the amounts that the firm may not be able to obtain from a foreign country due to country-specific events, including unfavorable economic and political conditions, economic and social instability, and changes in government policies.

Credit exposure represents the potential for loss due to the default or deterioration in credit quality of a counterparty or an issuer of securities or other instruments the firm holds and is measured based on the potential loss in an event of non-payment by a counterparty. Credit exposure is reduced through the effect of risk mitigants, such as netting agreements with counterparties that permit the firm to offset receivables and payables with such counterparties or obtaining collateral from counterparties. The table below does not include all the effects of such risk mitigants and does not represent the firm's credit exposure.

The table below presents cross-border outstandings and commitments for each country in which cross-border outstandings exceed 0.75% of consolidated assets in accordance with the FFIEC guidelines and include cash, receivables, securities purchased under agreements to resell, securities borrowed and cash financial instruments, but exclude derivative instruments. Securities purchased under agreements to resell and securities borrowed are presented gross, without reduction for related securities collateral held. Margin loans (included in receivables) are presented based on the amount of collateral advanced by the counterparty. Substantially all commitments in the tables below consist of commitments to extend credit and forward starting resale and securities borrowing agreements.

<i>\$ in millions</i>	Banks	Governments	Other	Total	Commitments
As of December 2015					
Cayman Islands	\$ 1	\$ —	\$39,603	\$39,604	\$ 3,046
France	5,596	2,904	23,854	32,354	4,795
Japan	10,254	297	10,882	21,433	9,684
Germany	4,072	7,652	8,481	20,205	5,008
United Kingdom	2,170	42	11,361	13,573	15,075
Italy	4,326	3,691	2,647	10,664	2,634
Canada	1,173	253	8,290	9,716	1,404
China	2,189	254	6,069	8,512	111
As of December 2014					
Cayman Islands	\$ 2	\$ —	\$35,829	\$35,831	\$ 2,658
France	4,730	4,932	18,261	27,923	12,214
Japan	13,862	373	10,763	24,998	11,413
Germany	5,362	4,479	10,629	20,470	4,631
United Kingdom	1,870	282	8,821	10,973	11,755
Italy	3,331	4,173	2,215	9,719	783
China	2,474	1,952	4,984	9,410	6
As of December 2013					
Cayman Islands	\$ 12	\$ 1	\$35,969	\$35,982	\$ 1,671
Japan	23,026	123	11,981	35,130	5,086
France	12,427	2,871	16,567	31,865	12,060
Germany	5,148	4,336	7,793	17,277	4,716
Spain	7,002	2,281	2,491	11,774	1,069
United Kingdom	2,688	217	7,321	10,226	19,014
Netherlands	1,785	540	5,786	8,111	1,962

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in or disagreements with accountants on accounting and financial disclosure during the last two years.

Item 9A. Controls and Procedures

As of the end of the period covered by this report, an evaluation was carried out by Goldman Sachs' management, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of the end of the period covered by this report. In addition, no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during the fourth quarter of our year ended December 31, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm are set forth in Part II, Item 8 of the 2015 Form 10-K.

Item 9B. Other Information

On February 18, 2016, the Board of Directors of The Goldman Sachs Group, Inc. (Board) approved an amendment to our Amended and Restated By-Laws solely to specify that a group of funds that are under common management and funded primarily by a single employer or a "group of investment companies" as defined in the Investment Company Act of 1940 will be considered one "eligible holder" for purposes of the Company's proxy access bylaw.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information relating to our executive officers is included on page 45 of the 2015 Form 10-K. Information relating to our directors, including our audit committee and audit committee financial experts and the procedures by which shareholders can recommend director nominees, and our executive officers will be in our definitive Proxy Statement for our 2016 Annual Meeting of Shareholders, which will be filed within 120 days of the end of 2015 (2016 Proxy Statement) and is incorporated herein by reference. Information relating to our Code of Business Conduct and Ethics, which applies to our senior financial officers, is included under "Available Information" in Part I, Item 1 of the 2015 Form 10-K.

Item 11. Executive Compensation

Information relating to our executive officer and director compensation and the compensation committee of the Board will be in the 2016 Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information relating to security ownership of certain beneficial owners of our common stock and information relating to the security ownership of our management will be in the 2016 Proxy Statement and is incorporated herein by reference.

The following table provides information as of December 31, 2015, the last day of 2015, regarding securities to be issued on exercise of outstanding stock options or pursuant to outstanding restricted stock units and securities remaining available for issuance under our equity compensation plans that were in effect during 2015.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights (a)	Weighted Average Exercise Price of Outstanding Options (b)	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (c)
Equity compensation plans approved by security holders	The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) 42,572,669	\$128.79	83,805,880
Equity compensation plans not approved by security holders	None	—	—
Total	42,572,669		83,805,880

In the table above:

- The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) (2015 SIP) was approved by our shareholders at our 2015 Annual Meeting of Shareholders. The 2015 SIP replaced The Goldman Sachs Amended and Restated Stock Incentive Plan (2013) (2013 SIP) previously in effect, and applies to awards granted on or after the date of approval. The 2013 SIP was approved by our shareholders at our 2013 Annual Meeting of Shareholders and was a successor plan to The Goldman Sachs Amended and Restated Stock Incentive Plan (2003 SIP). The 2003 SIP was approved by our shareholders at our 2003 Annual Meeting of Shareholders and was a successor plan to The Goldman Sachs 1999 Stock Incentive Plan (1999 SIP), which was approved by our shareholders immediately prior to our initial public offering in May 1999.

- The Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights includes: (i) 14,756,275 shares of common stock that may be issued upon exercise of outstanding options and (ii) 27,816,394 shares that may be issued pursuant to outstanding restricted stock units. These awards are subject to vesting and other conditions to the extent set forth in the respective award agreements, and the underlying shares will be delivered net of any required tax withholding.
- The Weighted Average Exercise Price of Outstanding Options relates only to the options described above. Shares underlying restricted stock units are deliverable without the payment of any consideration, and therefore these awards have not been taken into account in calculating the weighted average exercise price.
- The Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans represents shares remaining to be issued under the 2015 SIP, excluding shares reflected in column (a). If any shares of common stock underlying awards granted under the 2015 SIP or 2013 SIP are not delivered due to forfeiture, termination or cancellation or are surrendered or withheld, those shares will again become available to be delivered under the 2015 SIP. Shares available for grant are also subject to adjustment for certain changes in corporate structure as permitted under the 2015 SIP. There are no shares remaining to be issued under the 1999 SIP, 2003 SIP or 2013 SIP other than those reflected in column (a).

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information regarding certain relationships and related transactions and director independence will be in the 2016 Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information regarding principal accounting fees and services will be in the 2016 Proxy Statement and is incorporated herein by reference.

PART IV**Item 15. Exhibits, Financial Statement Schedules****(a) Documents filed as part of this Report:****1. Consolidated Financial Statements**

The consolidated financial statements required to be filed in the 2015 Form 10-K are included in Part II, Item 8 hereof.

2. Exhibits

- 2.1 Plan of Incorporation (incorporated by reference to the corresponding exhibit to the Registrant's Registration Statement on Form S-1 (No. 333-74449)).
- 3.1 Restated Certificate of Incorporation of The Goldman Sachs Group, Inc., amended as of April 28, 2015 (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2015).
- 3.2 Amended and Restated By-Laws of The Goldman Sachs Group, Inc., amended as of February 18, 2016.
- 4.1 Indenture, dated as of May 19, 1999, between The Goldman Sachs Group, Inc. and The Bank of New York, as trustee (incorporated by reference to Exhibit 6 to the Registrant's Registration Statement on Form 8-A, filed on June 29, 1999).
- 4.2 Subordinated Debt Indenture, dated as of February 20, 2004, between The Goldman Sachs Group, Inc. and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended November 28, 2003).
- 4.3 Warrant Indenture, dated as of February 14, 2006, between The Goldman Sachs Group, Inc. and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.34 to the Registrant's Post-Effective Amendment No. 3 to Form S-3, filed on March 1, 2006).
- 4.4 Senior Debt Indenture, dated as of December 4, 2007, among GS Finance Corp., as issuer, The Goldman Sachs Group, Inc., as guarantor, and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.69 to the Registrant's Post-Effective Amendment No. 10 to Form S-3, filed on December 4, 2007).
- 4.5 Senior Debt Indenture, dated as of July 16, 2008, between The Goldman Sachs Group, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.82 to the Registrant's Post-Effective Amendment No. 11 to Form S-3 (No. 333-130074), filed on July 17, 2008).
- 4.6 Senior Debt Indenture, dated as of October 10, 2008, among GS Finance Corp., as issuer, The Goldman Sachs Group, Inc., as guarantor, and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.70 to the Registrant's Registration Statement on Form S-3 (No. 333-154173), filed on October 10, 2008).
- 4.7 First Supplemental Indenture, dated as of February 20, 2015, among GS Finance Corp., as issuer, The Goldman Sachs Group, Inc., as guarantor, and The Bank of New York Mellon, as trustee, with respect to the Senior Debt Indenture, dated as of October 10, 2008 (incorporated by reference to Exhibit 4.7 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2014).
- 4.8 Ninth Supplemental Subordinated Debt Indenture, dated as of May 20, 2015, between The Goldman Sachs Group, Inc. and The Bank of New York Mellon, as trustee, with respect to the Subordinated Debt Indenture, dated as of February 20, 2004 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on May 22, 2015).
Certain instruments defining the rights of holders of long-term debt securities of the Registrant and its subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. The Registrant hereby undertakes to furnish to the SEC, upon request, copies of any such instruments.
- 10.1 The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) (incorporated by reference to Annex B to the Registrant's Definitive Proxy Statement on Schedule 14A, filed on April 10, 2015).[†]
- 10.2 The Goldman Sachs Amended and Restated Restricted Partner Compensation Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended February 24, 2006).[†]

- 10.3 Form of Employment Agreement for Participating Managing Directors (applicable to executive officers) (incorporated by reference to Exhibit 10.19 to the Registrant's Registration Statement on Form S-1 (No. 333-75213)). †
- 10.4 Form of Agreement Relating to Noncompetition and Other Covenants (incorporated by reference to Exhibit 10.20 to the Registrant's Registration Statement on Form S-1 (No. 333-75213)). †
- 10.5 Tax Indemnification Agreement, dated as of May 7, 1999, by and among The Goldman Sachs Group, Inc. and various parties (incorporated by reference to Exhibit 10.25 to the Registrant's Registration Statement on Form S-1 (No. 333-75213)).
- 10.6 Amended and Restated Shareholders' Agreement, effective as of January 15, 2015, among The Goldman Sachs Group, Inc. and various parties (incorporated by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2014).
- 10.7 Instrument of Indemnification (incorporated by reference to Exhibit 10.27 to the Registrant's Registration Statement on Form S-1 (No. 333-75213)).
- 10.8 Form of Indemnification Agreement (incorporated by reference to Exhibit 10.28 to the Registrant's Annual Report on Form 10-K for the fiscal year ended November 26, 1999).
- 10.9 Form of Indemnification Agreement (incorporated by reference to Exhibit 10.44 to the Registrant's Annual Report on Form 10-K for the fiscal year ended November 26, 1999).
- 10.10 Form of Indemnification Agreement, dated as of July 5, 2000 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended August 25, 2000).
- 10.11 Amendment No. 1, dated as of September 5, 2000, to the Tax Indemnification Agreement, dated as of May 7, 1999 (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the period ended August 25, 2000).
- 10.12 Letter, dated February 6, 2001, from The Goldman Sachs Group, Inc. to Mr. James A. Johnson (incorporated by reference to Exhibit 10.65 to the Registrant's Annual Report on Form 10-K for the fiscal year ended November 24, 2000). †
- 10.13 Letter, dated December 18, 2002, from The Goldman Sachs Group, Inc. to Mr. William W. George (incorporated by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K for the fiscal year ended November 29, 2002). †
- 10.14 Form of Amendment, dated November 27, 2004, to Agreement Relating to Noncompetition and Other Covenants, dated May 7, 1999 (incorporated by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K for the fiscal year ended November 26, 2004). †
- 10.15 The Goldman Sachs Group, Inc. Non-Qualified Deferred Compensation Plan for U.S. Participating Managing Directors (terminated as of December 15, 2008) (incorporated by reference to Exhibit 10.36 to the Registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 2007). †
- 10.16 Form of Year-End Option Award Agreement (incorporated by reference to Exhibit 10.36 to the Registrant's Annual Report on Form 10-K for the fiscal year ended November 28, 2008). †
- 10.17 Amendments to 2005 and 2006 Year-End RSU and Option Award Agreements (incorporated by reference to Exhibit 10.44 to the Registrant's Annual Report on Form 10-K for the fiscal year ended November 30, 2007). †
- 10.18 Form of Non-Employee Director Option Award Agreement (incorporated by reference to Exhibit 10.34 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2009). †
- 10.19 Form of Non-Employee Director RSU Award Agreement (pre-2015) (incorporated by reference to Exhibit 10.21 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2014). †
- 10.20 Ground Lease, dated August 23, 2005, between Battery Park City Authority d/b/a/ Hugh L. Carey Battery Park City Authority, as Landlord, and Goldman Sachs Headquarters LLC, as Tenant (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on August 26, 2005).
- 10.21 General Guarantee Agreement, dated January 30, 2006, made by The Goldman Sachs Group, Inc. relating to certain obligations of Goldman, Sachs & Co. (incorporated by reference to Exhibit 10.45 to the Registrant's Annual Report on Form 10-K for the fiscal year ended November 25, 2005).

- 10.22 Goldman, Sachs & Co. Executive Life Insurance Policy and Certificate with Metropolitan Life Insurance Company for Participating Managing Directors (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended August 25, 2006). †
- 10.23 Form of Goldman, Sachs & Co. Executive Life Insurance Policy with Pacific Life & Annuity Company for Participating Managing Directors, including policy specifications and form of restriction on Policy Owner's Rights (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the period ended August 25, 2006). †
- 10.24 Form of Second Amendment, dated November 25, 2006, to Agreement Relating to Noncompetition and Other Covenants, dated May 7, 1999, as amended effective November 27, 2004 (incorporated by reference to Exhibit 10.51 to the Registrant's Annual Report on Form 10-K for the fiscal year ended November 24, 2006). †
- 10.25 Description of PMD Retiree Medical Program (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the period ended February 29, 2008). †
- 10.26 Letter, dated June 28, 2008, from The Goldman Sachs Group, Inc. to Mr. Lakshmi N. Mittal (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed on June 30, 2008). †
- 10.27 General Guarantee Agreement, dated December 1, 2008, made by The Goldman Sachs Group, Inc. relating to certain obligations of Goldman Sachs Bank USA (incorporated by reference to Exhibit 4.80 to the Registrant's Post-Effective Amendment No. 2 to Form S-3, filed on March 19, 2009).
- 10.28 Guarantee Agreement, dated November 28, 2008 and amended effective as of January 1, 2010, between The Goldman Sachs Group, Inc. and Goldman Sachs Bank USA (incorporated by reference to Exhibit 10.51 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2009).
- 10.29 Form of One-Time RSU Award Agreement (pre-2015) (incorporated by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2014). †
- 10.30 Amendments to Certain Non-Employee Director Equity Award Agreements (incorporated by reference to Exhibit 10.69 to the Registrant's Annual Report on Form 10-K for the fiscal year ended November 28, 2008). †
- 10.31 Form of Year-End RSU Award Agreement (not fully vested) (pre-2015) (incorporated by reference to Exhibit 10.36 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2014). †
- 10.32 Form of Year-End RSU Award Agreement (fully vested) (pre-2015) (incorporated by reference to Exhibit 10.37 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2014). †
- 10.33 Form of Year-End RSU Award Agreement (Base and/or Supplemental) (pre-2015) (incorporated by reference to Exhibit 10.38 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2014). †
- 10.34 Form of Year-End Short-Term RSU Award Agreement (pre-2015) (incorporated by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2014). †
- 10.35 Form of Year-End Restricted Stock Award Agreement (fully vested) (pre-2015) (incorporated by reference to Exhibit 10.41 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2013). †
- 10.36 Form of Year-End Restricted Stock Award Agreement (Base and/or Supplemental) (pre-2015) (incorporated by reference to Exhibit 10.41 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2014). †
- 10.37 Form of Year-End Short-Term Restricted Stock Award Agreement (pre-2015) (incorporated by reference to Exhibit 10.42 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2014). †
- 10.38 Form of Fixed Allowance RSU Award Agreement (pre-2015) (incorporated by reference to Exhibit 10.43 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2014). †
- 10.39 General Guarantee Agreement, dated March 2, 2010, made by The Goldman Sachs Group, Inc. relating to the obligations of Goldman Sachs Execution & Clearing, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2010).
- 10.40 Form of Deed of Gift (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2010). †

- 10.41 The Goldman Sachs Long-Term Performance Incentive Plan, dated December 17, 2010 (incorporated by reference to the Registrant's Current Report on Form 8-K, filed on December 23, 2010). †
- 10.42 Form of Performance-Based Restricted Stock Unit Award Agreement (pre-2015) (incorporated by reference to the Registrant's Current Report on Form 8-K, filed on December 23, 2010). †
- 10.43 Form of Performance-Based Option Award Agreement (incorporated by reference to the Registrant's Current Report on Form 8-K, filed on December 23, 2010). †
- 10.44 Form of Performance-Based Cash Compensation Award Agreement (pre-2015) (incorporated by reference to the Registrant's Current Report on Form 8-K, filed on December 23, 2010). †
- 10.45 Amended and Restated General Guarantee Agreement, dated November 21, 2011, made by The Goldman Sachs Group, Inc. relating to certain obligations of Goldman Sachs Bank USA (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on November 21, 2011).
- 10.46 Form of Aircraft Time Sharing Agreement (incorporated by reference to Exhibit 10.61 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011). †
- 10.47 Description of Compensation Arrangements with Executive Officer (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2012). †
- 10.48 The Goldman Sachs Group, Inc. Clawback Policy, effective as of January 1, 2015 (incorporated by reference to Exhibit 10.53 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2014).
- 10.49 Form of Non-Employee Director RSU Award Agreement. †
- 10.50 Form of One-Time RSU Award Agreement. †
- 10.51 Form of Year-End RSU Award Agreement (not fully vested). †
- 10.52 Form of Year-End RSU Award Agreement (fully vested). †
- 10.53 Form of Year-End RSU Award Agreement (Base and/or Supplemental). †
- 10.54 Form of Year-End Short-Term RSU Award Agreement. †
- 10.55 Form of Year-End Restricted Stock Award Agreement (not fully vested). †
- 10.56 Form of Year-End Restricted Stock Award Agreement (fully vested). †
- 10.57 Form of Year-End Short-Term Restricted Stock Award Agreement. †
- 10.58 Form of Fixed Allowance RSU Award Agreement. †
- 10.59 Form of Fixed Allowance Deferred Cash Award Agreement. †
- 10.60 Form of Performance-Based Restricted Stock Unit Award Agreement. †
- 10.61 Form of Performance-Based Cash Compensation Award Agreement. †
- 10.62 Form of Signature Card for Equity Awards. †
- 12.1 Statement re: Computation of Ratios of Earnings to Fixed Charges and Ratios of Earnings to Combined Fixed Charges and Preferred Stock Dividends.
- 21.1 List of significant subsidiaries of The Goldman Sachs Group, Inc.
- 23.1 Consent of Independent Registered Public Accounting Firm.
- 31.1 Rule 13a-14(a) Certifications.
- 32.1 Section 1350 Certifications. *
- 99.1 Report of Independent Registered Public Accounting Firm on Selected Financial Data.
- 99.2 Debt and trust securities registered under Section 12(b) of the Exchange Act.
- 101 Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Statements of Earnings for the years ended December 31, 2015, December 31, 2014 and December 31, 2013, (ii) the Consolidated Statements of Comprehensive Income for the years ended December 31, 2015, December 31, 2014 and December 31, 2013, (iii) the Consolidated Statements of Financial Condition as of December 31, 2015 and December 31, 2014, (iv) the Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2015, December 31, 2014 and December 31, 2013, (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2015, December 31, 2014 and December 31, 2013, and (vi) the notes to the Consolidated Financial Statements.

† This exhibit is a management contract or a compensatory plan or arrangement.

* This information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE GOLDMAN SACHS GROUP, INC.

By: /s/ Harvey M. Schwartz
Name: Harvey M. Schwartz
Title: Chief Financial Officer

Date: February 19, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Capacity</u>	<u>Date</u>
<u>/s/ Lloyd C. Blankfein</u> Lloyd C. Blankfein	Director, Chairman and Chief Executive Officer (Principal Executive Officer)	February 19, 2016
<u>/s/ M. Michele Burns</u> M. Michele Burns	Director	February 19, 2016
<u>/s/ Gary D. Cohn</u> Gary D. Cohn	Director	February 19, 2016
<u>/s/ Mark A. Flaherty</u> Mark A. Flaherty	Director	February 19, 2016
<u>/s/ William W. George</u> William W. George	Director	February 19, 2016
<u>/s/ James A. Johnson</u> James A. Johnson	Director	February 19, 2016
<u>/s/ Lakshmi N. Mittal</u> Lakshmi N. Mittal	Director	February 19, 2016
<u>/s/ Adebayo O. Ogunlesi</u> Adebayo O. Ogunlesi	Director	February 19, 2016

<u>/s/ Peter Oppenheimer</u> Peter Oppenheimer	Director	February 19, 2016
<u>/s/ Debora L. Spar</u> Debora L. Spar	Director	February 19, 2016
<u>/s/ Mark E. Tucker</u> Mark E. Tucker	Director	February 19, 2016
<u>/s/ David A. Viniar</u> David A. Viniar	Director	February 19, 2016
<u>/s/ Mark O. Winkelman</u> Mark O. Winkelman	Director	February 19, 2016
<u>/s/ Harvey M. Schwartz</u> Harvey M. Schwartz	Chief Financial Officer (Principal Financial Officer)	February 19, 2016
<u>/s/ Sarah E. Smith</u> Sarah E. Smith	Principal Accounting Officer	February 19, 2016

AMENDED AND RESTATED
BY-LAWS
OF
THE GOLDMAN SACHS GROUP, INC.

ARTICLE I

Stockholders

Section 1.1 Annual Meetings. An annual meeting of stockholders shall be held for the election of directors at such date, time and place either within or without the State of Delaware as may be designated by the Board of Directors from time to time. Any other business properly brought before the meeting may be transacted at the annual meeting.

Section 1.2 Special Meetings. (a) Special meetings of stockholders may be called at any time by, and only by, (i) the Board of Directors or (ii) solely to the extent required by Section 1.2(b), the Secretary of the Corporation. Each special meeting shall be held at such date, time and place either within or without the State of Delaware as may be stated in the notice of the meeting.

(b) A special meeting of the stockholders shall be called by the Secretary upon the written request of the holders of record of not less than twenty-five percent of the voting power of all outstanding shares of common stock of the Corporation (the "Requisite Percent"), subject to the following:

(1) In order for a special meeting upon stockholder request (a "Stockholder Requested Special Meeting") to be called by the Secretary, one or more written requests for a special meeting (each, a "Special Meeting Request," and collectively, the "Special Meeting Requests") stating the purpose of the special meeting and the matters proposed to be acted upon thereat must be signed and dated by the Requisite Percent of record holders of common stock of the Corporation (or their duly authorized agents), must be delivered to the Secretary at the principal executive offices of the Corporation and must set forth:

(i) in the case of any director nominations proposed to be presented at such Stockholder Requested Special Meeting, the information required by the third paragraph of Section 1.11(b);

(ii) in the case of any matter (other than a director nomination) proposed to be conducted at such Stockholder Requested Special Meeting, the information required by the fourth paragraph of Section 1.11(b); and

(iii) an agreement by the requesting stockholder(s) to notify the Corporation immediately in the case of any disposition prior to the record date for the Stockholder Requested Special Meeting of shares of common stock of the Corporation owned of record and an acknowledgement that any such disposition shall be deemed a revocation of such Special Meeting Request to the extent of such disposition, such that the number of shares disposed of shall not be included in determining whether the Requisite Percent has been reached.

The Corporation will provide the requesting stockholder(s) with notice of the record date for the determination of stockholders entitled to vote at the Stockholder Requested Special Meeting. Each requesting stockholder is required to update the notice delivered pursuant to this Section not later than ten business days after such record date to provide any material changes in the foregoing information as of such record date.

In determining whether a special meeting of stockholders has been requested by the record holders of shares representing in the aggregate at least the Requisite Percent, multiple Special Meeting Requests delivered to the Secretary will be considered together only if each such Special Meeting Request (x) identifies substantially the same purpose or purposes of the special meeting and substantially the same matters proposed to be acted on at the special meeting (in each case as determined in good faith by the Board of Directors), and (y) has been dated and delivered to the Secretary within sixty days of the earliest dated of such Special Meeting Requests. If the record holder is not the signatory to the Special Meeting Request, such Special Meeting Request will not be valid unless documentary evidence is supplied to the Secretary at the time of delivery of such Special Meeting Request (or within ten business days thereafter) of such signatory's authority to execute the Special Meeting Request on behalf of the record holder. Any requesting stockholder may revoke his, her or its Special Meeting Request at any time by written revocation delivered to the Secretary at the principal executive offices of the Corporation; provided, however, that if following such revocation (or any deemed revocation pursuant to clause (iii) above), the unrevoked valid Special Meeting Requests represent in the aggregate less than the Requisite Percent, there shall be no requirement to hold a special meeting. The first date on which unrevoked valid Special Meeting Requests constituting not less than the Requisite Percent shall have been delivered to the Corporation is referred to herein as the "Request Receipt Date".

(2) A Special Meeting Request shall not be valid if:

(i) the Special Meeting Request relates to an item of business that is not a proper subject for stockholder action under applicable law;

(ii) the Request Receipt Date is during the period commencing ninety days prior to the first anniversary of the date of the immediately preceding annual meeting and ending on the date of the next annual meeting;

(iii) the purpose specified in the Special Meeting Request is not the election of directors and an identical or substantially similar item (as determined in good faith by the Board of Directors, a "Similar Item") was presented at any meeting of stockholders held within the twelve months prior to the Request Receipt Date; or

(iv) a Similar Item is included in the Corporation's notice as an item of business to be brought before a stockholder meeting that has been called but not yet held or that is called for a date within ninety days of the Request Receipt Date.

(3) A Stockholder Requested Special Meeting shall be held at such date and time as may be fixed by the Board of Directors; provided, however, that the Stockholder Requested Special Meeting shall be called for a date not more than ninety days after the Request Receipt Date.

(4) Business transacted at any Stockholder Requested Special Meeting shall be limited to (i) the purpose(s) stated in the valid Special Meeting Request(s) received from the Requisite Percent of record holders and (ii) any additional matters that the Board of Directors determines to include in the Corporation's notice of the meeting. If none of the stockholders who submitted the Special Meeting Request appears or sends a qualified representative to present the matters to be presented for consideration that were specified in the Stockholder Meeting Request, the Corporation need not present such matters for a vote at such meeting, notwithstanding that proxies in respect of such matter may have been received by the Corporation.

Section 1.3 Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by law, the written notice of any meeting shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting. Such notice shall be deemed to be given (i) if mailed, when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation; (ii) if sent by electronic mail, when delivered to an electronic mail address at which the stockholder has consented to receive such notice; and (iii) if posted on an electronic network together with a separate notice to the stockholder of such specific posting, upon the later to occur of (A) such posting and (B) the giving of such separate notice of such posting. Notice shall be deemed to have been given to all stockholders of record who share an address if notice is given in accordance with the "householding" rules set forth in Rule 14a-3(e) under the Securities Exchange Act of 1934 (the "Exchange Act") and Section 233 of the Delaware General Corporation Law.

Section 1.4 Adjournments. Any meeting of stockholders, annual or special, may be adjourned from time to time, to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 1.5 Quorum. At each meeting of stockholders, except where otherwise required by law, the certificate of incorporation or these by-laws, the holders of a majority of the outstanding shares of stock entitled to vote on a matter at the meeting, present in person or represented by proxy, shall constitute a quorum. For purposes of

the foregoing, where a separate vote by class or classes is required for any matter, the holders of a majority of the outstanding shares of such class or classes, present in person or represented by proxy, shall constitute a quorum to take action with respect to that vote on that matter. Two or more classes or series of stock shall be considered a single class if the holders thereof are entitled to vote together as a single class at the meeting. In the absence of a quorum of the holders of any class of stock entitled to vote on a matter, the meeting of such class may be adjourned from time to time in the manner provided by Sections 1.4 and 1.6 of these by-laws until a quorum of such class shall be so present or represented. Shares of its own capital stock belonging on the record date for the meeting to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Section 1.6 Organization. Meetings of stockholders shall be presided over by a Chairman of the Board, if any, or in the absence of a Chairman of the Board by a Vice Chairman of the Board, if any, or in the absence of a Vice Chairman of the Board by a Chief Executive Officer, or in the absence of a Chief Executive Officer by a President, or in the absence of a President by a Chief Operating Officer, or in the absence of a Chief Operating Officer by a Vice President, or in the absence of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman chosen at the meeting. A Secretary, or in the absence of a Secretary an Assistant Secretary, shall act as secretary of the meeting, but in the absence of a Secretary and any Assistant Secretary the chairman of the meeting may appoint any person to act as secretary of the meeting.

The order of business at each such meeting shall be as determined by the chairman of the meeting. The chairman of the meeting shall have the right and authority to adjourn a meeting of stockholders without a vote of stockholders and to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting and are not inconsistent with any rules or regulations adopted by the Board of Directors pursuant to the provisions of the certificate of incorporation, including the establishment of procedures for the maintenance of order and safety, limitations on the time allotted to questions or comments on the affairs of the Corporation, restrictions on entry to such meeting after the time prescribed for the commencement thereof and the opening and closing of the voting polls for each item upon which a vote is to be taken.

Section 1.7 Inspectors. Prior to any meeting of stockholders, the Board of Directors, a Chairman of the Board, a Vice Chairman of the Board, a Chief Executive Officer, a President, a Chief Operating Officer, a Vice President or any other officer designated by the Board shall appoint one or more inspectors to act at such meeting and make a written report thereof and may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at the meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall ascertain the number of shares outstanding and the voting power of each, determine the shares represented at the meeting and the validity of proxies and ballots, count all votes and ballots, determine and retain for a reasonable period a record

of the disposition of any challenges made to any determination by the inspectors and certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons to assist them in the performance of their duties. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxy or vote, nor any revocation thereof or change thereto, shall be accepted by the inspectors after the closing of the polls. In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted therewith, any information provided by a stockholder who submits a proxy by telegram, cablegram or other electronic transmission from which it can be determined that the proxy was authorized by the stockholder, ballots and the regular books and records of the Corporation, and they may also consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for such purpose, they shall, at the time they make their certification, specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 1.8 Voting: Proxies. Unless otherwise provided in the certificate of incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder which has voting power upon the matter in question. If the certificate of incorporation provides for more or less than one vote for any share on any matter, every reference in these by-laws to a majority or other proportion of shares of stock shall refer to such majority or other proportion of the votes of such shares of stock. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power, regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with a Secretary. Voting at meetings of stockholders need not be by written ballot unless so directed by the chairman of the meeting or the Board of Directors. In all matters, unless otherwise required by law, the certificate of incorporation or these by-laws, the affirmative vote of not less than a majority of shares present in person or represented by proxy at the meeting and entitled to vote on such matter, with all shares of common stock of the Corporation and other stock of the Corporation entitled to vote on such matter considered for this purpose as a single class, shall be the act of the stockholders. Where a separate vote by class or classes is required, the affirmative vote of the holders of not less than a majority (or, in the case of an election of directors, a plurality) of shares present in person or represented by proxy at the meeting by stockholders in that class or classes entitled to vote on such matter shall be the act of such class or classes, except as otherwise required by law, the certificate of incorporation or these by-laws. For purposes of this Section 1.8, votes cast "for" or "against" and "abstentions" with respect to such matter shall be counted as shares of stock of the Corporation entitled to vote on such matter, while "broker nonvotes" (or other shares of stock of the Corporation similarly not entitled to vote) shall not be counted as shares entitled to vote on such matter.

Section 1.9 Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty nor less than ten days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty days prior to the action for which a record date is being established. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 1.10 List of Stockholders Entitled to Vote. A Secretary shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the municipality where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present.

Section 1.11 Advance Notice of Stockholder Nominees for Director and Other Stockholder Proposals. (a) The matters to be considered and brought before any annual or special meeting of stockholders of the Corporation (other than a Stockholder Requested Special Meeting) shall be limited to only such matters, including the nomination and election of directors, as shall be brought properly before such meeting in compliance with the procedures set forth in this Section 1.11 and in Section 1.12, as the case may be.

(b) For any matter to be properly brought before any annual meeting of stockholders, the matter must be (i) specified in the notice of annual meeting given by or at the direction of the Board of Directors, (ii) otherwise brought before the annual meeting by or at the direction of the Board of Directors, (iii) brought before the annual

meeting in the manner specified in this Section 1.11(b) (x) by a stockholder that holds of record stock of the Corporation entitled to vote at the annual meeting on such matter (including any election of a director) or (y) by a person (a "Nominee Holder") that holds such stock through a nominee or "street name" holder of record of such stock and can demonstrate to the Corporation such indirect ownership of, and such Nominee Holder's entitlement to vote, such stock on such matter or (iv) brought before the annual meeting in accordance with Section 1.12.

In addition to any other requirements under applicable law, the certificate of incorporation and these by-laws, and except as provided in Section 1.12, persons nominated by stockholders for election as directors of the Corporation and any other proposals by stockholders shall be properly brought before an annual meeting of stockholders only if notice of any such matter to be presented by a stockholder at such meeting (a "Stockholder Notice") shall be delivered to a Secretary at the principal executive office of the Corporation not less than ninety nor more than one hundred and twenty days prior to the first anniversary date of the annual meeting for the preceding year; provided, however, that if and only if the annual meeting is not scheduled to be held within a period that commences thirty days before and ends thirty days after such anniversary date (an annual meeting date outside such period being referred to herein as an "Other Meeting Date"), such Stockholder Notice shall be given in the manner provided herein by the later of (i) the close of business on the date ninety days prior to such Other Meeting Date or (ii) the close of business on the tenth day following the date on which such Other Meeting Date is first publicly announced or disclosed.

Any stockholder desiring to nominate any person or persons (as the case may be) for election as a director or directors of the Corporation at an annual meeting of stockholders pursuant to this Section 1.11 shall deliver, as part of such Stockholder Notice, a statement in writing setting forth the name of the person or persons to be nominated, the number and class of all shares of each class of stock of the Corporation owned of record and beneficially by each such person, as reported to such stockholder by such person, the factual information regarding each such person required by paragraphs (a), (e) and (f) of Item 401 of Regulation S-K adopted by the Securities and Exchange Commission, each such person's signed consent to serve as a director of the Corporation if elected, such stockholder's name and address, the number and class of all shares of each class of stock of the Corporation owned of record and beneficially by such stockholder and, in the case of a Nominee Holder, evidence establishing such Nominee Holder's indirect ownership of stock and entitlement to vote such stock for the election of directors at the annual meeting. The Corporation may require any proposed director nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation and to comply with applicable law. If a stockholder is entitled to vote only for a specific class or category of directors at a meeting (annual or special), such stockholder's right to nominate one or more individuals for election as a director at the meeting shall be limited to such class or category of directors.

Any stockholder who gives a Stockholder Notice of any matter (other than a nomination for director or as provided in Section 1.12) proposed to be brought before an annual meeting of stockholders shall deliver, as part of such Stockholder Notice, the text of the proposal to be presented and a brief written statement of the reasons why such stockholder favors the proposal and setting forth such stockholder's name and address, the number and class of all shares of each class of stock of the Corporation owned of record and beneficially by such stockholder, any material interest of such stockholder in the matter proposed (other than as a stockholder), if applicable, and, in the case of a Nominee Holder, evidence establishing such Nominee Holder's indirect ownership of stock and entitlement to vote such stock on the matter proposed at the annual meeting.

As used in these by-laws (other than for purposes of Section 1.12), shares “beneficially owned” shall mean all shares which such person is deemed to beneficially own pursuant to Rules 13d-3 and 13d-5 under the Exchange Act.

Notwithstanding any provision of this Section 1.11 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation at the next annual meeting of stockholders is increased by virtue of an increase in the size of the Board of Directors and either all of the nominees for director at the next annual meeting of stockholders or the size of the increased Board of Directors is not publicly announced or disclosed by the Corporation at least one hundred days prior to the first anniversary of the preceding year’s annual meeting, a Stockholder Notice shall also be considered timely under this Section 1.11, but only with respect to nominees to stand for election at the next annual meeting as the result of any new positions created by such increase, if it shall be delivered to a Secretary at the principal executive office of the Corporation not later than the close of business on the tenth day following the first day on which all such nominees or the size of the increased Board of Directors shall have been publicly announced or disclosed.

(c) For any matter to be properly brought before a special meeting of stockholders, the matter must be set forth in the Corporation’s notice of such meeting given by or at the direction of the Board of Directors or by the Secretary of the Company pursuant to Section 1.2(a)(ii). In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any stockholder entitled to vote for the election of such director(s) at such meeting may nominate a person or persons (as the case may be) for election to such position(s) as are specified in the Corporation’s notice of such meeting, but only if a Stockholder Notice containing the information required by the third paragraph of Section 1.11(b) hereof shall be delivered to a Secretary at the principal executive office of the Corporation not later than the close of business on the tenth day following the first day on which the date of the special meeting and either the names of all nominees proposed by the Board of Directors to be elected at such meeting or the number of directors to be elected shall have been publicly announced or disclosed.

(d) For purposes of this Section 1.11, a matter shall be deemed to have been “publicly announced or disclosed” if such matter is disclosed in a press release reported by the Dow Jones News Service, the Associated Press or a comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission.

(e) In no event shall the postponement or adjournment of an annual meeting already publicly noticed or a special meeting, or any announcement thereof, commence a new period for the giving of notice as provided in this Section 1.11. This Section 1.11 shall not apply to (i) any stockholder proposal made pursuant to Rule 14a-8 under the Exchange Act, (ii) any nomination of a director in an election in which only the holders of one or more series of Preferred Stock of the Corporation issued pursuant to Article FOURTH of the certificate of incorporation are entitled to vote (unless otherwise provided in the terms of such stock), (iii) any director nomination pursuant to Section 1.12 or (iv) any Stockholder Requested Special Meeting except as specifically provided in Section 1.2(b).

(f) The chairman of any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall have the power and duty to determine whether notice of nominees and other matters proposed to be brought before a meeting has been duly given in the manner provided in this Section 1.11 or Section 1.2, as applicable and, if not so given, shall direct and declare at the meeting that such nominees and other matters shall not be considered.

Section 1.12 Stockholder Nominations Included in the Corporation's Proxy Materials.

(a) Inclusion of Proxy Access Nominee in Proxy Statement. Subject to the provisions of this Section 1.12, if expressly requested in the relevant Nomination Notice (as defined below), the Corporation shall include in its proxy statement for any annual meeting of stockholders (but not at any special meeting of stockholders):

- (1) the name of any person nominated for election (the "Proxy Access Nominee"), which shall also be included on the Corporation's form of proxy and ballot, by any Nominating Stockholder (as defined below);
- (2) disclosure about the Proxy Access Nominee and the Nominating Stockholder required under the rules of the Securities and Exchange Commission or other applicable law to be included in the proxy statement;
- (3) any statement included by the Nominating Stockholder in the Nomination Notice for inclusion in the proxy statement in support of the Proxy Access Nominee's election to the Board of Directors (subject, without limitation, to Section 1.12(e)(ii)), if such statement does not exceed 500 words; and
- (4) any other information that the Corporation or the Board of Directors determines, in their discretion, to include in the proxy statement relating to the nomination of the Proxy Access Nominee, including, without limitation, (1) any statement in opposition to the nomination, (2) any of the information provided pursuant to this Section 1.12 and (3) any solicitation materials or related information with respect to the Proxy Access Nominee.

For purposes of this Section 1.12, any determination to be made by the Board of Directors may be made by the Board of Directors, a committee of the Board or any officer of the Corporation designated by the Board of Directors or a committee of the Board and any such determination shall be final and binding on the Corporation, any Eligible Holder, any Nominating Stockholder, any Proxy Access Nominee and any other person so long as made in good faith (without any further requirements). The chairman of any annual meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall have the power and duty to determine whether a Proxy Access Nominee has been nominated in accordance with the requirements of this Section 1.12 and, if not so nominated, shall direct and declare at the meeting that such Proxy Access Nominee shall not be considered.

(b) Maximum Number of Proxy Access Nominees.

(1) The Corporation shall not be required to include in the proxy statement for an annual meeting of stockholders more Proxy Access Nominees than that number of directors constituting the greater of (1) two or (2) twenty percent of the total number of directors of the Corporation on the last day on

which a Nomination Notice may be submitted pursuant to this Section 1.12 (rounded down to the nearest whole number) (the “Maximum Number”). In the event that one or more vacancies for any reason occurs on the Board of Directors after the deadline set forth in Section 1.12(d) below but before the date of the annual meeting, and the Board of Directors resolves to reduce the size of the board in connection therewith, the Maximum Number shall be calculated based on the number of directors in office as so reduced. The Maximum Number for a particular annual meeting shall be reduced by (1) Proxy Access Nominees who are subsequently withdrawn, (2) Proxy Access Nominees that the Board of Directors itself decides to nominate for election at such annual meeting and (3) the number of incumbent directors of the Corporation who had been Proxy Access Nominees with respect to any of the preceding two annual meetings of stockholders and whose reelection at the upcoming annual meeting is being recommended by the Board of Directors.

(2) If the number of Proxy Access Nominees pursuant to this Section 1.12 for any annual meeting of stockholders exceeds the Maximum Number then, promptly upon notice from the Corporation, each Nominating Stockholder will select one Proxy Access Nominee for inclusion in the proxy statement until the Maximum Number is reached, going in order of the amount (largest to smallest) of the ownership position as disclosed in each Nominating Stockholder’s Nomination Notice, with the process repeated if the Maximum Number is not reached after each Nominating Stockholder has selected one Proxy Access Nominee. If, after the deadline for submitting a Nomination Notice as set forth in Section 1.12(d), a Nominating Stockholder becomes ineligible or withdraws its nomination or a Proxy Access Nominee becomes unwilling to serve on the Board of Directors, whether before or after the mailing of the definitive proxy statement, then the nomination shall be disregarded, and the Corporation (1) shall not be required to include in its proxy statement or on any ballot or form of proxy the disregarded Proxy Access Nominee or any successor or replacement nominee proposed by the Nominating Stockholder or by any other Nominating Stockholder and (2) may otherwise communicate to its stockholders, including without limitation by amending or supplementing its proxy statement or ballot or form of proxy, that the Proxy Access Nominee will not be included as a Proxy Access Nominee in the proxy statement or on any ballot or form of proxy and will not be voted on at the annual meeting.

(c) Eligibility of Nominating Stockholder.

(1) An “Eligible Holder” is a person who has either (1) been a record holder of the shares of common stock used to satisfy the eligibility requirements in this Section 1.12(c) continuously for the three-year period specified in Subsection (ii) below or (2) provides to a Secretary of the Corporation, within the time period referred to in Section 1.12(d), evidence of continuous ownership of such shares for such three-year period from one or more securities intermediaries in a form that the Board of Directors determines would be deemed acceptable for purposes of a shareholder proposal under Rule 14a-8(b)(2) under the Exchange Act (or any successor rule).

(2) An Eligible Holder or group of up to fifteen Eligible Holders may submit a nomination in accordance with this Section 1.12 only if the person or group (in the aggregate) has continuously owned at least the Minimum Number (as defined below) of shares of the Corporation’s common stock throughout the

three-year period preceding and including the date of submission of the Nomination Notice, and continues to own at least the Minimum Number through the date of the annual meeting. Each Eligible Holder or group of up to fifteen Eligible Holders that submits a nomination in accordance with this Section 1.12 and has satisfied, as determined by the Board of Directors, all applicable conditions and complied with all applicable procedures set forth in this Section 1.12 is a “Nominating Stockholder”. A group of funds that are (i) under common management and investment control, (ii) under common management and funded primarily by a single employer or (iii) a “group of investment companies,” as such term is defined in Section 12(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended, shall be treated as one Eligible Holder if such Eligible Holder shall provide together with the Nomination Notice documentation reasonably satisfactory to the Corporation that demonstrates that the funds meet the criteria set forth in (i), (ii) or (iii) hereof. For the avoidance of doubt, in the event of a nomination by a Nominating Stockholder that includes more than one Eligible Holder, any and all requirements and obligations for an individual Eligible Holder that are set forth in this Section 1.12, including the minimum holding period, shall apply to each individual Eligible Holder comprising the Nominating Stockholder; provided, however, that the Minimum Number shall apply to the ownership of the Nominating Stockholder in the aggregate. Should any Eligible Holder withdraw from a group of Eligible Holders constituting a Nominating Stockholder at any time prior to the annual meeting of stockholders, the Nominating Stockholder shall only be deemed to own the shares held by the remaining Eligible Holders. As used in this Section 1.12, any reference to a “group” or “group of Eligible Holders” refers to any Nominating Stockholder that consists of more than one Eligible Holder and to all the Eligible Holders that make up such Nominating Stockholder.

(3) The “Minimum Number” of shares of the Corporation’s common stock means three percent of the number of outstanding shares of common stock as of the most recent date for which such amount is given in any filing by the Corporation with the Securities and Exchange Commission prior to the submission of the Nomination Notice.

(4) For purposes of this Section 1.12, an Eligible Holder “owns” only those outstanding shares of the Corporation as to which the Eligible Holder possesses both (1) the full voting and investment rights pertaining to the shares and (2) the full economic interest in (including the opportunity for profit and risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (1) and (2) shall not include any shares (A) sold by such Eligible Holder or any of its affiliates in any transaction that has not been settled or closed, (B) purchased by such Eligible Holder or any of its affiliates but the purchase has not yet been settled or closed, (C) borrowed by such Eligible Holder or any of its affiliates for any purpose or purchased by such Eligible Holder or any of its affiliates pursuant to an agreement to resell or subject to any other obligation to resell to another person, or (D) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such Eligible Holder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding shares of the Corporation, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of (x) reducing in any manner, to any extent or at any time in the future, such Eligible Holder’s or any of its affiliates’ full right to vote or direct the voting of

any such shares, and/or (y) hedging, offsetting, or altering to any degree, gain or loss arising from the full economic ownership of such shares by such Eligible Holder or any of its affiliates.

An Eligible Holder “owns” shares held in the name of a nominee or other intermediary so long as the Eligible Holder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. An Eligible Holder’s ownership of shares shall be deemed to continue during any period in which the Eligible Holder has delegated any voting power by means of a proxy, power of attorney, or other similar instrument or arrangement that is revocable at any time by the Eligible Holder. An Eligible Holder’s ownership of shares shall be deemed to continue during any period in which the Eligible Holder has loaned such shares provided that the Eligible Holder has the power to recall such loaned shares within a reasonable period of time and will recall such loaned shares as of the date of the annual meeting. The terms “owned,” “owning” and other variations of the word “own” shall have correlative meanings. Whether outstanding shares of the Corporation are “owned” for these purposes shall be determined by the Board of Directors.

(5) No Eligible Holder shall be permitted to be a part of more than one group of Eligible Holders constituting a Nominating Stockholder, and if any Eligible Holder appears as a member of more than one group, such Eligible Holder shall be deemed to be a member of the group of Eligible Holders that has the largest ownership position as reflected in the Nomination Notice.

(6) Any Eligible Holder (including each Eligible Holder whose stock ownership is counted as part of a group for the purposes of qualifying as a Nominating Stockholder) whose Proxy Access Nominee is elected as a director at the annual meeting of stockholders will not be eligible to nominate or participate in the nomination of a Proxy Access Nominee for the following two annual meetings of stockholders pursuant to this Section 1.12 other than nominating (either individually or as a part of a group constituting a Nominating Stockholder) a Proxy Access Nominee previously nominated and elected pursuant to this Section 1.12 by such Eligible Holder or a group of Eligible Holders of which such Eligible Holder was a member.

(d) Nomination Notice. To nominate a Proxy Access Nominee, the Nominating Stockholder must, no earlier than one hundred and fifty days and no later than one hundred and twenty days before the anniversary of the date that the Corporation mailed its proxy statement for the prior year’s annual meeting of stockholders, submit to a Secretary of the Corporation at the principal executive office of the Corporation all of the following information and documents (collectively, the “Nomination Notice”); provided, however, that if and only if the annual meeting is scheduled for an Other Meeting Date, the Nomination Notice shall be given in the manner provided herein by the later of (1) one hundred and fifty days prior to such Other Meeting Date and (2) the tenth day following the date such Other Meeting Date is first publicly announced or disclosed:

(1) A Schedule 14N (or any successor form) relating to the Proxy Access Nominee, completed and filed with the Securities and Exchange Commission by the Nominating Stockholder as applicable, in accordance with Securities and Exchange Commission rules;

(2) A written notice of the nomination of such Proxy Access Nominee that includes the following additional information, agreements, representations and warranties by the Nominating Stockholder (including each group member):

- (i) the information required with respect to the nomination of directors pursuant to Section 1.11(b) of these by-laws;
- (ii) the details of any relationship that existed within the past three years and that would have been described pursuant to Item 6(e) of Schedule 14N (or any successor item) if it existed on the date of submission of the Schedule 14N;
- (iii) a representation and warranty that the Nominating Stockholder did not acquire, and is not holding, securities of the Corporation for the purpose or with the effect of influencing or changing control of the Corporation;
- (iv) a representation and warranty that the Proxy Access Nominee's candidacy or, if elected, Board membership would not violate applicable state or federal law or the rules of any stock exchange on which the Corporation's securities are traded;
- (v) a representation and warranty that the Proxy Access Nominee:
 - (A) is not aware of any direct or indirect relationship the Proxy Access Nominee has with the Corporation other than those relationships that have been deemed categorically immaterial pursuant to the Corporation's Policy Regarding Director Independence Determinations as most recently published on its website and otherwise qualifies as independent under the bright-line rules of the primary stock exchange on which the Corporation's securities are traded;
 - (B) is not aware of any information that would make the Proxy Access Nominee fail to meet the audit committee and compensation committee independence requirements under the rules of the primary stock exchange on which the Corporation's securities are traded;
 - (C) is not aware of any information that would make the Proxy Access Nominee fail to be a "non-employee director" for the purposes of Rule 16b-3 under the Exchange Act (or any successor rule);
 - (D) is not aware of any information that would make the Proxy Access Nominee fail to be an "outside director" for the purposes of Section 162(m) of the Internal Revenue Code (or any successor provision); and
 - (E) is not and has not been subject to any event specified in Rule 506(d)(1) of Regulation D (or any successor rule) under the Securities Act of 1933 or Item 401(f) of Regulation S-K

(or any successor rule) under the Exchange Act, without reference to whether the event is material to an evaluation of the ability or integrity of the Proxy Access Nominee;

(vi) a representation and warranty that the Nominating Stockholder satisfies the eligibility requirements set forth in Section 1.12(c) and has provided evidence of ownership to the extent required by Section 1.12(c)(i);

(vii) a representation and warranty that the Nominating Stockholder intends to continue to satisfy the eligibility requirements described in Section 1.12(c) through the date of the annual meeting and currently intends in good faith to continue to hold the Minimum Number of shares for at least one year following the annual meeting; provided, however, that any Nominating Stockholder that is a registered open-end mutual fund under the Investment Company Act of 1940, and that seeks to replicate an index, will not violate this requirement as a result of changes to its common stock holdings in response to changes in the index or weightings of the securities in the index;

(viii) a statement detailing whether the Proxy Access Nominee is experienced in matters of risk management for purposes of Regulation YY of the Federal Reserve Board;

(ix) details of any position of the Proxy Access Nominee as an officer or director of any competitor (that is, any entity that produces products or provides services that compete with or are alternatives to the principal products produced or services provided by the Corporation or its affiliates) of the Corporation, within the three years preceding the submission of the Nomination Notice;

(x) details of any relationship between the Proxy Access Nominee and any entity that would require disclosure on Schedule 13D as if the Proxy Access Nominee was required to file a Schedule 13D with respect to the company;

(xi) details of any shares of the Corporation owned by the Proxy Access Nominee that are (A) pledged by the Proxy Access Nominee or otherwise subject to a lien, charge or other encumbrance or (B) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such Proxy Access Nominee, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding shares of the Corporation, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of (x) reducing in any manner, to any extent or at any time in the future, such Proxy Access Nominee's full right to vote or direct the voting of any such shares, and/or (y) hedging, offsetting, or altering to any degree, gain or loss arising from the full economic ownership of such shares by such Proxy Access Nominee;

(xii) details of any compensatory, payment or other financial agreement, arrangement or understanding with any person or entity in connection with service or action as a director of the Corporation;

(xiii) a representation and warranty that the Nominating Stockholder will not engage in a “solicitation” within the meaning of Rule 14a-1(l) (without reference to the exception in Section 14a-1(2)(iv)) (or any successor rules) with respect to the annual meeting, other than with respect to its Proxy Access Nominee or any nominee of the Board of Directors;

(xiv) a representation and warranty that the Nominating Stockholder will not use any proxy card other than the Corporation’s proxy card in soliciting stockholders in connection with the election of a Proxy Access Nominee at the annual meeting;

(xv) if desired, a statement for inclusion in the proxy statement in support of the Proxy Access Nominee’s election to the Board of Directors, provided that such statement shall not exceed 500 words and shall fully comply with Section 14 of the Exchange Act and the rules and regulations thereunder, including Rule 14a-9; and

(xvi) in the case of a nomination by a Nominating Stockholder comprised of a group, the designation by all such Eligible Holders of one Eligible Holder that is authorized to act on behalf of the Nominating Stockholder with respect to matters relating to the nomination, including withdrawal of the nomination;

(3) An executed agreement, in a form deemed satisfactory by the Board of Directors, pursuant to which the Nominating Stockholder (including in the case of a group, each Eligible Holder in that group) agrees:

(i) to comply with all applicable laws, rules and regulations in connection with the nomination, solicitation and election;

(ii) to file any written solicitation or other communication with the Corporation’s stockholders relating to one or more of the Corporation’s directors or director nominees or any Proxy Access Nominee with the Securities and Exchange Commission, regardless of whether any such filing is required under rule or regulation or whether any exemption from filing is available for such materials under any rule or regulation;

(iii) to assume all liability stemming from an action, suit or proceeding concerning any actual or alleged legal or regulatory violation arising out of any communication by the Nominating Stockholder with the Corporation, its stockholders or any other person in connection with the nomination or election of directors, including, without limitation, the Nomination Notice;

(iv) to indemnify and hold harmless (jointly with all other Eligible Holders, in the case of a group of Eligible Holders) the Corporation and each of its directors, officers and employees individually

against any liability, loss, damages, expenses or other costs (including attorneys' fees) incurred in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of or relating to a failure or alleged failure of the Nominating Stockholder to comply with, or any breach or alleged breach of, its obligations, agreements or representations under this Section 1.12;

(v) in the event that any information included in the Nomination Notice, or any other communication by the Nominating Stockholder (including with respect to any Eligible Holder included in a group), with the Corporation, its stockholders or any other person in connection with the nomination or election ceases to be true and accurate in all material respects (or due to a subsequent development omits a material fact necessary to make the statements made not misleading), or that the Nominating Stockholder (including any Eligible Holder included in a group) has failed to continue to satisfy the eligibility requirements described in Section 1.12(c), to promptly (and in any event within 48 hours of discovering such misstatement or omission) notify the Corporation and any other recipient of such communication of the misstatement or omission in such previously provided information and of the information that is required to correct the misstatement or omission; and

(4) An executed agreement, in a form deemed satisfactory by the Board of Directors, by the Proxy Access Nominee:

(i) to provide to the Corporation such other information, including completion of the Corporation's director questionnaire, as it may reasonably request;

(ii) that the Proxy Access Nominee has read and agrees, if elected, to serve as a member of the Board of Directors, to adhere to the Corporation's Corporate Governance Guidelines and Code of Business Conduct and Ethics and any other Corporation policies and guidelines applicable to directors; and

(iii) that the Proxy Access Nominee is not and will not become a party to any agreement, arrangement or understanding with any person or entity as to how the Proxy Access Nominee would vote or act on any issue or question as a director.

The information and documents required by this Section 1.12(d) shall be (A) provided with respect to and executed by each Eligible Holder or, in the case of a Nominating Stockholder comprised of a group of Eligible Holders, each Eligible Holder in that group; and (B) provided with respect to the persons specified in Instruction 1 to Items 6(c) and (d) of Schedule 14N (or any successor item) in the case of a Nominating Stockholder or Eligible Holder that is an entity. The Nomination Notice shall be deemed submitted on the date on which all the information and documents referred to in this Section 1.12(d) (other than such information and documents contemplated to be provided after the date the Nomination Notice is provided) have been delivered to or, if sent by mail, received by a Secretary of the Corporation.

(e) Exceptions.

(1) Notwithstanding anything to the contrary contained in this Section 1.12, the Corporation may omit from its proxy statement any Proxy Access Nominee and any information concerning such Proxy Access Nominee (including a Nominating Stockholder's statement in support) and no vote on such Proxy Access Nominee will occur (notwithstanding that proxies in respect of such vote may have been received by the Corporation), and the Nominating Stockholder may not, after the last day on which a Nomination Notice would be timely, cure in any way any defect preventing the nomination of the Proxy Access Nominee, if:

(i) the Corporation receives a notice pursuant to Section 1.11(b) of these by-laws that any stockholder intends to nominate a candidate for director at the annual meeting;

(ii) if another person is engaging in a "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the applicable annual meeting of stockholders other than a nominee of the Board of Directors and other than as permitted by this Section 1.12;

(iii) the Nominating Stockholder or the designated Eligible Holder that is authorized to act on behalf of the Nominating Stockholder, as applicable, or any qualified representative thereof, does not appear at the annual meeting of stockholders to present the nomination submitted pursuant to this Section 1.12 or the Nominating Stockholder withdraws its nomination;

(iv) the Board of Directors determines that such Proxy Access Nominee's nomination or election to the Board of Directors would result in the Corporation violating or failing to be in compliance with the Corporation's by-laws or certificate of incorporation or any applicable law, rule or regulation to which the Corporation is subject, including any rules or regulations of any stock exchange on which the Corporation's securities are traded;

(v) the Proxy Access Nominee was nominated for election to the Board of Directors pursuant to this Section 1.12 at one of the Corporation's two preceding annual meetings of stockholders and either (A) withdrew or became ineligible or (B) received a vote of less than twenty percent of the shares of common stock entitled to vote for such Proxy Access Nominee;

(vi) the Proxy Access Nominee (A) is an officer or director of a competitor, as defined for purposes of Section 8 of the Clayton Antitrust Act of 1914, as amended or (B) is a director, trustee, officer or employee with management functions for any depository institution, depository institution holding company or entity that has been designated as a Systemically Important Financial Institution, each as defined in the Depository Institution Management Interlocks Act, provided, however, that this clause (B) shall apply only so long as the Corporation is subject to compliance with Section 164 of the Dodd-Frank Wall Street Reform and Consumer Protection Act; or

(vii) the Corporation is notified, or the Board of Directors determines, that a Nominating Stockholder has failed to continue to satisfy the eligibility requirements described in Section 1.12(c), any of the representations and warranties made in the Nomination Notice cease to be true and accurate in all material respects (or omit a material fact necessary to make the statement not misleading), the Proxy Access Nominee becomes unwilling or unable to serve on the Board of Directors or any material violation or breach occurs of the obligations, agreements, representations or warranties of the Nominating Stockholder or the Proxy Access Nominee under this Section 1.12.

(2) Notwithstanding anything to the contrary contained in this Section 1.12, the Corporation may omit from its proxy statement, or may supplement or correct, any information, including all or any portion of the statement in support of the Proxy Access Nominee included in the Nomination Notice, if the Board of Directors determines that:

(i) such information is not true in all material respects or omits a material statement necessary to make the statements made not misleading;

(ii) such information directly or indirectly impugns character, integrity or personal reputation of, or directly or indirectly makes charges concerning improper, illegal or immoral conduct or associations, without factual foundation, with respect to any person; or

(iii) the inclusion of such information in the proxy statement would otherwise violate the Securities and Exchange Commission proxy rules or any other applicable law, rule or regulation.

ARTICLE II

Board of Directors

Section 2.1 Powers; Number; Qualifications. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, except as may be otherwise required by law or provided in the certificate of incorporation. The number of directors of the Corporation shall be fixed only by resolution of the Board of Directors from time to time. If the holders of any class or classes of stock or series thereof are entitled by the certificate of incorporation to elect one or more directors, the preceding sentence shall not apply to such directors and the number of such directors shall be as provided in the terms of such stock. Directors need not be stockholders at the time of election or appointment.

Section 2.2 Election; Term of Office; Vacancies. Directors elected at each annual or special meeting of stockholders shall hold office until the next annual meeting of stockholders, and until their successors are elected and qualified or until their earlier resignation or removal. Each director shall be elected by a majority of the votes cast for or against the director at any meeting for the election of directors, provided that if the number of director nominees exceeds the number of directors to be elected, the directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at any such meeting and entitled to vote on the election of directors. If an incumbent director is nominated at an annual meeting of stockholders but

is not elected, the director shall immediately tender his or her resignation to the Board of Directors. Vacancies and newly created directorships resulting from any increase in the authorized number of directors (other than any directors elected in the manner described in the next sentence) or from any other cause shall be filled by, and only by, a majority of the directors then in office, although less than a quorum, or by the sole remaining director. Whenever the holders of any class or classes of stock or series thereof are entitled by the certificate of incorporation to elect one or more directors, vacancies and newly created directorships of such class or classes or series may be filled by, and only by, a majority of the directors elected by such class or classes or series then in office, or by the sole remaining director so elected. Any director elected or appointed to fill a vacancy or a newly created directorship shall hold office until the next annual meeting of stockholders, and until his or her successor is elected and qualified or until his or her earlier resignation or removal.

Section 2.3 Regular Meetings. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board may from time to time determine, and if so determined notice thereof need not be given.

Section 2.4 Special Meetings. Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the Board, by a Chairman of the Board, if any, by a Vice Chairman of the Board, if any, by a Chairperson of the Corporate Governance and Nominating Committee, if any, by a Lead Director, if any, by a Chief Executive Officer, if any, by a President, if any, by a Chief Operating Officer, if any, or by any two directors. Reasonable notice thereof shall be given by the person or persons calling the meeting.

Section 2.5 Participation in Meetings by Remote Communication Permitted. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the Board of Directors, or any committee designated by the Board, may participate in a meeting of the Board or of such committee, as the case may be, by means of conference telephone, video or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this by-law shall constitute presence in person at such meeting.

Section 2.6 Quorum; Vote Required for Action. At each meeting of the Board of Directors, a majority of the number of directors equal to (i) the total number of directors fixed by resolution of the board of directors (including any vacancies) plus (ii) the number of directors elected by a holder or holders of Preferred Stock voting separately as a class, as described in the fourth paragraph of Article EIGHTH of the certificate of incorporation (including any vacancies), shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board unless the certificate of incorporation or these by-laws shall require a vote of a greater number. In case at any meeting of the Board a quorum shall not be present, the members or a majority of the members of the Board present may adjourn the meeting from time to time until a quorum shall be present.

Section 2.7 Organization. Meetings of the Board of Directors shall be presided over by a Chairman of the Board, if any, or in the absence of a Chairman of the Board, by a Lead Director, if any, or in the absence of a Lead Director, by a Vice Chairman of the Board, if any, or in the absence of a Vice Chairman of the Board, by a Chief Executive Officer, or in the absence of a Chief Executive Officer, by a President, or in

the absence of a President, by a Chief Operating Officer, or in the absence of a Chief Operating Officer, by a chairman chosen at the meeting. A Secretary, or in the absence of a Secretary an Assistant Secretary, shall act as secretary of the meeting, but in the absence of a Secretary and any Assistant Secretary the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8 Action by Directors Without a Meeting. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or of such committee, as the case may be, then in office consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 2.9 Compensation of Directors. Unless otherwise restricted by the certificate of incorporation or these by-laws, the Board of Directors shall have the authority to fix the compensation of directors.

Section 2.10 Director Resignation and Removal. (a) Any director may resign at any time upon written notice to the Board of Directors or to a Chairman of the Board, a Lead Director, a Chairperson of the Corporate Governance and Nominating Committee or a Secretary. Such resignation shall take effect at the time specified therein and, unless otherwise specified therein (and except for a resignation described in subsection (b) below), no acceptance of such resignation shall be necessary to make it effective. No director may be removed except as provided in the certificate of incorporation.

(b) In the case of a resignation required to be tendered under Section 2.2 of these by-laws, the Board of Directors will determine, through a process managed by the Corporate Governance and Nominating Committee and excluding the incumbent director in question, whether to accept the resignation at or before its next regularly scheduled Board meeting after the date of the meeting for the election of directors. Absent a significant reason for the director to remain on the Board of Directors, the Board shall accept the resignation. The Board's decision and an explanation of any determination not to accept the director's resignation shall be disclosed promptly in a Form 8-K filed with the United States Securities and Exchange Commission.

ARTICLE III

Committees

Section 3.1 Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors or in these by-laws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or

recommending to the stockholders, any action or matter expressly required by law to be submitted to stockholders for approval or (ii) adopting, amending or repealing these by-laws.

Section 3.2 Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board may adopt, amend and repeal rules for the conduct of its business. In the absence of a provision by the Board or a provision in the rules of such committee to the contrary, a majority of the entire authorized number of members of such committee shall constitute a quorum for the transaction of business, the vote of a majority of the members present at a meeting at the time of such vote if a quorum is then present shall be the act of such committee, and in other respects each committee shall conduct its business in the same manner as the Board conducts its business pursuant to Article II of these by-laws.

ARTICLE IV

Officers

Section 4.1 Officers; Election or Appointment. The Board of Directors shall take such action as may be necessary from time to time to ensure that the Corporation has such officers as are necessary, under Section 5.1 of these by-laws and the Delaware General Corporation Law as currently in effect or as the same may hereafter be amended, to enable it to sign stock certificates. In addition, the Board of Directors at any time and from time to time may elect (i) one or more Chairmen of the Board and/or one or more Vice Chairmen of the Board from among its members, (ii) one or more Chief Executive Officers, one or more Presidents and/or one or more Chief Operating Officers, (iii) one or more Vice Presidents, one or more Treasurers and/or one or more Secretaries and/or (iv) one or more other officers, in the case of each of (i), (ii), (iii) and (iv) if and to the extent the Board deems desirable. The Board of Directors may give any officer such further designations or alternate titles as it considers desirable. In addition, the Board of Directors at any time and from time to time may authorize any officer of the Corporation to appoint one or more officers of the kind described in clauses (iii) and (iv) above. Any number of offices may be held by the same person and directors may hold any office unless the certificate of incorporation or these by-laws otherwise provide.

Section 4.2 Term of Office; Resignation; Removal; Vacancies. Unless otherwise provided in the resolution of the Board of Directors electing or authorizing the appointment of any officer, each officer shall hold office until his or her successor is elected or appointed and qualified or until his or her earlier resignation or removal. Any officer may resign at any time upon written notice to the Board or to such person or persons as the Board may designate. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein no acceptance of such resignation shall be necessary to make it effective. The Board may remove any officer with or without cause at any time. Any officer authorized by the Board to appoint a person to hold an office of the Corporation may also remove such person from such office with or without cause at any time, unless otherwise provided in the resolution of the Board providing such authorization. Any such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation, but the election or appointment of an officer shall not of itself create contractual rights. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled by the Board at any regular or special meeting or by an officer authorized by the Board to appoint a person to hold such office.

Section 4.3 Powers and Duties. The officers of the Corporation shall have such powers and duties in the management of the Corporation as shall be stated in these by-laws or in a resolution of the Board of Directors which is not inconsistent with these by-laws and, to the extent not so stated, as generally pertain to their respective offices, subject to the control of the Board. A Secretary or such other officer appointed to do so by the Board shall have the duty to record the proceedings of the meetings of the stockholders, the Board of Directors and any committees in a book to be kept for that purpose. The Board may require any officer, agent or employee to give security for the faithful performance of his or her duties.

ARTICLE V

Stock

Section 5.1 Certificates; Uncertificated Shares. The shares of stock in the Corporation shall be represented by certificates, provided that the Board of Directors of the Corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to any such shares represented by a certificate theretofore issued until such certificate is surrendered to the Corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by or in the name of the Corporation by a Chairman or Vice Chairman of the Board or a President or Vice President, and by a Treasurer, Assistant Treasurer, Secretary or Assistant Secretary, representing the number of shares of stock in the Corporation owned by such holder. If such certificate is manually signed by one officer or manually countersigned by a transfer agent or by a registrar, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. Certificates representing shares of stock of the Corporation may bear such legends regarding restrictions on transfer or other matters as any officer or officers of the Corporation may determine to be appropriate and lawful.

If the Corporation is authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise required by law, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of such class or series of stock and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated shares of any class or series of stock, the Corporation shall send to the registered owner thereof a written notice containing the information required by law to be set forth or stated on certificates representing shares of such class or series or a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of such class or series and the qualifications, limitations or restrictions of such preferences and/or rights.

Except as otherwise provided by law or these by-laws, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

Section 5.2 Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

ARTICLE VI

Miscellaneous

Section 6.1 Fiscal Year. The fiscal year of the Corporation shall be determined by the Board of Directors.

Section 6.2 Seal. The Corporation may have a corporate seal which shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors. The corporate seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 6.3 Waiver of Notice of Meetings of Stockholders, Directors and Committees. Whenever notice is required to be given by law or under any provision of the certificate of incorporation or these by-laws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice unless so required by the certificate of incorporation or these by-laws.

Section 6.4 Indemnification. The Corporation shall indemnify to the full extent permitted by law any person made or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person or such person's testator or intestate is or was a member of the Board of Directors of the Corporation, an officer of the Corporation appointed by resolution of the Board of Directors, or a member of the Shareholders' Committee acting pursuant to the Amended and Restated Shareholders' Agreement, dated as of May 7, 1999, among the Corporation and the Covered Persons listed on Appendix A thereto, as amended from time to time. Expenses, including attorneys' fees, incurred by any such person in defending any such action, suit or proceeding shall be paid or reimbursed by the Corporation promptly upon demand by such person and, if any such demand is made in advance of the final disposition of any such action, suit or proceeding, promptly upon receipt by the Corporation of an undertaking of such person to repay such expenses if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation. The rights provided to any person by this by-law shall be enforceable against the Corporation by such person, who shall be presumed to have

relied upon it in serving or continuing to serve in such capacity. In addition, the rights provided to any person by this by-law shall survive the termination of such person as any such member or officer. No amendment of this by-law shall impair the rights of any person arising at any time with respect to events occurring prior to such amendment.

Notwithstanding anything contained in this Section 6.4, except for proceedings to enforce rights provided in this Section 6.4, the Corporation shall not be obligated under this Section 6.4 to provide any indemnification or any payment or reimbursement of expenses to any person in connection with a proceeding (or part thereof) initiated by such person (which shall not include counterclaims or crossclaims initiated by others) unless the Board of Directors has authorized or consented to such proceeding (or part thereof) in a resolution adopted by the Board of Directors.

To the extent authorized from time to time in a resolution adopted by the Board of Directors (including a resolution authorizing officers of the Corporation to grant such rights), the Corporation may provide to any one or more persons, including without limitation any employee or other agent of the Corporation, or any director, officer, employee, agent, trustee, member, stockholder, partner, incorporator or liquidator of any subsidiary of the Corporation or any other enterprise, rights of indemnification and/or to receive payment or reimbursement of expenses, including attorneys' fees, with any such rights subject to the terms, conditions and limitations established pursuant to the Board resolution. Nothing in this Section 6.4 shall limit the power of the Corporation or the Board of Directors to provide rights of indemnification and to make payment and reimbursement of expenses, including attorneys' fees, to any person otherwise than pursuant to this Section 6.4.

Section 6.5 Interested Directors: Quorum. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, limited liability company, joint venture, trust, association or other unincorporated organization or other entity in which one or more of its directors or officers serve as directors, officers, trustees or in a similar capacity or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or her or their votes are counted for such purpose, if: (i) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (ii) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by a vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 6.6 Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs, microphotographs or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time.

The Corporation shall so convert any records so kept upon the request of any person entitled to inspect the same.

Section 6.7 Laws and Regulations: Close of Business. (a) For purposes of these by-laws, any reference to a statute, rule or regulation of any governmental body means such statute, rule or regulation (including any successor thereto) as the same may be amended from time to time.

(b) Any reference in these by-laws to the close of business on any day shall be deemed to mean 5:00 P.M. New York time on such day, whether or not such day is a business day.

Section 6.8 Amendment of By-Laws. These by-laws may be amended, modified or repealed, and new by-laws may be adopted at any time, by the Board of Directors. Stockholders of the Corporation may adopt additional by-laws and amend, modify or repeal any by-law whether or not adopted by them, but only in accordance with Article SIXTH of the certificate of incorporation.

THE GOLDMAN SACHS GROUP, INC.
OUTSIDE DIRECTOR | | RSU AWARD

This Award Agreement, together with The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) (the “Plan”), governs your _____ award of RSUs (your “Award”). You should read carefully this entire Award Agreement, which includes the Award Statement and any attached Appendix.

DOCUMENTS THAT GOVERN YOUR AWARD; DEFINITIONS

1. **The Plan.** Your Award is granted under the Plan, and the Plan’s terms apply to, and are a part of, this Award Agreement.
2. **Your Award Statement.** The Award Statement delivered to you contains some of your Award’s specific terms. For example, it contains the number of RSUs awarded to you.
3. **Definitions.** Capitalized terms are defined in the Definitions Appendix, which also includes terms that are defined in the Plan.

DELIVERY OF YOUR RSU SHARES

4. **Delivery.** RSU Shares (less applicable withholding) will be delivered in respect of your Outstanding RSUs reasonably promptly (but no more than 30 Business Days) after the Delivery Date, which will be the first Business Day in the third quarter of the Firm’s fiscal year that occurs within a Window Period in the year following the year in which you cease to be a director of the Board. Unless otherwise determined by the Committee, delivery of the RSU Shares will be effected by book-entry credit to your Account and no delivery of RSU Shares will be made unless you have timely established your Account. Until such delivery, you have only the rights of a general unsecured creditor, and no rights as a shareholder of GS Inc.

DIVIDEND EQUIVALENT RIGHTS

5. **Dividend Equivalent Rights.** Each RSU includes a Dividend Equivalent Right, which entitles you to receive an amount (less applicable withholding), at or after the time of distribution of any regular cash dividend paid by GS Inc. in respect of a share of Common Stock, equal to any regular cash dividend payment that would have been made in respect of an RSU Share underlying your Outstanding RSUs for any record date that occurs on or after the Date of Grant.

ACCELERATED DELIVERY

6. **Accelerated Delivery in the Event of Conflicted Employment or Death.** In the event of your Conflicted Employment or death, your Outstanding Award will be treated as described in this Paragraph 6, and all other terms of this Award Agreement continue to apply.

(a) **You Are Determined to Have Accepted Conflicted Employment.**

(i) **Generally.** If you accept Conflicted Employment, as soon as practicable after the Committee has received satisfactory documentation relating to your Conflicted Employment, RSU Shares will be delivered in respect of your Outstanding RSUs (including in the form of cash as described in Paragraph 7(b)).

(ii) You May Have to Take Other Steps to Address Conflicts of Interest. The Committee retains the authority to exercise its rights under the Award Agreement or the Plan (including Section 1.3.2 of the Plan) to take or require you to take other steps it determines in its sole discretion to be necessary or appropriate to cure an actual or perceived conflict of interest (which may include a determination that the accelerated delivery described in Paragraph 6(a)(i) will not apply because such actions are not necessary or appropriate to cure an actual or perceived conflict of interest).

(b) Death. If you die, the RSU Shares underlying your Outstanding RSUs will be delivered to the representative of your estate as soon as practicable after the date of death and after such documentation as may be requested by the Committee is provided to the Committee.

OTHER TERMS, CONDITIONS AND AGREEMENTS

7. Additional Terms, Conditions and Agreements.

(a) You Must Satisfy Applicable Tax Withholding Requirements. Delivery of RSU Shares is conditioned on your satisfaction of any applicable withholding taxes in accordance with Section 3.2 of the Plan, provided that the Committee may determine not to apply the minimum withholding rate specified in Section 3.2.2 of the Plan.

(b) Firm May Deliver Cash or Other Property Instead of RSU Shares. In accordance with Section 1.3.2(i) of the Plan, in the sole discretion of the Committee, in lieu of all or any portion of the RSU Shares, the Firm may deliver cash, other securities, other awards under the Plan or other property, and all references in this Award Agreement to deliveries of RSU Shares will include such deliveries of cash, other securities, other awards under the Plan or other property.

(c) Firm May Affix Legends and Place Stop Orders on RSU Shares. GS Inc. may affix to Certificates representing RSU Shares any legend that the Committee determines to be necessary or advisable. GS Inc. may advise the transfer agent to place a stop order against any legended RSU Shares.

(d) You Agree to Certain Consents. By accepting this Award, you have expressly consented to all of the items listed in Section 3.3.3(d) of the Plan, including the Firm's supplying to any third-party recordkeeper of the Plan or other person such personal information of yours as the Committee deems advisable to administer the Plan, and you agree to provide any additional consents that the Committee determines to be necessary or advisable.

NON-TRANSFERABILITY

8. Non-transferability. Except as otherwise may be provided in this Paragraph 8 or as otherwise may be provided by the Committee, the limitations on transferability set forth in Section 3.5 of the Plan will apply to this Award. Any purported transfer or assignment in violation of the provisions of this Paragraph 8 or Section 3.5 of the Plan will be void. The Committee may adopt procedures pursuant to which you may transfer some or all of your RSUs through a gift for no consideration to any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, any person sharing the recipient's household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, and any other entity in which these persons (or the recipient) own more than 50% of the voting interests.

GOVERNING LAW

9. **Governing Law.** THIS AWARD WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

CERTAIN TAX PROVISIONS

10. **Compliance of Award Agreement and Plan with Section 409A.** The provisions of this Paragraph 10 apply to you only if you are a U.S. taxpayer.

(a) This Award Agreement and the Plan provisions that apply to this Award are intended and will be construed to comply with Section 409A (including the requirements applicable to, or the conditions for exemption from treatment as, 409A Deferred Compensation), whether by reason of short-term deferral treatment or other exceptions or provisions. The Committee will have full authority to give effect to this intent. To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of the Plan (including Sections 1.3.2 and 2.1 thereof) and this Award Agreement, the provisions of this Award Agreement will govern, and in the case of any conflict or potential inconsistency between this Paragraph 10 and the other provisions of this Award Agreement, this Paragraph 10 will govern.

(b) Delivery of RSU Shares will not be delayed beyond the date on which all applicable conditions or restrictions on delivery of RSU Shares required by this Agreement (including those specified in Paragraphs 4, 6(b) and 7 and the consents and other items specified in Section 3.3 of the Plan) are satisfied, and will occur by December 31 of the calendar year in which the Delivery Date occurs unless, in order to permit such conditions or restrictions to be satisfied, the Committee elects, pursuant to Reg. 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted in accordance with Section 409A, to delay delivery of RSU Shares to a later date as may be permitted under Section 409A, including Regs. 1.409A-2(b)(7) (in conjunction with Section 3.21.3 of the Plan pertaining to Code Section 162(m)) and Reg. 1.409A-3(d). For the avoidance of doubt, if the Award includes a “series of installment payments” as described in Reg. 1.409A-2(b)(2)(iii), your right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment.

(c) Notwithstanding the provisions of Paragraph 7(b) and Section 1.3.2(i) of the Plan, to the extent necessary to comply with Section 409A, any securities, other Awards or other property that the Firm may deliver in respect of your RSUs will not have the effect of deferring delivery or payment, income inclusion, or a substantial risk of forfeiture, beyond the date on which such delivery, payment or inclusion would occur or such risk of forfeiture would lapse, with respect to the RSU Shares that would otherwise have been deliverable (unless the Committee elects a later date for this purpose pursuant to Reg. 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted under Section 409A, including and to the extent applicable, the subsequent election provisions of Section 409A(a)(4)(C) of the Code and Reg. 1.409A-2(b)).

(d) Notwithstanding the timing provisions of Paragraph 6(b), the delivery of RSU Shares referred to therein will be made after the date of death and during the calendar year that includes the date of death (or on such later date as may be permitted under Section 409A).

(e) Notwithstanding any provision of Paragraph 5 or Section 2.8.2 of the Plan to the contrary, the Dividend Equivalent Rights with respect to each of your Outstanding RSUs will be

paid to you within the calendar year that includes the date of distribution of any corresponding regular cash dividends paid by GS Inc. in respect of a share of Common Stock the record date for which occurs on or after the Date of Grant. The payment will be in an amount (less applicable withholding) equal to such regular dividend payment as would have been made in respect of the RSU Shares underlying such Outstanding RSUs.

(f) The timing of delivery or payment referred to in Paragraph 6(a)(i) will be the earlier of (i) the Delivery Date or (ii) within the calendar year in which the Committee receives satisfactory documentation relating to your Conflicted Employment, provided that such delivery or payment will be made, and any Committee action referred to in Paragraph 6(a)(i) will be taken, only at such time as, and if and to the extent that it, as reasonably determined by the Firm, would not result in the imposition of any additional tax to you under Section 409A.

(g) Section 3.4 of the Plan will not apply to Awards that are 409A Deferred Compensation except to the extent permitted under Section 409A.

(h) Delivery of RSU Shares in respect of this Award may be made, if and to the extent elected by the Committee, later than the Delivery Date or other date or period specified hereinabove (but, in the case of any Award that constitutes 409A Deferred Compensation, only to the extent that the later delivery is permitted under Section 409A).

(i) You understand and agree that you are solely responsible for the payment of any taxes and penalties due pursuant to Section 409A, but in no event will you be permitted to designate, directly or indirectly, the taxable year of the delivery.

AMENDMENT AND CONSTRUCTION

11. **Amendment.** The Committee reserves the right at any time to amend the terms of this Award Agreement, and the Board may amend the Plan in any respect; provided that, notwithstanding the foregoing and Sections 1.3.2(f), 1.3.2(h) and 3.1 of the Plan, no such amendment will materially adversely affect your rights and obligations under this Award Agreement without your consent; and provided further that the Committee expressly reserves the right to accelerate the delivery of the RSU Shares and in its discretion to provide that such Shares may not be transferable until the Delivery Date. A modification that impacts the tax consequences of this Award or the timing of delivery of RSU Shares will not be an amendment that materially adversely affects your rights and obligations under this Award Agreement. Any amendment of this Award Agreement will be in writing.

12. **Construction, Headings.** Unless the context requires otherwise, (a) words describing the singular number include the plural and vice versa, (b) words denoting any gender include all genders and (c) the words “include,” “includes” and “including” will be deemed to be followed by the words “without limitation.” The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof. References in this Award Agreement to any specific Plan provision will not be construed as limiting the applicability of any other Plan provision.

IN WITNESS WHEREOF, GS Inc. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

THE GOLDMAN SACHS GROUP, INC.

DEFINITIONS APPENDIX

The following capitalized terms are used in this Award Agreement with the following meanings:

(a) “409A Deferred Compensation” means a “deferral of compensation” or “deferred compensation” as those terms are defined in the regulations under Section 409A.

The following capitalized terms are used in this Award Agreement with the meanings that are assigned to them in the Plan.

(a) “Account” means any brokerage account, custody account or similar account, as approved or required by GS Inc. from time to time, into which shares of Common Stock, cash or other property in respect of an Award are delivered.

(b) “Award Agreement” means the written document or documents by which each Award is evidenced, including any Award Statement.

(c) “Award Statement” means a written statement that reflects certain Award terms.

(d) “Board” means the Board of Directors of GS Inc.

(e) “Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in New York City are authorized or obligated by Federal law or executive order to be closed.

(f) “Committee” means the committee appointed by the Board to administer the Plan pursuant to Section 1.3, and, to the extent the Board determines it is appropriate for the compensation realized from Awards under the Plan to be considered “performance based” compensation under Section 162(m) of the Code, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is an “outside director” within the meaning of Code Section 162(m), and which, to the extent the Board determines it is appropriate for Awards under the Plan to qualify for the exemption available under Rule 16b-3(d)(1) or Rule 16b-3(e) promulgated under the Exchange Act, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is a “non-employee director” within the meaning of Rule 16b-3. Unless otherwise determined by the Board, the Committee shall be the Compensation Committee of the Board.

(g) “Common Stock” means common stock of GS Inc., par value \$0.01 per share.

(h) “Conflicted Employment” means the Grantee’s employment at any U.S. Federal, state or local government, any non-U.S. government, any supranational or international organization, any self-regulatory organization, or any agency or instrumentality of any such government or organization, or any other employer determined by the Committee, if, as a result of such employment, the Grantee’s continued holding of any Outstanding Award would result in an actual or perceived conflict of interest.

(i) “Date of Grant” means the date specified in the Grantee’s Award Agreement as the date of grant of the Award.

(j) “Delivery Date” means each date specified in the Grantee’s Award Agreement as a delivery date, provided, unless the Committee determines otherwise, such date is during a Window Period or, if such date is not during a Window Period, the first trading day of the first Window Period beginning after such date.

(k) “Dividend Equivalent Right” means a dividend equivalent right granted under the Plan, which represents an unfunded and unsecured promise to pay to the Grantee amounts equal to all or any portion of the regular cash dividends that would be paid on shares of Common Stock covered by an Award if such shares had been delivered pursuant to an Award.

(l) “Firm” means GS Inc. and its subsidiaries and affiliates.

(m) “GS Inc.” means The Goldman Sachs Group, Inc., and any successor thereto.

(n) “Outstanding” means any Award to the extent it has not been forfeited, cancelled, terminated, exercised or with respect to which the shares of Common Stock underlying the Award have not been previously delivered or other payments made.

(o) “RSU” means a restricted stock unit Award granted under the Plan, which represents an unfunded and unsecured promise to deliver shares of Common Stock in accordance with the terms of the RSU Award Agreement.

(p) “RSU Shares” means shares of Common Stock that underlie an RSU.

(q) “Section 409A” means Section 409A of the Code, including any amendments or successor provisions to that Section and any regulations and other administrative guidance thereunder, in each case as they, from time to time, may be amended or interpreted through further administrative guidance.

(r) “Window Period” means a period designated by the Firm during which all employees of the Firm are permitted to purchase or sell shares of Common Stock (provided that, if the Grantee is a member of a designated group of employees who are subject to different restrictions, the Window Period may be a period designated by the Firm during which an employee of the Firm in such designated group is permitted to purchase or sell shares of Common Stock).

THE GOLDMAN SACHS GROUP, INC.
[] ONE-TIME RSU AWARD

This Award Agreement, together with The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) (the “Plan”), governs your special [] one-time award of RSUs (your “Award”). You should read carefully this entire Award Agreement, which includes the Award Statement and any attached Appendix.

ACCEPTANCE

1. **You Must Decide Whether to Accept this Award Agreement.** To be eligible to receive your Award, you must by the date specified (a) open and activate an Account and (b) agree to all the terms of your Award by executing the related signature card in accordance with its instructions. By executing the signature card, you confirm your agreement to all of the terms of this Award Agreement, including the arbitration and choice of forum provisions in Paragraph 15.

DOCUMENTS THAT GOVERN YOUR AWARD; DEFINITIONS

2. **The Plan.** Your Award is granted under the Plan, and the Plan’s terms apply to, and are a part of, this Award Agreement.

3. **Your Award Statement.** The Award Statement delivered to you contains some of your Award’s specific terms. For example, it contains the number of RSUs awarded to you and any applicable Vesting Dates and Delivery Dates.

4. **Definitions.** Capitalized terms are defined in the Definitions Appendix, which also includes terms that are defined in the Plan.

VESTING OF YOUR RSUS

5. **Vesting.** On each Vesting Date listed on your Award Statement, you will become Vested in the amount of Outstanding RSUs listed next to that date. When an RSU becomes Vested, it means **only** that your continued active Employment is not required for delivery of that portion of RSU Shares. **Vesting does not mean you have a non-forfeitable right to the Vested portion of your Award. The terms of this Award Agreement (including conditions to delivery) continue to apply to Vested RSUs, and you can still forfeit Vested RSUs and any RSU Shares.**

DELIVERY OF YOUR RSU SHARES

6. **Delivery.** Reasonably promptly (but no more than 30 Business Days) after each Delivery Date listed on your Award Statement, RSU Shares (less applicable withholding as described in Paragraph 12(a)) will be delivered (by book entry credit to your Account) in respect of the amount of Outstanding RSUs listed next to that date. The Committee or the SIP Committee may select multiple dates within the 30-Business-Day period following the Delivery Date to deliver RSU Shares in respect of all or a portion of the RSUs with the same Delivery Date listed on the Award Statement, and all such dates will be treated as a single Delivery Date for purposes of this Award. Until such delivery, you have only the rights of a general unsecured creditor, and no rights as a shareholder of GS Inc. Without limiting the Committee’s authority under Section 1.3.2(h) of the Plan, the Firm may accelerate any Delivery Date by up to 30 days.

DIVIDENDS

7. **Dividend Equivalent Rights and Dividends.** Each RSU includes a Dividend Equivalent Right, which entitles you to receive an amount (less applicable withholding), at or after the time of distribution of any regular cash dividend paid by GS Inc. in respect of a share of Common Stock, equal to any regular cash dividend payment that would have been made in respect of an RSU Share underlying your Outstanding RSUs for any record date that occurs on or after the Date of Grant.

FORFEITURE OF YOUR AWARD

8. **How You May Forfeit Your Award.** This Paragraph 8 sets forth the events that result in forfeiture of up to all of your RSUs and may require repayment to the Firm of up to all other amounts previously delivered or paid to you under your Award in accordance with Paragraph 9. More than one event may apply, and in no case will the occurrence of one event limit the forfeiture and repayment obligations as a result of the occurrence of any other event. In addition, the Firm reserves the right to (a) suspend vesting of Outstanding RSUs or delivery of RSU Shares, (b) deliver any RSU Shares into an escrow account in accordance with Paragraph 12 (f)(v) or (c) apply Transfer Restrictions to any RSU Shares in connection with any investigation of whether any of the events that result in forfeiture under the Plan or this Paragraph 8 have occurred. Paragraph 10 (relating to certain circumstances under which you will not forfeit your unvested RSUs upon Employment termination) and Paragraph 11 (relating to certain circumstances under which vesting and/or delivery may be accelerated) provide for exceptions to one or more provisions of this Paragraph 8.

(a) Unvested RSUs Forfeited if Your Employment Terminates. If your Employment terminates for any reason or you are otherwise no longer actively employed with the Firm (which includes off-premises notice periods, “garden leaves,” pay in lieu of notice or any other similar status), your rights to your Outstanding RSUs that are not Vested will terminate, and no RSU Shares will be delivered in respect of such RSUs.

(b) Vested and Unvested RSUs Forfeited if You Solicit Clients or Employees, Interfere with Client or Employee Relationships or Participate in the Hiring of Employees. If any of the following occurs before the applicable Delivery Date, your rights to all of your Outstanding RSUs (whether or not Vested) will terminate, and no RSU Shares will be delivered in respect of such RSUs:

(i) you, in any manner, directly or indirectly, (A) Solicit any Client to transact business with a Covered Enterprise or to reduce or refrain from doing any business with the Firm, (B) interfere with or damage (or attempt to interfere with or damage) any relationship between the Firm and any Client, (C) Solicit any person who is an employee of the Firm to resign from the Firm or to apply for or accept employment with any Covered Enterprise or (D) on behalf of yourself or any person or Covered Enterprise hire, or participate in the hiring of, any Selected Firm Personnel or identify, or participate in the identification of, Selected Firm Personnel for potential hiring, whether as an employee or consultant or otherwise, or

(ii) Selected Firm Personnel are Solicited, hired or accepted into partnership, membership or similar status (A) by a Covered Enterprise that you form, that bears your name, in which you are a partner, member or have similar status, or in which you possess or control greater than a *de minimis* equity ownership, voting or profit participation or (B) by any Covered Enterprise where you have, or are intended to have, direct or indirect managerial or supervisory responsibility for such Selected Firm Personnel.

(c) Vested and Unvested RSUs Forfeited upon Certain Events. If any of the following occurs your rights to all of your Outstanding RSUs (whether or not Vested) will terminate, and no RSU Shares will be delivered in respect of such RSUs, as may be further described below:

(i) You Failed to Consider Risk. You Failed to Consider Risk during the _____.

(ii) Your Conduct Constitutes Cause. Any event that constitutes Cause has occurred before the applicable Delivery Date.

(iii) You Do Not Meet Your Obligations to the Firm. The Committee determines that, before the applicable Delivery Date, you failed to meet, in any respect, any obligation under any agreement with the Firm, or any agreement entered into in connection with your Employment or this Award, including the Firm's notice period requirement applicable to you, any offer letter, employment agreement or any shareholders' agreement relating to the Firm. Your failure to pay or reimburse the Firm, on demand, for any amount you owe to the Firm will constitute (A) failure to meet an obligation you have under an agreement, regardless of whether such obligation arises under a written agreement, and/or (B) a material violation of Firm policy constituting Cause.

(iv) You Do Not Provide Timely Certifications or Comply with Your Certifications. You fail to certify to GS Inc. that you have complied with all of the terms of the Plan and this Award Agreement, or the Committee determines that you have failed to comply with a term of the Plan or this Award Agreement to which you have certified compliance.

(v) You Do Not Follow Dispute Resolution/Arbitration Procedures. You attempt to have any dispute under the Plan or this Award Agreement resolved in any manner that is not provided for by Paragraph 15 or Section 3.17 of the Plan.

(vi) You Bring an Action that Results in a Determination that Any Award Agreement Term Is Invalid. As a result of any action brought by you, it is determined that any term of this Award Agreement is invalid.

(vii) You Receive Compensation in Respect of Your Award from Another Employer. Your Employment terminates for any reason or you otherwise are no longer actively employed with the Firm and another entity grants you cash, equity or other property (whether vested or unvested) to replace, substitute for or otherwise in respect of any Outstanding RSUs; *provided, however*, that your rights will only be terminated in respect of the RSUs that are replaced, substituted for or otherwise considered by such other entity in making its grant.

(viii) You Receive Compensation that this Award Is Intended to Replace. This Award is intended to replace or substitute for any award or compensation forgone with an entity to which you previously provided services, and such entity nevertheless delivers to you such award or compensation (including any cash, equity or other property (whether vested or unvested)), as determined by the Firm in its sole discretion.

REPAYMENT OF YOUR AWARD

9. **When You May Be Required to Repay Your Award.** If the Committee determines that any term of this Award was not satisfied, you will be required, immediately upon demand therefor, to repay to the Firm the following:

- (a) Any RSU Shares for which the terms (including the terms for delivery) of the related RSUs were not satisfied, in accordance with Section 2.6.3 of the Plan.
- (b) Any payments under Dividend Equivalent Rights for which the terms were not satisfied (including any such payments made in respect of RSUs that are forfeited or RSU Shares that are cancelled or required to be repaid), in accordance with Section 2.8.4 of the Plan.
- (c) Any dividends paid in respect of any RSU Shares that are cancelled or required to be repaid.
- (d) Any amount applied to satisfy tax withholding or other obligations with respect to any RSU, RSU Shares, dividend payments and payments under Dividend Equivalent Rights that are forfeited or required to be repaid.

EXCEPTIONS TO THE VESTING AND/OR DELIVERY DATES

10. **Circumstances Under Which You Will Not Forfeit Your Unvested RSUs on Employment Termination (but the Original Delivery Date Continues to Apply).** If your Employment terminates at a time when you meet the requirements for Extended Absence[, Retirement,] [“downsizing” or Approved Termination,] [each] as described below, then Paragraph 8(a) will not apply, and your Outstanding RSUs will be treated as described in this Paragraph 10. All other terms of this Award Agreement, including the other forfeiture and repayment events in Paragraphs 8 and 9, continue to apply.

(a) [Extended Absence [or Retirement] and No Association With a Covered Enterprise.]

(i) Generally. If your Employment terminates by Extended Absence [or Retirement], your Outstanding RSUs that are not Vested will become Vested. **However, your rights to any Outstanding RSU that becomes Vested by this Paragraph 10 (a)(i) will terminate and no RSU Share will be delivered in respect of that RSU if you Associate With a Covered Enterprise on or before the originally scheduled Vesting Date for that RSU.**

(ii) [Special Treatment for Involuntary or Mutual Agreement Termination.] The second sentence of Paragraph 10(a) [(i)] (relating to forfeiture if you Associate With a Covered Enterprise) will not apply if (A) the Firm characterizes your Employment termination as “involuntary” or by “mutual agreement” and (B) you execute a general waiver and release of claims and an agreement to pay any associated tax liability, in each case, in the form the Firm prescribes. No Employment termination that you initiate, including any purported “constructive termination,” a “termination for good reason” or similar concepts, can be “involuntary” or by “mutual agreement.”]

(b) [Downsizing.] If (i) the Firm terminates your Employment solely by reason of a “downsizing” (and you have not engaged in conduct constituting Cause) and (ii) you execute a general waiver and release of claims and an agreement to pay any associated tax liability, in each case, in the form the Firm prescribes, your Outstanding RSUs that are not yet Vested will become Vested. Whether or not your Employment is terminated solely by reason of a “downsizing” will be determined by the Firm in its sole discretion.]

(c) [Approved Terminations of Program Analysts and Fixed-Term Employees]. If the Firm classifies you as a “program analyst” or a “fixed-term” employee and your Employment terminates solely by reason of an Approved Termination (and you have not engaged in conduct constituting Cause), your Outstanding RSUs that are not yet Vested will become Vested.]

11. Accelerated Vesting and/or Delivery in the Event of a Qualifying Termination After a Change in Control, Conflicted Employment] or Death. In the event of your Qualifying Termination After a Change in Control[, Conflicted Employment] or death, each as described below, then Paragraph 8(a) will not apply, your Outstanding Award will be treated as described in this Paragraph 11, and, except as set forth in Paragraph 11(a), all other terms of this Award Agreement, including the other forfeiture and repayment events in Paragraphs 8 and 9, continue to apply.

(a) You Have a Qualifying Termination After a Change in Control. If your Employment terminates when you meet the requirements of a Qualifying Termination After a Change in Control, the RSU Shares underlying your Outstanding RSUs (whether or not Vested) will be delivered. In addition, the forfeiture events in Paragraph 8 will not apply to your Award.

(b) [You Are Determined to Have Accepted Conflicted Employment].

(i) Generally. If your Employment terminates solely because you resign to accept Conflicted Employment, as soon as practicable after the Committee has received satisfactory documentation relating to your Conflicted Employment, (A) your Outstanding RSUs will Vest and (B) RSU Shares will be delivered in respect of your Outstanding RSUs (including in the form of cash as described in Paragraph 12(b)). In addition, if, following your termination of Employment, you notify the Firm and provide the Committee with satisfactory documentation that you are accepting Conflicted Employment, RSU Shares will be delivered in respect of your Outstanding RSUs (including in the form of cash as described in Paragraph 12(b)).

(ii) You May Have to Take Other Steps to Address Conflicts of Interest. The Committee retains the authority to exercise its rights under the Award Agreement or the Plan (including Section 1.3.2 of the Plan) to take or require you to take other steps it determines in its sole discretion to be necessary or appropriate to cure an actual or perceived conflict of interest (which may include a determination that the accelerated vesting and/or delivery described in Paragraph 11(b)(i) will not apply because such actions are not necessary or appropriate to cure an actual or perceived conflict of interest).]

(c) Death. If you die, the RSU Shares underlying your Outstanding RSUs (whether or not Vested) will be delivered to the representative of your estate as soon as practicable after the date of death and after such documentation as may be requested by the Committee is provided to the Committee.

OTHER TERMS, CONDITIONS AND AGREEMENTS

12. Additional Terms, Conditions and Agreements.

(a) You Must Satisfy Applicable Tax Withholding Requirements. Delivery of RSU Shares is conditioned on your satisfaction of any applicable withholding taxes in accordance with Section 3.2 of the Plan (which includes the Firm deducting or withholding amounts from any

payment or distribution to you). In addition, to the extent permitted by applicable law, the Firm, in its sole discretion, may require you to provide amounts equal to all or a portion of any Federal, state, local, foreign or other tax obligations imposed on you or the Firm in connection with the grant, Vesting or delivery of this Award by requiring you to choose between remitting the amount (i) in cash (or through payroll deduction or otherwise) or (ii) in the form of proceeds from the Firm's executing a sale of RSU Shares delivered to you under this Award. In addition, if you are an individual with separate employment contracts (at any time during and/or after the Firm's _____ fiscal year), the Firm, in its sole discretion, may require you to provide for a reserve in an amount the Firm determines is advisable or necessary in connection with any actual, anticipated or potential tax consequences related to your separate employment contracts by requiring you to choose between remitting such amount (i) in cash (or through payroll deduction or otherwise) or (ii) in the form of proceeds from the Firm's executing a sale of shares of Common Stock delivered to you pursuant to this Award (or any other Outstanding awards granted under the Plan or any predecessor or successor plan thereto). In no event, however, does this Paragraph 12(a) give you any discretion to determine or affect the timing of the delivery of RSU Shares or the timing of payment of tax obligations.

(b) Firm May Deliver Cash or Other Property Instead of RSU Shares. In accordance with Section 1.3.2(i) of the Plan, in the sole discretion of the Committee, in lieu of all or any portion of the RSU Shares, the Firm may deliver cash, other securities, other awards under the Plan or other property, and all references in this Award Agreement to deliveries of RSU Shares will include such deliveries of cash, other securities, other awards under the Plan or other property.

(c) Amounts May Be Rounded to Avoid Fractional Shares. RSUs that become Vested on a Vesting Date and RSU Shares that become deliverable on a Delivery Date may, in each case, be rounded to avoid fractional Shares.

(d) You May Be Required to Become a Party to the Shareholders' Agreement. Your rights to your RSUs are conditioned on your becoming a party to any shareholders' agreement to which other similarly situated employees (*e.g.*, employees with a similar title or position) of the Firm are required to be a party.

(e) Firm May Affix Legends and Place Stop Orders on Restricted RSU Shares. GS Inc. may affix to Certificates representing RSU Shares any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under a separate agreement). GS Inc. may advise the transfer agent to place a stop order against any legended RSU Shares.

(f) You Agree to Certain Consents, Terms and Conditions. By accepting this Award you understand and agree that:

(i) You Agree to Certain Consents as a Condition to the Award. You have expressly consented to all of the items listed in Section 3.3.3(d) of the Plan, including the Firm's supplying to any third-party recordkeeper of the Plan or other person such personal information of yours as the Committee deems advisable to administer the Plan, and you agree to provide any additional consents that the Committee determines to be necessary or advisable;

(ii) You Are Subject to the Firm's Policies, Rules and Procedures. You are subject to the Firm's policies in effect from time to time concerning trading in RSU Shares and hedging or pledging RSU Shares and equity-based compensation or other awards (including,

without limitation, the Firm's "Policies With Respect to Transactions Involving GS Shares, Equity Awards and GS Options by Persons Affiliated with GS Inc." or any successor policies), and confidential or proprietary information, and you will effect sales of RSU Shares in accordance with such rules and procedures as may be adopted from time to time (which may include, without limitation, restrictions relating to the timing of sale requests, the manner in which sales are executed, pricing method, consolidation or aggregation of orders and volume limits determined by the Firm);

(iii) You Are Responsible for Costs Associated with Your Award. You will be responsible for all brokerage costs and other fees or expenses associated with your RSUs, including those related to the sale of RSU Shares;

(iv) You Will Be Deemed to Represent Your Compliance with All the Terms of Your Award if You Accept Delivery of, or Sell, RSU Shares. You will be deemed to have represented and certified that you have complied with all of the terms of the Plan and this Award Agreement when RSU Shares are delivered to you and you receive payment in respect of Dividend Equivalent Rights;

(v) Firm May Deliver Your Award into an Escrow Account. The Firm may establish and maintain an escrow account on such terms (which may include your executing any documents related to, and your paying for any costs associated with, such account) as it may deem necessary or appropriate, and the delivery of RSU Shares or the payment of cash or other property may initially be made into and held in that escrow account until such time as the Committee has received such documentation as it may have requested or until the Committee has determined that any other conditions or restrictions on delivery of RSU Shares, cash or other property required by this Award Agreement have been satisfied;

(vi) You May Be Required to Certify Compliance with Award Terms; You Are Responsible for Providing the Firm with Updated Address and Contact Information After Your Departure from the Firm. If your Employment terminates while you continue to hold RSUs, from time to time, you may be required to provide certifications of your compliance with all of the terms of the Plan and this Award Agreement as described in Paragraph 8(c)(iv). You understand and agree that (A) your address on file with the Firm at the time any certification is required will be deemed to be your current address, (B) it is your responsibility to inform the Firm of any changes to your address to ensure timely receipt of the certification materials, (C) you are responsible for contacting the Firm to obtain such certification materials if not received and (D) your failure to return properly completed certification materials by the specified deadline (which includes your failure to timely return the completed certification because you did not provide the Firm with updated contact information) will result in the forfeiture of all of your RSUs and subject previously delivered amounts to repayment under Paragraph 8(c)(iv);

(vii) You Must Comply with Applicable Deadlines and Procedures to Appeal Determinations Made by the Committee, the SIP Committee or SIP Administrators. In order to appeal a determination by the Committee, the SIP Committee, the SIP Administrators, or any of their delegates or designees, you must submit a written request for the appeal within 180 days after receipt of any such determination. You must exhaust all administrative remedies before seeking to resolve a dispute through arbitration pursuant to Paragraph 15 and Section 3.17 of the Plan; and

(viii) You Agree that Covered Persons Will Not Have Liability. In addition to and without limiting the generality of the provisions of Section 1.3.5 of the Plan, neither the Firm nor any Covered Person will have any liability to you or any other person for any action taken or omitted in respect of this or any other Award.

13. **Non-transferability.** Except as otherwise may be provided in this Paragraph 13 or as otherwise may be provided by the Committee, the limitations on transferability set forth in Section 3.5 of the Plan will apply to this Award. Any purported transfer or assignment in violation of the provisions of this Paragraph 13 or Section 3.5 of the Plan will be void. The Committee may adopt procedures pursuant to which some or all recipients of RSUs may transfer some or all of their RSUs through a gift for no consideration to any immediate family member, a trust or other estate planning vehicle approved by the Committee or SIP Committee in which the recipient and/or the recipient's immediate family members in the aggregate have 100% of the beneficial interest.

14. **Right of Offset.** Except as provided in Paragraph 17(h), the obligation to deliver RSU Shares or to make payments under Dividend Equivalent Rights under this Award Agreement is subject to Section 3.4 of the Plan, which provides for the Firm's right to offset against such obligation any outstanding amounts you owe to the Firm and any amounts the Committee deems appropriate pursuant to any tax equalization policy or agreement.

ARBITRATION, CHOICE OF FORUM AND GOVERNING LAW

15. Arbitration; Choice of Forum.

(a) BY ACCEPTING THIS AWARD, YOU ARE INDICATING THAT YOU UNDERSTAND AND AGREE THAT THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN SECTION 3.17 OF THE PLAN WILL APPLY TO THIS AWARD. THESE PROVISIONS, WHICH ARE EXPRESSLY INCORPORATED HEREIN BY REFERENCE, PROVIDE AMONG OTHER THINGS THAT ANY DISPUTE, CONTROVERSY OR CLAIM BETWEEN THE FIRM AND YOU ARISING OUT OF OR RELATING TO OR CONCERNING THE PLAN OR THIS AWARD AGREEMENT WILL BE FINALLY SETTLED BY ARBITRATION IN NEW YORK CITY, PURSUANT TO THE TERMS MORE FULLY SET FORTH IN SECTION 3.17 OF THE PLAN.

(b) To the fullest extent permitted by applicable law, no arbitrator will have the authority to consider class, collective or representative claims, to order consolidation or to join different claimants or grant relief other than on an individual basis to the individual claimant involved.

(c) Notwithstanding any applicable forum rules to the contrary, to the extent there is a question of enforceability of this Award Agreement arising from a challenge to the arbitrator's jurisdiction or to the arbitrability of a claim, it will be decided by a court and not an arbitrator.

(d) All references to the New York Stock Exchange in Section 3.17 of the Plan will be read as references to the Financial Industry Regulatory Authority.

(e) The Federal Arbitration Act governs interpretation and enforcement of all arbitration provisions under the Plan and this Award Agreement, and all arbitration proceedings thereunder.

(f) Nothing in this Award Agreement creates a substantive right to bring a claim under U.S. Federal, state, or local employment laws.

16. Governing Law. THIS AWARD WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

CERTAIN TAX PROVISIONS

17. Compliance of Award Agreement and Plan with Section 409A. The provisions of this Paragraph 17 apply to you only if you are a U.S. taxpayer.

(a) This Award Agreement and the Plan provisions that apply to this Award are intended and will be construed to comply with Section 409A (including the requirements applicable to, or the conditions for exemption from treatment as, 409A Deferred Compensation), whether by reason of short-term deferral treatment or other exceptions or provisions. The Committee will have full authority to give effect to this intent. To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of the Plan (including Sections 1.3.2 and 2.1 thereof) and this Award Agreement, the provisions of this Award Agreement will govern, and in the case of any conflict or potential inconsistency between this Paragraph 17 and the other provisions of this Award Agreement, this Paragraph 17 will govern.

(b) Delivery of RSU Shares will not be delayed beyond the date on which all applicable conditions or restrictions on delivery of RSU Shares required by this Agreement (including those specified in Paragraphs 6, 10[(a)(ii), 10](b), 11([b][c]) and 12 and the consents and other items specified in Section 3.3 of the Plan) are satisfied. To the extent that any portion of this Award is intended to satisfy the requirements for short-term deferral treatment under Section 409A, delivery for such portion will occur by the March 15 coinciding with the last day of the applicable "short-term deferral" period described in Reg. 1.409A-1(b)(4) in order for the delivery of RSU Shares to be within the short-term deferral exception unless, in order to permit all applicable conditions or restrictions on delivery to be satisfied, the Committee elects, pursuant to Reg. 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted in accordance with Section 409A, to delay delivery of RSU Shares to a later date within the same calendar year or to such later date as may be permitted under Section 409A, including Reg. 1.409A-2(b)(7) (in conjunction with Section 3.21.3 of the Plan pertaining to Code Section 162(m)) and Reg. 1.409A-3(d). For the avoidance of doubt, if the Award includes a "series of installment payments" as described in Reg. 1.409A-2(b)(2)(iii), your right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment.

(c) Notwithstanding the provisions of Paragraph 12(b) and Section 1.3.2(i) of the Plan, to the extent necessary to comply with Section 409A, any securities, other Awards or other property that the Firm may deliver in respect of your RSUs will not have the effect of deferring delivery or payment, income inclusion, or a substantial risk of forfeiture, beyond the date on which such delivery, payment or inclusion would occur or such risk of forfeiture would lapse, with respect to the RSU Shares that would otherwise have been deliverable (unless the Committee elects a later date for this purpose pursuant to Reg. 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted under Section 409A, including and to the extent applicable, the subsequent election provisions of Section 409A(a)(4)(C) of the Code and Reg. 1.409A-2(b)).

(d) Notwithstanding the timing provisions of Paragraph 11([b][c]), the delivery of RSU Shares referred to therein will be made after the date of death and during the calendar year that includes the date of death (or on such later date as may be permitted under Section 409A).

(e) The timing of delivery or payment pursuant to Paragraph 11(a) will occur on the earlier of (i) the Delivery Date or (ii) a date that is within the calendar year in which the termination of Employment occurs; *provided, however*, that, if you are a “specified employee” (as defined by the Firm in accordance with Section 409A(a)(2)(i)(B) of the Code), delivery will occur on the earlier of the Delivery Date or (to the extent required to avoid the imposition of additional tax under Section 409A) the date that is six months after your termination of Employment (or, if the latter date is not during a Window Period, the first trading day of the next Window Period). For purposes of Paragraph 11(a), references in this Award Agreement to termination of Employment mean a termination of Employment from the Firm (as defined by the Firm) which is also a separation from service (as defined by the Firm in accordance with Section 409A).

(f) Notwithstanding any provision of Paragraph 7 or Section 2.8.2 of the Plan to the contrary, the Dividend Equivalent Rights with respect to each of your Outstanding RSUs will be paid to you within the calendar year that includes the date of distribution of any corresponding regular cash dividends paid by GS Inc. in respect of a share of Common Stock the record date for which occurs on or after the Date of Grant. The payment will be in an amount (less applicable withholding) equal to such regular dividend payment as would have been made in respect of the RSU Shares underlying such Outstanding RSUs.

(g) [The timing of delivery or payment referred to in Paragraph 11(b)(i) will be the earlier of (i) the Delivery Date or (ii) a date that is within the calendar year in which the Committee receives satisfactory documentation relating to your Conflicted Employment, *provided* that such delivery or payment will be made, and any Committee action referred to in Paragraph 11(b)(ii) will be taken, only at such time as, and if and to the extent that it, as reasonably determined by the Firm, would not result in the imposition of any additional tax to you under Section 409A.]

(h) Paragraph 14 and Section 3.4 of the Plan will not apply to Awards that are 409A Deferred Compensation except to the extent permitted under Section 409A.

(i) Delivery of RSU Shares in respect of any Award may be made, if and to the extent elected by the Committee, later than the Delivery Date or other date or period specified hereinabove (but, in the case of any Award that constitutes 409A Deferred Compensation, only to the extent that the later delivery is permitted under Section 409A).

(j) You understand and agree that you are solely responsible for the payment of any taxes and penalties due pursuant to Section 409A, but in no event will you be permitted to designate, directly or indirectly, the taxable year of the delivery.

18. **Compliance of Award Agreement and Plan with Section 162(m).** If you are or become considered by GS Inc. to be one of its “covered employees” within the meaning of Section 162(m) of the Code, then you will be subject to Section 3.21.3 of the Plan, as a result of which delivery of your RSU Shares may be delayed.

COMMITTEE AUTHORITY, AMENDMENT AND CONSTRUCTION

19. **Committee Authority.** The Committee has the authority to determine, in its sole discretion, that any event triggering forfeiture or repayment of your Award will not apply and to limit the forfeitures and repayments that result under Paragraphs 8 and 9. [In addition, the Committee, in its sole discretion, may determine whether Paragraph[s] [10(a)(ii)] [and 10(b)] will apply upon a termination of Employment [and whether a termination of Employment constitutes an Approved Termination under Paragraph 10(c).]

20. **Amendment.** The Committee reserves the right at any time to amend the terms of this Award Agreement, and the Board may amend the Plan in any respect; *provided* that, notwithstanding the foregoing and Sections 1.3.2(f), 1.3.2(h) and 3.1 of the Plan, no such amendment will materially adversely affect your rights and obligations under this Award Agreement without your consent; and *provided further* that the Committee expressly reserves its rights to amend the Award Agreement and the Plan as described in Sections 1.3.2(h)(1), (2) and (4) of the Plan. A modification that impacts the tax consequences of this Award or the timing of delivery of RSU Shares will not be an amendment that materially adversely affects your rights and obligations under this Award Agreement. Any amendment of this Award Agreement will be in writing.

21. **Construction, Headings.** Unless the context requires otherwise, (a) words describing the singular number include the plural and vice versa, (b) words denoting any gender include all genders and (c) the words “include,” “includes” and “including” will be deemed to be followed by the words “without limitation.” The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof. References in this Award Agreement to any specific Plan provision will not be construed as limiting the applicability of any other Plan provision.

IN WITNESS WHEREOF, GS Inc. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

THE GOLDMAN SACHS GROUP, INC.

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DEFINITIONS APPENDIX

The following capitalized terms are used in this Award Agreement with the following meanings:

(a) “409A Deferred Compensation” means a “deferral of compensation” or “deferred compensation” as those terms are defined in the regulations under Section 409A.

(b) [“Approved Termination” means that you are classified by the Firm as a “program analyst” or “fixed-term employee” and you (i) successfully complete the analyst program or fixed-term engagement, as applicable and determined by the Firm in its sole discretion, including remaining Employed through the completion date specified by the Firm, and (ii) terminate Employment immediately after the completion date without any “stay-on” or other agreement or understanding to continue Employment with the Firm. If you agree to stay with the Firm as an employee after your analyst program or fixed-term engagement ends and then later terminate Employment, you will not have an Approved Termination.]

(c) “Associate With a Covered Enterprise” means that you (i) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any Covered Enterprise or (ii) associate in any capacity (including association as an officer, employee, partner, director, consultant, agent or advisor) with any Covered Enterprise. Associate With a Covered Enterprise may include, as determined in the discretion of either the Committee or the SIP Committee, (i) becoming the subject of any publicly available announcement or report of a pending or future association with a Covered Enterprise and (ii) unpaid associations, including an association in contemplation of future employment. “Association With a Covered Enterprise” will have its correlative meaning.

(d) “Covered Enterprise” means an existing or planned business enterprise that competes with the Firm (which, for this purpose means offering products or services that are the same as or similar to those offered by the Firm (“Firm Products or Services”)), or reasonably may be expected to do so. The enterprises covered by this definition include enterprises that offer Firm Products or Services directly, as well as those that do so indirectly by ownership or control (*e.g.*, by owning, being owned by, or being under common ownership with an enterprise that offers Firm Products or Services). An enterprise will be treated as providing Firm Products or Services if, solely by way of example, it provides products or services associated with investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than you or your family members), private banking, commercial banking, merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading. A Competitive Enterprise is a Covered Enterprise. **An enterprise that offers, or may reasonably be expected to offer, Firm Products or Services is a Covered Enterprise irrespective of whether the enterprise is a customer, client or counterparty of the Firm, and, because the Firm is a global enterprise, irrespective of where the Covered Enterprise is physically located.**

(e) “Failed to Consider Risk” means that you participated in the structuring or marketing of any product or service, or participated on behalf of the Firm or any of its clients in the purchase or sale of any security or other property, in any case without appropriate consideration of the risk to the Firm or the broader financial system as a whole (for example, where you have improperly analyzed such risk or where you have failed sufficiently to raise concerns about such risk) and, as a result of such action or omission, the Committee determines there has been, or reasonably could be expected to be, a material adverse impact on the Firm, your business unit or the broader financial system.

(f) “Qualifying Termination After a Change in Control” means that the Firm terminates your Employment other than for Cause or you terminate your Employment for Good Reason, in each case, within 18 months following a Change in Control.

(g) “Selected Firm Personnel” means any individual who is or in the three months preceding the conduct prohibited by Paragraph 8(b) was (i) a Firm employee or consultant with whom you personally worked while employed by the Firm, (ii) a Firm employee or consultant who, at any time during the year preceding the date of the termination of your Employment, worked in the same division in which you worked or (iii) an Advisory Director, a Managing Director or a Senior Advisor of the Firm.

The following capitalized terms are used in this Award Agreement with the meanings that are assigned to them in the Plan.

(a) “Account” means any brokerage account, custody account or similar account, as approved or required by GS Inc. from time to time, into which shares of Common Stock, cash or other property in respect of an Award are delivered.

(b) “Award Agreement” means the written document or documents by which each Award is evidenced, including any Award Statement.

(c) “Award Statement” means a written statement that reflects certain Award terms.

(d) “Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in New York City are authorized or obligated by Federal law or executive order to be closed.

(e) “Cause” means (i) the Grantee’s conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge, or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations, (ii) the Grantee’s engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act), (iii) the Grantee’s willful failure to perform the Grantee’s duties to the Firm, (iv) the Grantee’s violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Firm is a member, (v) the Grantee’s violation of any Firm policy concerning hedging or pledging or confidential or proprietary information, or the Grantee’s material violation of any other Firm policy as in effect from time to time, (vi) the Grantee’s engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Firm or (vii) the Grantee’s engaging in any conduct detrimental to the Firm. The determination as to whether Cause has occurred shall be made by the Committee in its sole discretion and, in such case, the Committee also may, but shall not be required to, specify the date such Cause occurred (including by determining that a prior termination of Employment was for Cause). Any rights the Firm may have hereunder and in any Award Agreement in respect of the events giving rise to Cause shall be in addition to the rights the Firm may have under any other agreement with a Grantee or at law or in equity.

(f) “Change in Control” means the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving GS Inc. (a “Reorganization”) or sale or other disposition of all or substantially all of GS Inc.’s assets to an entity that is not an affiliate of GS Inc. (a “Sale”), that in each case requires the approval of GS Inc.’s shareholders under the law of GS Inc.’s jurisdiction of organization, whether for such Reorganization or Sale (or the issuance of securities of GS

Inc. in such Reorganization or Sale), unless immediately following such Reorganization or Sale, either: (i) at least 50% of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of (A) the entity resulting from such Reorganization, or the entity which has acquired all or substantially all of the assets of GS Inc. in a Sale (in either case, the “Surviving Entity”), or (B) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, as such Rule is in effect on the date of the adoption of the 1999 SIP) of 50% or more of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the Surviving Entity (the “Parent Entity”) is represented by GS Inc.’s securities (the “GS Inc. Securities”) that were outstanding immediately prior to such Reorganization or Sale (or, if applicable, is represented by shares into which such GS Inc. Securities were converted pursuant to such Reorganization or Sale) or (ii) at least 50% of the members of the board of directors (or similar officials in the case of an entity other than a corporation) of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) following the consummation of the Reorganization or Sale were, at the time of the Board’s approval of the execution of the initial agreement providing for such Reorganization or Sale, individuals (the “Incumbent Directors”) who either (A) were members of the Board on the Effective Date or (B) became directors subsequent to the Effective Date and whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of GS Inc.’s proxy statement in which such persons are named as nominees for director).

(g) “Client” means any client or prospective client of the Firm to whom the Grantee provided services, or for whom the Grantee transacted business, or whose identity became known to the Grantee in connection with the Grantee’s relationship with or employment by the Firm.

(h) “Committee” means the committee appointed by the Board to administer the Plan pursuant to Section 1.3, and, to the extent the Board determines it is appropriate for the compensation realized from Awards under the Plan to be considered “performance based” compensation under Section 162(m) of the Code, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is an “outside director” within the meaning of Code Section 162(m), and which, to the extent the Board determines it is appropriate for Awards under the Plan to qualify for the exemption available under Rule 16b-3(d)(1) or Rule 16b-3(e) promulgated under the Exchange Act, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is a “non-employee director” within the meaning of Rule 16b-3. Unless otherwise determined by the Board, the Committee shall be the Compensation Committee of the Board.

(i) “Common Stock” means common stock of GS Inc., par value \$0.01 per share.

(j) “Competitive Enterprise” means an existing or planned business enterprise that (i) engages, or may reasonably be expected to engage, in any activity, (ii) owns or controls, or may reasonably be expected to own or control, a significant interest in or (iii) is, or may reasonably be expected to be, owned by, or a significant interest in which is, or may reasonably be expected to be, owned or controlled by, any entity that engages in any activity that, in any case, competes or will compete anywhere with any activity in which the Firm is engaged. The activities covered by this definition include, without limitation, financial services such as investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than the Grantee and members of the Grantee’s family), merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading.

(k) [“Conflicted Employment” means the Grantee’s employment at any U.S. Federal, state or local government, any non-U.S. government, any supranational or international organization, any self-

regulatory organization, or any agency or instrumentality of any such government or organization, or any other employer determined by the Committee, if, as a result of such employment, the Grantee's continued holding of any Outstanding Award would result in an actual or perceived conflict of interest.]

(l) "Covered Person" means a member of the Board or the Committee or any employee of the Firm.

(m) "Date of Grant" means the date specified in the Grantee's Award Agreement as the date of grant of the Award.

(n) "Delivery Date" means each date specified in the Grantee's Award Agreement as a delivery date, *provided*, unless the Committee determines otherwise, such date is during a Window Period or, if such date is not during a Window Period, the first trading day of the first Window Period beginning after such date.

(o) "Dividend Equivalent Right" means a dividend equivalent right granted under the Plan, which represents an unfunded and unsecured promise to pay to the Grantee amounts equal to all or any portion of the regular cash dividends that would be paid on shares of Common Stock covered by an Award if such shares had been delivered pursuant to an Award.

(p) "Employment" means the Grantee's performance of services for the Firm, as determined by the Committee. The terms "employ" and "employed" shall have their correlative meanings. The Committee in its sole discretion may determine (i) whether and when a Grantee's leave of absence results in a termination of Employment (for this purpose, unless the Committee determines otherwise, a Grantee shall be treated as terminating Employment with the Firm upon the occurrence of an Extended Absence), (ii) whether and when a change in a Grantee's association with the Firm results in a termination of Employment and (iii) the impact, if any, of any such leave of absence or change in association on Awards theretofore made. Unless expressly provided otherwise, any references in the Plan or any Award Agreement to a Grantee's Employment being terminated shall include both voluntary and involuntary terminations.

(q) "Extended Absence" means the Grantee's inability to perform for six (6) continuous months, due to illness, injury or pregnancy-related complications, substantially all the essential duties of the Grantee's occupation, as determined by the Committee.

(r) "Firm" means GS Inc. and its subsidiaries and affiliates.

(s) "Good Reason" means, in connection with a termination of employment by a Grantee following a Change in Control, (a) as determined by the Committee, a materially adverse alteration in the Grantee's position or in the nature or status of the Grantee's responsibilities from those in effect immediately prior to the Change in Control or (b) the Firm's requiring the Grantee's principal place of Employment to be located more than seventy-five (75) miles from the location where the Grantee is principally Employed at the time of the Change in Control (except for required travel on the Firm's business to an extent substantially consistent with the Grantee's customary business travel obligations in the ordinary course of business prior to the Change in Control).

(t) "Grantee" means a person who receives an Award.

(u) "GS Inc." means The Goldman Sachs Group, Inc., and any successor thereto.

(v) “Outstanding” means any Award to the extent it has not been forfeited, cancelled, terminated, exercised or with respect to which the shares of Common Stock underlying the Award have not been previously delivered or other payments made.

(w) [“Retirement” means termination of the Grantee’s Employment (other than for Cause) on or after the Date of Grant at a time when (i) (A) the sum of the Grantee’s age plus years of service with the Firm (as determined by the Committee in its sole discretion) equals or exceeds 60 and (B) the Grantee has completed at least 10 years of service with the Firm (as determined by the Committee in its sole discretion) or, if earlier, (ii) (A) the Grantee has attained age 50 and (B) the Grantee has completed at least five years of service with the Firm (as determined by the Committee in its sole discretion).]

(x) “RSU” means a restricted stock unit Award granted under the Plan, which represents an unfunded and unsecured promise to deliver shares of Common Stock in accordance with the terms of the RSU Award Agreement.

(y) “RSU Shares” means shares of Common Stock that underlie an RSU.

(z) “Section 409A” means Section 409A of the Code, including any amendments or successor provisions to that Section and any regulations and other administrative guidance thereunder, in each case as they, from time to time, may be amended or interpreted through further administrative guidance.

(aa) “SIP Administrator” means each person designated by the Committee as a “SIP Administrator” with the authority to perform day-to-day administrative functions for the Plan.

(bb) “SIP Committee” means the persons who have been delegated certain authority under the Plan by the Committee.

(cc) “Solicit” means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

(dd) “Transfer Restrictions” means restrictions that prohibit the sale, exchange, transfer, assignment, pledge, hypothecation, fractionalization, hedge or other disposal (including through the use of any cash-settled instrument), whether voluntarily or involuntarily by the Grantee, of an Award or any shares of Common Stock, cash or other property delivered in respect of an Award.

(ee) “Vested” means, with respect to an Award, the portion of the Award that is not subject to a condition that the Grantee remain actively employed by the Firm in order for the Award to remain Outstanding. The fact that an Award becomes Vested shall not mean or otherwise indicate that the Grantee has an unconditional or nonforfeitable right to such Award, and such Award shall remain subject to such terms, conditions and forfeiture provisions as may be provided for in the Plan or in the Award Agreement.

(ff) “Vesting Date” means each date specified in the Grantee’s Award Agreement as a date on which part or all of an Award becomes Vested.

(gg) “Window Period” means a period designated by the Firm during which all employees of the Firm are permitted to purchase or sell shares of Common Stock (*provided* that, if the Grantee is a member of a designated group of employees who are subject to different restrictions, the Window Period may be a period designated by the Firm during which an employee of the Firm in such designated group is permitted to purchase or sell shares of Common Stock).

THE GOLDMAN SACHS GROUP, INC.
[] YEAR-END RSU AWARD

This Award Agreement, together with The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) (the “Plan”), governs your _____ year-end award of RSUs (your “Award”). You should read carefully this entire Award Agreement, which includes the Award Statement and any attached Appendix.

ACCEPTANCE

1. **You Must Decide Whether to Accept this Award Agreement.** To be eligible to receive your Award, you must by the date specified (a) open and activate an Account and (b) agree to all the terms of your Award by executing the related signature card in accordance with its instructions. By executing the signature card, you confirm your agreement to all of the terms of this Award Agreement, including the arbitration and choice of forum provisions in Paragraph 16.

DOCUMENTS THAT GOVERN YOUR AWARD; DEFINITIONS

2. **The Plan.** Your Award is granted under the Plan, and the Plan’s terms apply to, and are a part of, this Award Agreement.

3. **Your Award Statement.** The Award Statement delivered to you contains some of your Award’s specific terms. For example, it contains the number of RSUs awarded to you and any applicable Vesting Dates, Delivery Dates and Transferability Dates.

4. **Definitions.** Capitalized terms are defined in the Definitions Appendix, which also includes terms that are defined in the Plan.

VESTING OF YOUR RSUS

5. **Vesting.** On each Vesting Date listed on your Award Statement, you will become Vested in the amount of Outstanding RSUs listed next to that date. When an RSU becomes Vested, it means **only** that your continued active Employment is not required for delivery of that portion of RSU Shares. **Vesting does not mean you have a non-forfeitable right to the Vested portion of your Award. The terms of this Award Agreement (including conditions to delivery and any applicable Transfer Restrictions) continue to apply to Vested RSUs, and you can still forfeit Vested RSUs and any RSU Shares.**

DELIVERY OF YOUR RSU SHARES

6. **Delivery.** Reasonably promptly (but no more than 30 Business Days) after each Delivery Date listed on your Award Statement, RSU Shares (less applicable withholding as described in Paragraph 13(a)) will be delivered (by book entry credit to your Account) in respect of the amount of Outstanding RSUs listed next to that date. The Committee or the SIP Committee may select multiple dates within the 30-Business-Day period following the Delivery Date to deliver RSU Shares in respect of all or a portion of the RSUs with the same Delivery Date listed on the Award Statement, and all such dates will be treated as a single Delivery Date for purposes of this Award. Until such delivery, you have only the rights of a general unsecured creditor, and no rights as a shareholder of GS Inc. Without limiting the Committee’s authority under Section 1.3.2(h) of the Plan, the Firm may accelerate any Delivery Date by up to 30 days.

TRANSFER RESTRICTIONS FOLLOWING DELIVERY

7. **Transfer Restrictions and Shares at Risk.** Fifty percent of the RSU Shares that are delivered on any date, before tax withholding (or, if the applicable tax withholding rate is greater than 50%, all RSU Shares delivered after tax withholding), will be Shares at Risk. This means that if, for example, on a Delivery Date, you are scheduled to receive delivery of 1,000 RSU Shares, and you are subject to a 40% withholding rate, then (a) 400 RSU Shares will be withheld for taxes, (b) 500 RSU Shares delivered to you will be Shares at Risk and (c) 100 RSU Shares delivered to you will not be subject to Transfer Restrictions. Any purported sale, exchange, transfer, assignment, pledge, hypothecation, fractionalization, hedge or other disposition in violation of the Transfer Restrictions on Shares at Risk will be void. Within 30 Business Days after the Transferability Date listed on your Award Statement (or any other date on which the Transfer Restrictions are to be removed), GS Inc. will remove the Transfer Restrictions. The Committee or the SIP Committee may select multiple dates within such 30-Business-Day period on which to remove Transfer Restrictions for all or a portion of the Shares at Risk with the same Transferability Date listed on the Award Statement, and all such dates will be treated as a single Transferability Date for purposes of this Award.

DIVIDENDS

8. **Dividend Equivalent Rights and Dividends.** Each RSU includes a Dividend Equivalent Right, which entitles you to receive an amount (less applicable withholding), at or after the time of distribution of any regular cash dividend paid by GS Inc. in respect of a share of Common Stock, equal to any regular cash dividend payment that would have been made in respect of an RSU Share underlying your Outstanding RSUs for any record date that occurs on or after the Date of Grant. In addition, you will be entitled to receive on a current basis any regular cash dividend paid in respect of your Shares at Risk.

FORFEITURE OF YOUR AWARD

9. **How You May Forfeit Your Award.** This Paragraph 9 sets forth the events that result in forfeiture of up to all of your RSUs and Shares at Risk and may require repayment to the Firm of up to all other amounts previously delivered or paid to you under your Award in accordance with Paragraph 10. More than one event may apply, and in no case will the occurrence of one event limit the forfeiture and repayment obligations as a result of the occurrence of any other event. In addition, the Firm reserves the right to (a) suspend vesting of Outstanding RSUs, delivery of RSU Shares or release of Transfer Restrictions, (b) deliver any RSU Shares into an escrow account in accordance with Paragraph 13(f)(v) or (c) apply Transfer Restrictions to any RSU Shares in connection with any investigation of whether any of the events that result in forfeiture under the Plan or this Paragraph 9 have occurred. Paragraph 11 (relating to certain circumstances under which you will not forfeit your unvested RSUs upon Employment termination) and Paragraph 12 (relating to certain circumstances under which vesting, delivery and/or release of Transfer Restrictions may be accelerated) provide for exceptions to one or more provisions of this Paragraph 9.

(a) **Unvested RSUs Forfeited if Your Employment Terminates.** If your Employment terminates for any reason or you are otherwise no longer actively employed with the Firm (which includes off-premises notice periods, "garden leaves," pay in lieu of notice or any other similar status), your rights to your Outstanding RSUs that are not Vested will terminate, and no RSU Shares will be delivered in respect of such RSUs.

(b) **RSUs Vested at Grant Forfeited if You Associate With a Covered Enterprise.** If you Associate With a Covered Enterprise before the earlier of _____ or a Qualifying

Termination After a Change In Control, your rights to your Outstanding RSUs that were Vested on the Date of Grant will terminate, and no RSU Shares will be delivered in respect of such RSUs.

(c) Vested and Unvested RSUs Forfeited if You Solicit Clients or Employees, Interfere with Client or Employee Relationships or Participate in the Hiring of Employees. If any of the following occurs before the applicable Delivery Date, your rights to all of your Outstanding RSUs (whether or not Vested) will terminate, and no RSU Shares will be delivered in respect of such RSUs:

(i) you, in any manner, directly or indirectly, (A) Solicit any Client to transact business with a Covered Enterprise or to reduce or refrain from doing any business with the Firm, (B) interfere with or damage (or attempt to interfere with or damage) any relationship between the Firm and any Client, (C) Solicit any person who is an employee of the Firm to resign from the Firm or to apply for or accept employment with any Covered Enterprise or (D) on behalf of yourself or any person or Covered Enterprise hire, or participate in the hiring of, any Selected Firm Personnel or identify, or participate in the identification of, Selected Firm Personnel for potential hiring, whether as an employee or consultant or otherwise, or

(ii) Selected Firm Personnel are Solicited, hired or accepted into partnership, membership or similar status (A) by a Covered Enterprise that you form, that bears your name, in which you are a partner, member or have similar status, or in which you possess or control greater than a *de minimis* equity ownership, voting or profit participation or (B) by any Covered Enterprise where you have, or are intended to have, direct or indirect managerial or supervisory responsibility for such Selected Firm Personnel.

(d) Vested and Unvested RSUs and Shares at Risk Forfeited upon Certain Events. If any of the following occurs (i) your rights to all of your Outstanding RSUs (whether or not Vested) will terminate, and no RSU Shares will be delivered in respect of such RSUs and (ii) your rights to all of your Shares at Risk will terminate and your Shares at Risk will be cancelled, in each case, as may be further described below:

(i) You Failed to Consider Risk. You Failed to Consider Risk during the Firm's _____ fiscal year.

(ii) Your Conduct Constitutes Cause. Any event that constitutes Cause has occurred before the applicable Delivery Date for RSUs or the Transferability Date for Shares at Risk.

(iii) You Do Not Meet Your Obligations to the Firm. The Committee determines that, before the applicable Delivery Date for RSUs or the Transferability Date for Shares at Risk, you failed to meet, in any respect, any obligation under any agreement with the Firm, or any agreement entered into in connection with your Employment or this Award, including the Firm's notice period requirement applicable to you, any offer letter, employment agreement or any shareholders' agreement relating to the Firm. Your failure to pay or reimburse the Firm, on demand, for any amount you owe to the Firm will constitute (A) failure to meet an obligation you have under an agreement, regardless of whether such obligation arises under a written agreement, and/or (B) a material violation of Firm policy constituting Cause.

(iv) You Do Not Provide Timely Certifications or Comply with Your Certifications. You fail to certify to GS Inc. that you have complied with all of the terms of the Plan and this Award Agreement, or the Committee determines that you have failed to comply with a term of the Plan or this Award Agreement to which you have certified compliance.

(v) You Do Not Follow Dispute Resolution/Arbitration Procedures. You attempt to have any dispute under the Plan or this Award Agreement resolved in any manner that is not provided for by Paragraph 16 or Section 3.17 of the Plan.

(vi) You Bring an Action that Results in a Determination that Any Award Agreement Term Is Invalid. As a result of any action brought by you, it is determined that any term of this Award Agreement is invalid.

(vii) You Receive Compensation in Respect of Your Award from Another Employer. Your Employment terminates for any reason or you otherwise are no longer actively employed with the Firm and another entity grants you cash, equity or other property (whether vested or unvested) to replace, substitute for or otherwise in respect of any Outstanding RSUs or Shares at Risk; *provided, however*, that your rights will only be terminated in respect of the RSUs and Shares at Risk that are replaced, substituted for or otherwise considered by such other entity in making its grant.

REPAYMENT OF YOUR AWARD

10. **When You May Be Required to Repay Your Award.** If the Committee determines that any term of this Award was not satisfied, you will be required, immediately upon demand therefor, to repay to the Firm the following:

(a) Any RSU Shares (which, for the avoidance of doubt, includes any Shares at Risk) for which the terms (including the terms for delivery) of the related RSUs were not satisfied, in accordance with Section 2.6.3 of the Plan.

(b) Any Shares at Risk for which the terms (including the terms for the release of Transfer Restrictions) were not satisfied, in accordance with Section 2.5.3 of the Plan.

(c) Any RSU Shares that were delivered (but not subject to Transfer Restrictions) at the same time any Shares at Risk that are cancelled or required to be repaid were delivered.

(d) Any payments under Dividend Equivalent Rights for which the terms were not satisfied (including any such payments made in respect of RSUs that are forfeited or RSU Shares that are cancelled or subject to repayment), in accordance with Section 2.8.4 of the Plan.

(e) Any dividends paid in respect of any RSU Shares that are cancelled or required to be repaid.

(f) Any amount applied to satisfy tax withholding or other obligations with respect to any RSU, RSU Shares, dividend payments and payments under Dividend Equivalent Rights that are forfeited or required to be repaid.

EXCEPTIONS TO THE VESTING, DELIVERY AND/OR TRANSFERABILITY DATES

11. **Circumstances Under Which You Will Not Forfeit Your Unvested RSUs on Employment Termination (but the Original Delivery Date and Transferability Date Continue to Apply)**. If your Employment terminates at a time when you meet the requirements for Extended Absence, Retirement, “downsizing” or Approved Termination, each as described below, then Paragraph 9 (a) will not apply, and your Outstanding RSUs will be treated as described in this Paragraph 11. All other terms of this Award Agreement, including the other forfeiture and repayment events in Paragraphs 9 and 10, continue to apply.

(a) **Extended Absence or Retirement and No Association With a Covered Enterprise**.

(i) **Generally**. If your Employment terminates by Extended Absence or Retirement, your Outstanding RSUs that are not Vested will become Vested. However, your rights to any Outstanding RSU that becomes Vested by this Paragraph 11(a)(i) will terminate and no RSU Share will be delivered in respect of that RSU if you Associate With a Covered Enterprise on or before the originally scheduled Vesting Date for that RSU.

(ii) **Special Treatment for Involuntary or Mutual Agreement Termination**. Paragraph 9(b) and the second sentence of Paragraph 11(a)(i) (each relating to forfeiture if you Associate With a Covered Enterprise) will not apply if (A) the Firm characterizes your Employment termination as “involuntary” or by “mutual agreement” and (B) you execute a general waiver and release of claims and an agreement to pay any associated tax liability, in each case, in the form the Firm prescribes. No Employment termination that you initiate, including any purported “constructive termination,” a “termination for good reason” or similar concepts, can be “involuntary” or by “mutual agreement.”

(b) **Downsizing**. If (i) the Firm terminates your Employment solely by reason of a “downsizing” (and you have not engaged in conduct constituting Cause) and (ii) you execute a general waiver and release of claims and an agreement to pay any associated tax liability, in each case, in the form the Firm prescribes, your Outstanding RSUs that are not yet Vested will become Vested and Paragraph 9(b) will not apply. Whether or not your Employment is terminated solely by reason of a “downsizing” will be determined by the Firm in its sole discretion.

(c) **Approved Terminations of Program Analysts and Fixed-Term Employees**. If the Firm classifies you as a “program analyst” or a “fixed-term” employee and your Employment terminates solely by reason of an Approved Termination (and you have not engaged in conduct constituting Cause), your Outstanding RSUs that are not yet Vested will become Vested and Paragraph 9(b) will not apply.

12. **Accelerated Vesting, Delivery and/or Release of Transfer Restrictions in the Event of a Qualifying Termination After a Change in Control, Conflicted Employment or Death**. In the event of your Qualifying Termination After a Change in Control, Conflicted Employment or death, each as described below, then Paragraph 9(a) will not apply, your Outstanding Award will be treated as described in this Paragraph 12, and, except as set forth in Paragraph 12(a), all other terms of this Award Agreement, including the other forfeiture and repayment events in Paragraphs 9 and 10, continue to apply.

(a) **You Have a Qualifying Termination After a Change in Control**. If your Employment terminates when you meet the requirements of a Qualifying Termination After a Change in Control, the RSU Shares underlying your Outstanding RSUs (whether or not Vested) will be delivered, and any Transfer Restrictions will cease to apply. In addition, the forfeiture events in Paragraph 9 will not apply to your Award.

(b) You Are Determined to Have Accepted Conflicted Employment.

(i) Generally. If your Employment terminates solely because you resign to accept Conflicted Employment, as soon as practicable after the Committee has received satisfactory documentation relating to your Conflicted Employment, (A) your Outstanding RSUs will Vest, (B) RSU Shares will be delivered in respect of your Outstanding RSUs (including in the form of cash as described in Paragraph 13(b)) and (C) any Transfer Restrictions will cease to apply. In addition, if, following your termination of Employment, you notify the Firm and provide the Committee with satisfactory documentation that you are accepting Conflicted Employment, (A) RSU Shares will be delivered in respect of your Outstanding RSUs (including in the form of cash as described in Paragraph 13(b)) and (B) any Transfer Restrictions will cease to apply.

(ii) You May Have to Take Other Steps to Address Conflicts of Interest. The Committee retains the authority to exercise its rights under the Award Agreement or the Plan (including Section 1.3.2 of the Plan) to take or require you to take other steps it determines in its sole discretion to be necessary or appropriate to cure an actual or perceived conflict of interest (which may include a determination that the accelerated vesting, delivery and/or release of Transfer Restrictions described in Paragraph 12(b)(i) will not apply because such actions are not necessary or appropriate to cure an actual or perceived conflict of interest).

(c) Death. If you die, the RSU Shares underlying your Outstanding RSUs (whether or not Vested) will be delivered to the representative of your estate and any Transfer Restrictions will cease to apply as soon as practicable after the date of death and after such documentation as may be requested by the Committee is provided to the Committee.

OTHER TERMS, CONDITIONS AND AGREEMENTS

13. Additional Terms, Conditions and Agreements.

(a) You Must Satisfy Applicable Tax Withholding Requirements. Delivery of RSU Shares is conditioned on your satisfaction of any applicable withholding taxes in accordance with Section 3.2 of the Plan (which includes the Firm deducting or withholding amounts from any payment or distribution to you). In addition, to the extent permitted by applicable law, the Firm, in its sole discretion, may require you to provide amounts equal to all or a portion of any Federal, state, local, foreign or other tax obligations imposed on you or the Firm in connection with the grant, Vesting or delivery of this Award by requiring you to choose between remitting the amount (i) in cash (or through payroll deduction or otherwise) or (ii) in the form of proceeds from the Firm's executing a sale of RSU Shares delivered to you under this Award. In addition, if you are an individual with separate employment contracts (at any time during and/or after the Firm's _____ fiscal year), the Firm, in its sole discretion, may require you to provide for a reserve in an amount the Firm determines is advisable or necessary in connection with any actual, anticipated or potential tax consequences related to your separate employment contracts by requiring you to choose between remitting such amount (i) in cash (or through payroll deduction or otherwise) or (ii) in the form of proceeds from the Firm's executing a sale of shares of Common Stock delivered to you pursuant to this Award (or any other Outstanding awards granted under the Plan or any predecessor or successor plan thereto). In no event, however, does this Paragraph 13(a) give you any discretion to determine or affect the timing of the delivery of RSU Shares or the timing of payment of tax obligations.

(b) Firm May Deliver Cash or Other Property Instead of RSU Shares. In accordance with Section 1.3.2(i) of the Plan, in the sole discretion of the Committee, in lieu of all or any portion of the RSU Shares, the Firm may deliver cash, other securities, other awards under the Plan or other property, and all references in this Award Agreement to deliveries of RSU Shares will include such deliveries of cash, other securities, other awards under the Plan or other property.

(c) Amounts May Be Rounded to Avoid Fractional Shares. RSUs that become Vested on a Vesting Date, RSU Shares that become deliverable on a Delivery Date and RSU Shares subject to Transfer Restrictions may, in each case, be rounded to avoid fractional Shares.

(d) You May Be Required to Become a Party to the Shareholders' Agreement. Your rights to your RSUs are conditioned on your becoming a party to any shareholders' agreement to which other similarly situated employees (e.g., employees with a similar title or position) of the Firm are required to be a party.

(e) Firm May Affix Legends and Place Stop Orders on Restricted RSU Shares. GS Inc. may affix to Certificates representing RSU Shares any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under a separate agreement). GS Inc. may advise the transfer agent to place a stop order against any legended RSU Shares.

(f) You Agree to Certain Consents, Terms and Conditions. By accepting this Award you understand and agree that:

(i) You Agree to Certain Consents as a Condition to the Award. You have expressly consented to all of the items listed in Section 3.3.3(d) of the Plan, including the Firm's supplying to any third-party recordkeeper of the Plan or other person such personal information of yours as the Committee deems advisable to administer the Plan, and you agree to provide any additional consents that the Committee determines to be necessary or advisable;

(ii) You Are Subject to the Firm's Policies, Rules and Procedures. You are subject to the Firm's policies in effect from time to time concerning trading in RSU Shares and hedging or pledging RSU Shares and equity-based compensation or other awards (including, without limitation, the Firm's "Policies With Respect to Transactions Involving GS Shares, Equity Awards and GS Options by Persons Affiliated with GS Inc." or any successor policies), and confidential or proprietary information, and you will effect sales of RSU Shares in accordance with such rules and procedures as may be adopted from time to time (which may include, without limitation, restrictions relating to the timing of sale requests, the manner in which sales are executed, pricing method, consolidation or aggregation of orders and volume limits determined by the Firm);

(iii) You Are Responsible for Costs Associated with Your Award. You will be responsible for all brokerage costs and other fees or expenses associated with your RSUs, including those related to the sale of RSU Shares;

(iv) You Will Be Deemed to Represent Your Compliance with All the Terms of Your Award if You Accept Delivery of, or Sell, RSU Shares. You will be deemed to have represented and certified that you have complied with all of the terms of the Plan and this Award

Agreement when you accept delivery of RSU Shares, receive payment in respect of Dividend Equivalent Rights and request the sale of RSU Shares following the release of Transfer Restrictions;

(v) Firm May Deliver Your Award into an Escrow Account. The Firm may establish and maintain an escrow account on such terms (which may include your executing any documents related to, and your paying for any costs associated with, such account) as it may deem necessary or appropriate, and the delivery of RSU Shares (including Shares at Risk) or the payment of cash or other property may initially be made into and held in that escrow account until such time as the Committee has received such documentation as it may have requested or until the Committee has determined that any other conditions or restrictions on delivery of RSU Shares, cash or other property required by this Award Agreement have been satisfied;

(vi) You May Be Required to Certify Compliance with Award Terms; You Are Responsible for Providing the Firm with Updated Address and Contact Information After Your Departure from the Firm. If your Employment terminates while you continue to hold RSUs or Shares at Risk, from time to time, you may be required to provide certifications of your compliance with all of the terms of the Plan and this Award Agreement as described in Paragraph 9(d)(iv). You understand and agree that (A) your address on file with the Firm at the time any certification is required will be deemed to be your current address, (B) it is your responsibility to inform the Firm of any changes to your address to ensure timely receipt of the certification materials, (C) you are responsible for contacting the Firm to obtain such certification materials if not received and (D) your failure to return properly completed certification materials by the specified deadline (which includes your failure to timely return the completed certification because you did not provide the Firm with updated contact information) will result in the forfeiture of all of your RSUs and Shares at Risk and subject previously delivered amounts to repayment under Paragraph 9(d)(iv);

(vii) You Authorize the Firm to Register, in Its or Its Designee's Name, Any Shares at Risk and Sell, Assign or Transfer any Forfeited Shares at Risk. You are granting to the Firm the full power and authority to register any Shares at Risk in its or its designee's name and authorizing the Firm or its designee to sell, assign or transfer any Shares at Risk if you forfeit your Shares at Risk;

(viii) You Must Comply with Applicable Deadlines and Procedures to Appeal Determinations Made by the Committee, the SIP Committee or SIP Administrators. In order to appeal a determination by the Committee, the SIP Committee, the SIP Administrators, or any of their delegates or designees, you must submit a written request for the appeal within 180 days after receipt of any such determination. You must exhaust all administrative remedies before seeking to resolve a dispute through arbitration pursuant to Paragraph 16 and Section 3.17 of the Plan; and

(ix) You Agree that Covered Persons Will Not Have Liability. In addition to and without limiting the generality of the provisions of Section 1.3.5 of the Plan, neither the Firm nor any Covered Person will have any liability to you or any other person for any action taken or omitted in respect of this or any other Award.

14. **Non-transferability.** Except as otherwise may be provided in this Paragraph 14 or as otherwise may be provided by the Committee, the limitations on transferability set forth in Section 3.5 of the Plan will apply to this Award. Any purported transfer or assignment in violation of the provisions of this Paragraph 14 or Section 3.5 of the Plan will be void. The Committee may adopt procedures pursuant

to which some or all recipients of RSUs may transfer some or all of their RSUs and/or Shares at Risk (which will continue to be subject to Transfer Restrictions until the Transferability Date) through a gift for no consideration to any immediate family member, a trust or other estate planning vehicle approved by the Committee or SIP Committee in which the recipient and/or the recipient's immediate family members in the aggregate have 100% of the beneficial interest.

15. **Right of Offset.** Except as provided in Paragraph 18(h), the obligation to deliver RSU Shares, to pay dividends or payments under Dividend Equivalent Rights or to remove the Transfer Restrictions under this Award Agreement is subject to Section 3.4 of the Plan, which provides for the Firm's right to offset against such obligation any outstanding amounts you owe to the Firm and any amounts the Committee deems appropriate pursuant to any tax equalization policy or agreement.

ARBITRATION, CHOICE OF FORUM AND GOVERNING LAW

16. Arbitration; Choice of Forum.

(a) BY ACCEPTING THIS AWARD, YOU ARE INDICATING THAT YOU UNDERSTAND AND AGREE THAT THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN SECTION 3.17 OF THE PLAN WILL APPLY TO THIS AWARD. THESE PROVISIONS, WHICH ARE EXPRESSLY INCORPORATED HEREIN BY REFERENCE, PROVIDE AMONG OTHER THINGS THAT ANY DISPUTE, CONTROVERSY OR CLAIM BETWEEN THE FIRM AND YOU ARISING OUT OF OR RELATING TO OR CONCERNING THE PLAN OR THIS AWARD AGREEMENT WILL BE FINALLY SETTLED BY ARBITRATION IN NEW YORK CITY, PURSUANT TO THE TERMS MORE FULLY SET FORTH IN SECTION 3.17 OF THE PLAN.

(b) To the fullest extent permitted by applicable law, no arbitrator will have the authority to consider class, collective or representative claims, to order consolidation or to join different claimants or grant relief other than on an individual basis to the individual claimant involved.

(c) Notwithstanding any applicable forum rules to the contrary, to the extent there is a question of enforceability of this Award Agreement arising from a challenge to the arbitrator's jurisdiction or to the arbitrability of a claim, it will be decided by a court and not an arbitrator.

(d) All references to the New York Stock Exchange in Section 3.17 of the Plan will be read as references to the Financial Industry Regulatory Authority.

(e) The Federal Arbitration Act governs interpretation and enforcement of all arbitration provisions under the Plan and this Award Agreement, and all arbitration proceedings thereunder.

(f) Nothing in this Award Agreement creates a substantive right to bring a claim under U.S. Federal, state, or local employment laws.

17. Governing Law. THIS AWARD WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

CERTAIN TAX PROVISIONS

18. **Compliance of Award Agreement and Plan with Section 409A.** The provisions of this Paragraph 18 apply to you only if you are a U.S. taxpayer.

(a) This Award Agreement and the Plan provisions that apply to this Award are intended and will be construed to comply with Section 409A (including the requirements applicable to, or the conditions for exemption from treatment as, 409A Deferred Compensation), whether by reason of short-term deferral treatment or other exceptions or provisions. The Committee will have full authority to give effect to this intent. To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of the Plan (including Sections 1.3.2 and 2.1 thereof) and this Award Agreement, the provisions of this Award Agreement will govern, and in the case of any conflict or potential inconsistency between this Paragraph 18 and the other provisions of this Award Agreement, this Paragraph 18 will govern.

(b) Delivery of RSU Shares will not be delayed beyond the date on which all applicable conditions or restrictions on delivery of RSU Shares required by this Agreement (including those specified in Paragraphs 6, 7, 11(a)(ii), 11(b), 12(c) and 13 and the consents and other items specified in Section 3.3 of the Plan) are satisfied. To the extent that any portion of this Award is intended to satisfy the requirements for short-term deferral treatment under Section 409A, delivery for such portion will occur by the March 15 coinciding with the last day of the applicable “short-term deferral” period described in Reg. 1.409A-1(b)(4) in order for the delivery of RSU Shares to be within the short-term deferral exception unless, in order to permit all applicable conditions or restrictions on delivery to be satisfied, the Committee elects, pursuant to Reg. 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted in accordance with Section 409A, to delay delivery of RSU Shares to a later date within the same calendar year or to such later date as may be permitted under Section 409A, including Reg. 1.409A-2(b)(7) (in conjunction with Section 3.21.3 of the Plan pertaining to Code Section 162(m)) and Reg. 1.409A-3(d). For the avoidance of doubt, if the Award includes a “series of installment payments” as described in Reg. 1.409A-2(b)(2)(iii), your right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment.

(c) Notwithstanding the provisions of Paragraph 13(b) and Section 1.3.2(i) of the Plan, to the extent necessary to comply with Section 409A, any securities, other Awards or other property that the Firm may deliver in respect of your RSUs will not have the effect of deferring delivery or payment, income inclusion, or a substantial risk of forfeiture, beyond the date on which such delivery, payment or inclusion would occur or such risk of forfeiture would lapse, with respect to the RSU Shares that would otherwise have been deliverable (unless the Committee elects a later date for this purpose pursuant to Reg. 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted under Section 409A, including and to the extent applicable, the subsequent election provisions of Section 409A(a)(4)(C) of the Code and Reg. 1.409A-2(b)).

(d) Notwithstanding the timing provisions of Paragraph 12(c), the delivery of RSU Shares referred to therein will be made after the date of death and during the calendar year that includes the date of death (or on such later date as may be permitted under Section 409A).

(e) The timing of delivery or payment pursuant to Paragraph 12(a) will occur on the earlier of (i) the Delivery Date or (ii) a date that is within the calendar year in which the termination of Employment occurs; *provided, however*, that, if you are a “specified employee” (as defined by the Firm in accordance with Section 409A(a)(2)(i)(B) of the Code), delivery will

occur on the earlier of the Delivery Date or (to the extent required to avoid the imposition of additional tax under Section 409A) the date that is six months after your termination of Employment (or, if the latter date is not during a Window Period, the first trading day of the next Window Period). For purposes of Paragraph 12(a), references in this Award Agreement to termination of Employment mean a termination of Employment from the Firm (as defined by the Firm) which is also a separation from service (as defined by the Firm in accordance with Section 409A).

(f) Notwithstanding any provision of Paragraph 8 or Section 2.8.2 of the Plan to the contrary, the Dividend Equivalent Rights with respect to each of your Outstanding RSUs will be paid to you within the calendar year that includes the date of distribution of any corresponding regular cash dividends paid by GS Inc. in respect of a share of Common Stock the record date for which occurs on or after the Date of Grant. The payment will be in an amount (less applicable withholding) equal to such regular dividend payment as would have been made in respect of the RSU Shares underlying such Outstanding RSUs.

(g) The timing of delivery or payment referred to in Paragraph 12(b)(i) will be the earlier of (i) the Delivery Date or (ii) a date that is within the calendar year in which the Committee receives satisfactory documentation relating to your Conflicted Employment, *provided* that such delivery or payment will be made, and any Committee action referred to in Paragraph 12(b)(ii) will be taken, only at such time as, and if and to the extent that it, as reasonably determined by the Firm, would not result in the imposition of any additional tax to you under Section 409A.

(h) Paragraph 15 and Section 3.4 of the Plan will not apply to Awards that are 409A Deferred Compensation except to the extent permitted under Section 409A.

(i) Delivery of RSU Shares in respect of any Award may be made, if and to the extent elected by the Committee, later than the Delivery Date or other date or period specified hereinabove (but, in the case of any Award that constitutes 409A Deferred Compensation, only to the extent that the later delivery is permitted under Section 409A).

(j) You understand and agree that you are solely responsible for the payment of any taxes and penalties due pursuant to Section 409A, but in no event will you be permitted to designate, directly or indirectly, the taxable year of the delivery.

19. **Compliance of Award Agreement and Plan with Section 162(m)**. If you are or become considered by GS Inc. to be one of its “covered employees” within the meaning of Section 162(m) of the Code, then you will be subject to Section 3.21.3 of the Plan, as a result of which delivery of your RSU Shares may be delayed.

COMMITTEE AUTHORITY, AMENDMENT AND CONSTRUCTION

20. **Committee Authority**. The Committee has the authority to determine, in its sole discretion, that any event triggering forfeiture or repayment of your Award will not apply, to limit the forfeitures and repayments that result under Paragraphs 9 and 10 and to remove Transfer Restrictions before the Transferability Date. In addition, the Committee, in its sole discretion, may determine whether Paragraphs 11(a)(ii) and 11(b) will apply upon a termination of Employment and whether a termination of Employment constitutes an Approved Termination under Paragraph 11(c).

21. **Amendment.** The Committee reserves the right at any time to amend the terms of this Award Agreement, and the Board may amend the Plan in any respect; *provided* that, notwithstanding the foregoing and Sections 1.3.2(f), 1.3.2(h) and 3.1 of the Plan, no such amendment will materially adversely affect your rights and obligations under this Award Agreement without your consent; and *provided further* that the Committee expressly reserves its rights to amend the Award Agreement and the Plan as described in Sections 1.3.2(h)(1), (2) and (4) of the Plan. A modification that impacts the tax consequences of this Award or the timing of delivery of RSU Shares will not be an amendment that materially adversely affects your rights and obligations under this Award Agreement. Any amendment of this Award Agreement will be in writing.

22. **Construction, Headings.** Unless the context requires otherwise, (a) words describing the singular number include the plural and vice versa, (b) words denoting any gender include all genders and (c) the words “include,” “includes” and “including” will be deemed to be followed by the words “without limitation.” The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof. References in this Award Agreement to any specific Plan provision will not be construed as limiting the applicability of any other Plan provision.

IN WITNESS WHEREOF, GS Inc. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

THE GOLDMAN SACHS GROUP, INC.

DEFINITIONS APPENDIX

The following capitalized terms are used in this Award Agreement with the following meanings:

(a) “409A Deferred Compensation” means a “deferral of compensation” or “deferred compensation” as those terms are defined in the regulations under Section 409A.

(b) “Approved Termination” means that you are classified by the Firm as a “program analyst” or “fixed-term employee” and you (i) successfully complete the analyst program or fixed-term engagement, as applicable and determined by the Firm in its sole discretion, including remaining Employed through the completion date specified by the Firm, and (ii) terminate Employment immediately after the completion date without any “stay-on” or other agreement or understanding to continue Employment with the Firm. If you agree to stay with the Firm as an employee after your analyst program or fixed-term engagement ends and then later terminate Employment, you will not have an Approved Termination.

(c) “Associate With a Covered Enterprise” means that you (i) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any Covered Enterprise or (ii) associate in any capacity (including association as an officer, employee, partner, director, consultant, agent or advisor) with any Covered Enterprise. Associate With a Covered Enterprise may include, as determined in the discretion of either the Committee or the SIP Committee, (i) becoming the subject of any publicly available announcement or report of a pending or future association with a Covered Enterprise and (ii) unpaid associations, including an association in contemplation of future employment. “Association With a Covered Enterprise” will have its correlative meaning.

(d) “Covered Enterprise” means an existing or planned business enterprise that competes with the Firm (which, for this purpose means offering products or services that are the same as or similar to those offered by the Firm (“Firm Products or Services”)), or reasonably may be expected to do so. The enterprises covered by this definition include enterprises that offer Firm Products or Services directly, as well as those that do so indirectly by ownership or control (e.g., by owning, being owned by, or being under common ownership with an enterprise that offers Firm Products or Services). An enterprise will be treated as providing Firm Products or Services if, solely by way of example, it provides products or services associated with investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than you or your family members), private banking, commercial banking, merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading. A Competitive Enterprise is a Covered Enterprise. **An enterprise that offers, or may reasonably be expected to offer, Firm Products or Services is a Covered Enterprise irrespective of whether the enterprise is a customer, client or counterparty of the Firm, and, because the Firm is a global enterprise, irrespective of where the Covered Enterprise is physically located.**

(e) “Failed to Consider Risk” means that you participated in the structuring or marketing of any product or service, or participated on behalf of the Firm or any of its clients in the purchase or sale of any security or other property, in any case without appropriate consideration of the risk to the Firm or the broader financial system as a whole (for example, where you have improperly analyzed such risk or where you have failed sufficiently to raise concerns about such risk) and, as a result of such action or omission, the Committee determines there has been, or reasonably could be expected to be, a material adverse impact on the Firm, your business unit or the broader financial system.

(f) “Qualifying Termination After a Change in Control” means that the Firm terminates your Employment other than for Cause or you terminate your Employment for Good Reason, in each case, within 18 months following a Change in Control.

(g) “Selected Firm Personnel” means any individual who is or in the three months preceding the conduct prohibited by Paragraph 9(c) was (i) a Firm employee or consultant with whom you personally worked while employed by the Firm, (ii) a Firm employee or consultant who, at any time during the year preceding the date of the termination of your Employment, worked in the same division in which you worked or (iii) an Advisory Director, a Managing Director or a Senior Advisor of the Firm.

(h) “Shares at Risk” means RSU Shares subject to Transfer Restrictions.

The following capitalized terms are used in this Award Agreement with the meanings that are assigned to them in the Plan.

(a) “Account” means any brokerage account, custody account or similar account, as approved or required by GS Inc. from time to time, into which shares of Common Stock, cash or other property in respect of an Award are delivered.

(b) “Award Agreement” means the written document or documents by which each Award is evidenced, including any Award Statement.

(c) “Award Statement” means a written statement that reflects certain Award terms.

(d) “Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in New York City are authorized or obligated by Federal law or executive order to be closed.

(e) “Cause” means (i) the Grantee’s conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge, or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations, (ii) the Grantee’s engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act), (iii) the Grantee’s willful failure to perform the Grantee’s duties to the Firm, (iv) the Grantee’s violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Firm is a member, (v) the Grantee’s violation of any Firm policy concerning hedging or pledging or confidential or proprietary information, or the Grantee’s material violation of any other Firm policy as in effect from time to time, (vi) the Grantee’s engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Firm or (vii) the Grantee’s engaging in any conduct detrimental to the Firm. The determination as to whether Cause has occurred shall be made by the Committee in its sole discretion and, in such case, the Committee also may, but shall not be required to, specify the date such Cause occurred (including by determining that a prior termination of Employment was for Cause). Any rights the Firm may have hereunder and in any Award Agreement in respect of the events giving rise to Cause shall be in addition to the rights the Firm may have under any other agreement with a Grantee or at law or in equity.

(f) “Change in Control” means the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving GS Inc. (a “Reorganization”) or sale or other disposition of all or substantially all of GS Inc.’s assets to an entity that is not an affiliate of GS Inc. (a

“Sale”), that in each case requires the approval of GS Inc.’s shareholders under the law of GS Inc.’s jurisdiction of organization, whether for such Reorganization or Sale (or the issuance of securities of GS Inc. in such Reorganization or Sale), unless immediately following such Reorganization or Sale, either: (i) at least 50% of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of (A) the entity resulting from such Reorganization, or the entity which has acquired all or substantially all of the assets of GS Inc. in a Sale (in either case, the “Surviving Entity”), or (B) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, as such Rule is in effect on the date of the adoption of the 1999 SIP) of 50% or more of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the Surviving Entity (the “Parent Entity”) is represented by GS Inc.’s securities (the “GS Inc. Securities”) that were outstanding immediately prior to such Reorganization or Sale (or, if applicable, is represented by shares into which such GS Inc. Securities were converted pursuant to such Reorganization or Sale) or (ii) at least 50% of the members of the board of directors (or similar officials in the case of an entity other than a corporation) of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) following the consummation of the Reorganization or Sale were, at the time of the Board’s approval of the execution of the initial agreement providing for such Reorganization or Sale, individuals (the “Incumbent Directors”) who either (A) were members of the Board on the Effective Date or (B) became directors subsequent to the Effective Date and whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of GS Inc.’s proxy statement in which such persons are named as nominees for director).

(g) “Client” means any client or prospective client of the Firm to whom the Grantee provided services, or for whom the Grantee transacted business, or whose identity became known to the Grantee in connection with the Grantee’s relationship with or employment by the Firm.

(h) “Committee” means the committee appointed by the Board to administer the Plan pursuant to Section 1.3, and, to the extent the Board determines it is appropriate for the compensation realized from Awards under the Plan to be considered “performance based” compensation under Section 162(m) of the Code, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is an “outside director” within the meaning of Code Section 162(m), and which, to the extent the Board determines it is appropriate for Awards under the Plan to qualify for the exemption available under Rule 16b-3(d)(1) or Rule 16b-3(e) promulgated under the Exchange Act, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is a “non-employee director” within the meaning of Rule 16b-3. Unless otherwise determined by the Board, the Committee shall be the Compensation Committee of the Board.

(i) “Common Stock” means common stock of GS Inc., par value \$0.01 per share.

(j) “Competitive Enterprise” means an existing or planned business enterprise that (i) engages, or may reasonably be expected to engage, in any activity, (ii) owns or controls, or may reasonably be expected to own or control, a significant interest in or (iii) is, or may reasonably be expected to be, owned by, or a significant interest in which is, or may reasonably be expected to be, owned or controlled by, any entity that engages in any activity that, in any case, competes or will compete anywhere with any activity in which the Firm is engaged. The activities covered by this definition include, without limitation, financial services such as investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than the Grantee and members of the Grantee’s family), merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading.

(k) “Conflicted Employment” means the Grantee’s employment at any U.S. Federal, state or local government, any non-U.S. government, any supranational or international organization, any self-regulatory organization, or any agency or instrumentality of any such government or organization, or any other employer determined by the Committee, if, as a result of such employment, the Grantee’s continued holding of any Outstanding Award would result in an actual or perceived conflict of interest.

(l) “Covered Person” means a member of the Board or the Committee or any employee of the Firm.

(m) “Date of Grant” means the date specified in the Grantee’s Award Agreement as the date of grant of the Award.

(n) “Delivery Date” means each date specified in the Grantee’s Award Agreement as a delivery date, *provided*, unless the Committee determines otherwise, such date is during a Window Period or, if such date is not during a Window Period, the first trading day of the first Window Period beginning after such date.

(o) “Dividend Equivalent Right” means a dividend equivalent right granted under the Plan, which represents an unfunded and unsecured promise to pay to the Grantee amounts equal to all or any portion of the regular cash dividends that would be paid on shares of Common Stock covered by an Award if such shares had been delivered pursuant to an Award.

(p) “Employment” means the Grantee’s performance of services for the Firm, as determined by the Committee. The terms “employ” and “employed” shall have their correlative meanings. The Committee in its sole discretion may determine (i) whether and when a Grantee’s leave of absence results in a termination of Employment (for this purpose, unless the Committee determines otherwise, a Grantee shall be treated as terminating Employment with the Firm upon the occurrence of an Extended Absence), (ii) whether and when a change in a Grantee’s association with the Firm results in a termination of Employment and (iii) the impact, if any, of any such leave of absence or change in association on Awards theretofore made. Unless expressly provided otherwise, any references in the Plan or any Award Agreement to a Grantee’s Employment being terminated shall include both voluntary and involuntary terminations.

(q) “Extended Absence” means the Grantee’s inability to perform for six (6) continuous months, due to illness, injury or pregnancy-related complications, substantially all the essential duties of the Grantee’s occupation, as determined by the Committee.

(r) “Firm” means GS Inc. and its subsidiaries and affiliates.

(s) “Good Reason” means, in connection with a termination of employment by a Grantee following a Change in Control, (a) as determined by the Committee, a materially adverse alteration in the Grantee’s position or in the nature or status of the Grantee’s responsibilities from those in effect immediately prior to the Change in Control or (b) the Firm’s requiring the Grantee’s principal place of Employment to be located more than seventy-five (75) miles from the location where the Grantee is principally Employed at the time of the Change in Control (except for required travel on the Firm’s business to an extent substantially consistent with the Grantee’s customary business travel obligations in the ordinary course of business prior to the Change in Control).

(t) “Grantee” means a person who receives an Award.

(u) “GS Inc.” means The Goldman Sachs Group, Inc., and any successor thereto.

(v) “Outstanding” means any Award to the extent it has not been forfeited, cancelled, terminated, exercised or with respect to which the shares of Common Stock underlying the Award have not been previously delivered or other payments made.

(w) “Retirement” means termination of the Grantee’s Employment (other than for Cause) on or after the Date of Grant at a time when (i) (A) the sum of the Grantee’s age plus years of service with the Firm (as determined by the Committee in its sole discretion) equals or exceeds 60 and (B) the Grantee has completed at least 10 years of service with the Firm (as determined by the Committee in its sole discretion) or, if earlier, (ii) (A) the Grantee has attained age 50 and (B) the Grantee has completed at least five years of service with the Firm (as determined by the Committee in its sole discretion).

(x) “RSU” means a restricted stock unit Award granted under the Plan, which represents an unfunded and unsecured promise to deliver shares of Common Stock in accordance with the terms of the RSU Award Agreement.

(y) “RSU Shares” means shares of Common Stock that underlie an RSU.

(z) “Section 409A” means Section 409A of the Code, including any amendments or successor provisions to that Section and any regulations and other administrative guidance thereunder, in each case as they, from time to time, may be amended or interpreted through further administrative guidance.

(aa) “SIP Administrator” means each person designated by the Committee as a “SIP Administrator” with the authority to perform day-to-day administrative functions for the Plan.

(bb) “SIP Committee” means the persons who have been delegated certain authority under the Plan by the Committee.

(cc) “Solicit” means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

(dd) “Transfer Restrictions” means restrictions that prohibit the sale, exchange, transfer, assignment, pledge, hypothecation, fractionalization, hedge or other disposal (including through the use of any cash-settled instrument), whether voluntarily or involuntarily by the Grantee, of an Award or any shares of Common Stock, cash or other property delivered in respect of an Award.

(ee) “Transferability Date” means the date Transfer Restrictions on a Restricted Share will be released. Within 30 Business Days after the applicable Transferability Date, GS Inc. shall take, or shall cause to be taken, such steps as may be necessary to remove Transfer Restrictions.

(ff) “Vested” means, with respect to an Award, the portion of the Award that is not subject to a condition that the Grantee remain actively employed by the Firm in order for the Award to remain Outstanding. The fact that an Award becomes Vested shall not mean or otherwise indicate that the Grantee has an unconditional or nonforfeitable right to such Award, and such Award shall remain subject to such terms, conditions and forfeiture provisions as may be provided for in the Plan or in the Award Agreement.

(gg) “Vesting Date” means each date specified in the Grantee’s Award Agreement as a date on which part or all of an Award becomes Vested.

(hh) "Window Period" means a period designated by the Firm during which all employees of the Firm are permitted to purchase or sell shares of Common Stock (*provided* that, if the Grantee is a member of a designated group of employees who are subject to different restrictions, the Window Period may be a period designated by the Firm during which an employee of the Firm in such designated group is permitted to purchase or sell shares of Common Stock).

THE GOLDMAN SACHS GROUP, INC.
[] YEAR-END RSU AWARD

This Award Agreement, together with The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) (the “Plan”), governs your _____ year-end award of RSUs (your “Award”). You should read carefully this entire Award Agreement, which includes the Award Statement and any attached Appendix.

ACCEPTANCE

1. **You Must Decide Whether to Accept this Award Agreement.** To be eligible to receive your Award, you must by the date specified (a) open and activate an Account and (b) agree to all the terms of your Award by executing the related signature card in accordance with its instructions. By executing the signature card, you confirm your agreement to all of the terms of this Award Agreement, including the arbitration and choice of forum provisions in Paragraph 16.

DOCUMENTS THAT GOVERN YOUR AWARD; DEFINITIONS

2. **The Plan.** Your Award is granted under the Plan, and the Plan’s terms apply to, and are a part of, this Award Agreement.
3. **Your Award Statement.** The Award Statement delivered to you contains some of your Award’s specific terms. For example, it contains the number of RSUs awarded to you and any applicable Vesting Dates, Delivery Dates and Transferability Dates.
4. **Definitions.** Capitalized terms are defined in the Definitions Appendix, which also includes terms that are defined in the Plan.

VESTING OF YOUR RSUs

5. **Vesting.** All of your RSUs are Vested. When an RSU is Vested, it means **only** that your continued active Employment is not required for delivery of that portion of RSU Shares. **Vesting does not mean you have a non-forfeitable right to the Vested portion of your Award. The terms of this Award Agreement (including conditions to delivery and any applicable Transfer Restrictions) continue to apply to Vested RSUs, and you can still forfeit Vested RSUs and any RSU Shares.**

DELIVERY OF YOUR RSU SHARES

6. **Delivery.** Reasonably promptly (but no more than 30 Business Days) after each Delivery Date listed on your Award Statement, RSU Shares (less applicable withholding as described in Paragraph 13(a)) will be delivered (by book entry credit to your Account) in respect of the amount of Outstanding RSUs listed next to that date. The Committee or the SIP Committee may select multiple dates within the 30-Business-Day period following the Delivery Date to deliver RSU Shares in respect of all or a portion of the RSUs with the same Delivery Date listed on the Award Statement, and all such dates will be treated as a single Delivery Date for purposes of this Award. Until such delivery, you have only the rights of a general unsecured creditor, and no rights as a shareholder of GS Inc. Without limiting the Committee’s authority under Section 1.3.2(h) of the Plan, the Firm may accelerate any Delivery Date by up to 30 days.

TRANSFER RESTRICTIONS FOLLOWING DELIVERY

7. **Transfer Restrictions and Shares at Risk.** Fifty percent of the RSU Shares that are delivered on any date, before tax withholding (or, if the applicable tax withholding rate is greater than 50%, all RSU Shares delivered after tax withholding), will be Shares at Risk[that are subject to Transfer Restrictions until the _____ Transferability Date, as set forth on your Award Statement. If the tax withholding rate is less than 50%, then any remaining RSU Shares that are delivered after tax withholding will be Shares at Risk subject to Transfer Restrictions until the Six-Month Transferability Date]. This means that if, for example, on a Delivery Date, you are scheduled to receive delivery of 1,000 RSU Shares, and you are subject to a 40% withholding rate, then (a) 400 RSU Shares will be withheld for taxes, (b) 500 RSU Shares delivered to you will be Shares at Risk [until the _____ Transferability Date] and (c) 100 RSU Shares delivered to you will [not be subject to Transfer Restrictions][be Shares at Risk until the Six-Month Transferability Date]. Any purported sale, exchange, transfer, assignment, pledge, hypothecation, fractionalization, hedge or other disposition in violation of the Transfer Restrictions on Shares at Risk will be void. Within 30 Business Days after the [applicable] Transferability Date [listed on your Award Statement](or any other date on which the Transfer Restrictions are to be removed), GS Inc. will remove the Transfer Restrictions. The Committee or the SIP Committee may select multiple dates within such 30-Business-Day period on which to remove Transfer Restrictions for all or a portion of the Shares at Risk with the same Transferability Date [listed on your Award Statement], and all such dates will be treated as a single Transferability Date for purposes of this Award.

DIVIDENDS

8. **Dividend Equivalent Rights and Dividends.** Each RSU includes a Dividend Equivalent Right, which entitles you to receive an amount (less applicable withholding), at or after the time of distribution of any regular cash dividend paid by GS Inc. in respect of a share of Common Stock, equal to any regular cash dividend payment that would have been made in respect of an RSU Share underlying your Outstanding RSUs for any record date that occurs on or after the Date of Grant. In addition, you will be entitled to receive on a current basis any regular cash dividend paid in respect of your Shares at Risk.

FORFEITURE OF YOUR AWARD

9. **How You May Forfeit Your Award.** This Paragraph 9 sets forth the events that result in forfeiture of up to all of your RSUs and Shares at Risk and may require repayment to the Firm of up to all other amounts previously delivered or paid to you under your Award in accordance with Paragraph 10. More than one event may apply, and in no case will the occurrence of one event limit the forfeiture and repayment obligations as a result of the occurrence of any other event. In addition, the Firm reserves the right to (a) suspend delivery of RSU Shares or release of Transfer Restrictions, (b) deliver any RSU Shares into an escrow account in accordance with Paragraph 13(f)(v) or (c) apply Transfer Restrictions to any RSU Shares in connection with any investigation of whether any of the events that result in forfeiture under the Plan or this Paragraph 9 have occurred. Paragraph 11 (relating to certain circumstances under which restrictions on Association With a Covered Enterprise will not apply) and Paragraph 12 (relating to certain circumstances under which delivery and/or release of Transfer Restrictions may be accelerated) provide for exceptions to one or more provisions of this Paragraph 9. [The Code Staff Forfeiture and Repayment Appendix supplements this Paragraph 9 and sets forth additional events that result in forfeiture of up to all of your RSUs and Shares at Risk and may require repayment to the Firm as described in Paragraph 10 and the Appendix.]

(a) RSUs Forfeited Upon Certain Events. If any of the following occurs, your rights to all of your Outstanding RSUs will terminate, and no RSU Shares will be delivered in respect of such RSUs:

(i) You Associate With a Covered Enterprise.

(A) If you Associate With a Covered Enterprise before the earlier of _____ or a Qualifying Termination After a Change in Control, your rights to all your Outstanding RSUs will terminate, and no RSU Shares will be delivered in respect of such RSUs.

(B) If you Associate With a Covered Enterprise on or after _____ but before the earlier of _____ or a Qualifying Termination After a Change in Control, your rights to your Outstanding RSUs that are scheduled to deliver in _____ and _____ will terminate, and no RSU Shares will be delivered in respect of such RSUs.

(C) If you Associate With a Covered Enterprise on or after _____ but before the earlier of _____ or a Qualifying Termination After a Change in Control, your rights in respect of your Outstanding RSUs that are scheduled to deliver in _____ will terminate, and no RSU Shares will be delivered in respect of such RSUs.

(ii) You Solicit Clients or Employees, Interfere with Client or Employee Relationships or Participate in the Hiring of Employees. Before the applicable Delivery Date, either:

(A) you, in any manner, directly or indirectly, (1) Solicit any Client to transact business with a Covered Enterprise or to reduce or refrain from doing any business with the Firm, (2) interfere with or damage (or attempt to interfere with or damage) any relationship between the Firm and any Client, (3) Solicit any person who is an employee of the Firm to resign from the Firm or to apply for or accept employment with any Covered Enterprise or (4) on behalf of yourself or any person or Covered Enterprise hire, or participate in the hiring of, any Selected Firm Personnel or identify, or participate in the identification of, Selected Firm Personnel for potential hiring, whether as an employee or consultant or otherwise, or

(B) Selected Firm Personnel are Solicited, hired or accepted into partnership, membership or similar status (1) by a Covered Enterprise that you form, that bears your name, in which you are a partner, member or have similar status, or in which you possess or control greater than a *de minimis* equity ownership, voting or profit participation or (2) by any Covered Enterprise where you have, or are intended to have, direct or indirect managerial or supervisory responsibility for such Selected Firm Personnel.

(iii) [GS Inc. Fails to Maintain the Minimum Tier 1 Capital Ratio]. Before the applicable Delivery Date, GS Inc. fails to maintain the required "Minimum Tier 1 Capital Ratio" as defined under Federal Reserve Board Regulations applicable to GS Inc. for a period of 90 consecutive business days.]

(iv) [GS Inc. Is Determined to Be in Default]. Before the applicable Delivery Date, the Board of Governors of the Federal Reserve or the Federal Deposit Insurance Corporation (the "FDIC") makes a written recommendation under Title II (Orderly Liquidation Authority) of the Dodd-Frank Wall Street Reform and Consumer Protection Act for the appointment of the FDIC as a receiver of GS Inc. based on a determination that GS Inc. is "in default" or "in danger of default."]

(b) RSUs and Shares at Risk Forfeited upon Certain Events. If any of the following occurs (i) your rights to all of your Outstanding RSUs will terminate, and no RSU Shares will be delivered in respect of such RSUs and (ii) your rights to all of your Shares at Risk will terminate and your Shares at Risk will be cancelled, in each case, as may be further described below:

(i) You Failed to Consider Risk. You Failed to Consider Risk during the Firm's _____ fiscal year.

(ii) Your Conduct Constitutes Cause. Any event that constitutes Cause [(including, for the avoidance of doubt, "Serious Misconduct" as defined in the Code Staff Forfeiture and Repayment Appendix)]has occurred before the applicable Delivery Date for RSUs or the [applicable] Transferability Date for Shares at Risk.

(iii) You Do Not Meet Your Obligations to the Firm. The Committee determines that, before the applicable Delivery Date for RSUs or the [applicable] Transferability Date for Shares at Risk, you failed to meet, in any respect, any obligation under any agreement with the Firm, or any agreement entered into in connection with your Employment or this Award, including the Firm's notice period requirement applicable to you, any offer letter, employment agreement or any shareholders' agreement relating to the Firm. Your failure to pay or reimburse the Firm, on demand, for any amount you owe to the Firm will constitute (A) failure to meet an obligation you have under an agreement, regardless of whether such obligation arises under a written agreement, and/or (B) a material violation of Firm policy constituting Cause.

(iv) You Do Not Provide Timely Certifications or Comply with Your Certifications. You fail to certify to GS Inc. that you have complied with all of the terms of the Plan and this Award Agreement, or the Committee determines that you have failed to comply with a term of the Plan or this Award Agreement to which you have certified compliance.

(v) You Do Not Follow Dispute Resolution/Arbitration Procedures. You attempt to have any dispute under the Plan or this Award Agreement resolved in any manner that is not provided for by Paragraph 16 or Section 3.17 of the Plan.

(vi) You Bring an Action that Results in a Determination that Any Award Agreement Term Is Invalid. As a result of any action brought by you, it is determined that any term of this Award Agreement is invalid.

(vii) You Receive Compensation in Respect of Your Award from Another Employer. Your Employment terminates for any reason or you otherwise are no longer actively employed with the Firm and another entity grants you cash, equity or other property (whether vested or unvested) to replace, substitute for or otherwise in respect of any Outstanding RSUs or Shares at Risk; provided, however, that your rights will only be terminated in respect of the RSUs and Shares at Risk that are replaced, substituted for or otherwise considered by such other entity in making its grant.

(viii) [Accounting Restatement Required Under Sarbanes-Oxley. GS Inc. is required to prepare an accounting restatement due to GS Inc.'s material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws as described in Section 304(a) of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"); provided, however, that your rights will only be terminated in respect of the RSUs and Shares at Risk to the same extent that would be required under Section 304(a) of Sarbanes-Oxley had you been a "chief executive officer" or "chief financial officer" of GS Inc. (regardless of whether you actually hold such position at the relevant time).]

REPAYMENT OF YOUR AWARD

10. **When You May Be Required to Repay Your Award.**

(a) [Repayment, Generally.] If the Committee determines that any term of this Award was not satisfied, you will be required, immediately upon demand therefor, to repay to the Firm the following:

(i) Any RSU Shares (which, for the avoidance of doubt, includes any Shares at Risk) for which the terms (including the terms for delivery) of the related RSUs were not satisfied, in accordance with Section 2.6.3 of the Plan.

(ii) Any Shares at Risk for which the terms (including the terms for the release of Transfer Restrictions) were not satisfied, in accordance with Section 2.5.3 of the Plan.

(iii) Any RSU Shares that were delivered (but not subject to Transfer Restrictions) at the same time any Shares at Risk that are cancelled or required to be repaid were delivered.

(iv) Any payments under Dividend Equivalent Rights for which the terms were not satisfied (including any such payments made in respect of RSUs that are forfeited or RSU Shares that are cancelled or subject to repayment), in accordance with Section 2.8.4 of the Plan.

(v) Any dividends paid in respect of any RSU Shares that are cancelled or required to be repaid.

(vi) Any amount applied to satisfy tax withholding or other obligations with respect to any RSU, RSU Shares, dividend payments and payments under Dividend Equivalent Rights that are forfeited or required to be repaid.

(b) [Repayment Upon Accounting Restatement Required Under Sarbanes-Oxley If an event described in Paragraph 9(b) (viii) (relating to a requirement under Sarbanes-Oxley that GS Inc. prepare an accounting restatement) occurs, any RSU Shares, cash or other property delivered, paid or withheld in respect of this Award shall be subject to repayment as described in Paragraph 10(a) to the same extent that would be required under Section 304(a) of Sarbanes-Oxley had you been a “chief executive officer” or “chief financial officer” of GS Inc. (regardless of whether you actually hold such position at the relevant time).]

EXCEPTIONS TO ASSOCIATION WITH A COVERED ENTERPRISE; DELIVERY AND/OR TRANSFERABILITY DATES

11. **Restrictions on Association With a Covered Enterprise Cease to Apply After an Involuntary or Mutual Agreement Termination (but the Original Delivery Date and Transferability Date Continue to Apply).** Paragraph 9(a)(i) (relating to forfeiture if you Associate With a Covered Enterprise) will not apply if (a) your Employment terminates and the Firm characterizes your Employment termination as “involuntary” or by “mutual agreement” and (b) you execute a general waiver and release of claims and an agreement to pay any associated tax liability, in each case, in the form the Firm prescribes. No Employment termination that you initiate, including any purported “constructive

termination,” a “termination for good reason” or similar concepts, can be “involuntary” or by “mutual agreement.” All other terms of this Award Agreement, including the other forfeiture and repayment events in Paragraphs 9 and 10, continue to apply.

12. Accelerated Delivery and/or Release of Transfer Restrictions in the Event of a Qualifying Termination After a Change in Control, Conflicted Employment or Death. In the event of your Qualifying Termination After a Change in Control, Conflicted Employment or death, each as described below, your Outstanding Award will be treated as described in this Paragraph 12, and, except as set forth in Paragraph 12(a), all other terms of this Award Agreement, including the other forfeiture and repayment events in Paragraphs 9 and 10, continue to apply.

(a) You Have a Qualifying Termination After a Change in Control. If your Employment terminates when you meet the requirements of a Qualifying Termination After a Change in Control, the RSU Shares underlying your Outstanding RSUs will be delivered, and any Transfer Restrictions will cease to apply. In addition, the forfeiture events in Paragraph 9 will not apply to your Award.

(b) You Are Determined to Have Accepted Conflicted Employment.

(i) Generally. If your Employment terminates solely because you resign to accept Conflicted Employment, as soon as practicable after the Committee has received satisfactory documentation relating to your Conflicted Employment, (A) RSU Shares will be delivered in respect of your Outstanding RSUs (including in the form of cash as described in Paragraph 13(b)) and (B) any Transfer Restrictions will cease to apply. In addition, if, following your termination of Employment, you notify the Firm and provide the Committee with satisfactory documentation that you are accepting Conflicted Employment, (A) RSU Shares will be delivered in respect of your Outstanding RSUs (including in the form of cash as described in Paragraph 13(b)) and (B) any Transfer Restrictions will cease to apply.

(ii) You May Have to Take Other Steps to Address Conflicts of Interest. The Committee retains the authority to exercise its rights under the Award Agreement or the Plan (including Section 1.3.2 of the Plan) to take or require you to take other steps it determines in its sole discretion to be necessary or appropriate to cure an actual or perceived conflict of interest (which may include a determination that the accelerated delivery and/or release of Transfer Restrictions described in Paragraph 12(b)(i) will not apply because such actions are not necessary or appropriate to cure an actual or perceived conflict of interest).

(c) Death. If you die, the RSU Shares underlying your Outstanding RSUs will be delivered to the representative of your estate and any Transfer Restrictions will cease to apply as soon as practicable after the date of death and after such documentation as may be requested by the Committee is provided to the Committee.

OTHER TERMS, CONDITIONS AND AGREEMENTS

13. Additional Terms, Conditions and Agreements.

(a) You Must Satisfy Applicable Tax Withholding Requirements. Delivery of RSU Shares is conditioned on your satisfaction of any applicable withholding taxes in accordance with Section 3.2 of the Plan (which includes the Firm deducting or withholding amounts from any payment or distribution to you). In addition, to the extent permitted by applicable law, the Firm, in its sole discretion, may require you to provide amounts equal to all or a portion of any Federal,

state, local, foreign or other tax obligations imposed on you or the Firm in connection with the grant or delivery of this Award by requiring you to choose between remitting the amount (i) in cash (or through payroll deduction or otherwise) or (ii) in the form of proceeds from the Firm's executing a sale of RSU Shares delivered to you under this Award. In addition, if you are an individual with separate employment contracts (at any time during and/or after the Firm's _____ fiscal year), the Firm, in its sole discretion, may require you to provide for a reserve in an amount the Firm determines is advisable or necessary in connection with any actual, anticipated or potential tax consequences related to your separate employment contracts by requiring you to choose between remitting such amount (i) in cash (or through payroll deduction or otherwise) or (ii) in the form of proceeds from the Firm's executing a sale of shares of Common Stock delivered to you pursuant to this Award (or any other Outstanding awards granted under the Plan or any predecessor or successor plan thereto). In no event, however, does this Paragraph 13(a) give you any discretion to determine or affect the timing of the delivery of RSU Shares or the timing of payment of tax obligations.

(b) Firm May Deliver Cash or Other Property Instead of RSU Shares. In accordance with Section 1.3.2(i) of the Plan, in the sole discretion of the Committee, in lieu of all or any portion of the RSU Shares, the Firm may deliver cash, other securities, other awards under the Plan or other property, and all references in this Award Agreement to deliveries of RSU Shares will include such deliveries of cash, other securities, other awards under the Plan or other property.

(c) Amounts May Be Rounded to Avoid Fractional Shares. RSU Shares that become deliverable on a Delivery Date and RSU Shares subject to Transfer Restrictions may, in each case, be rounded to avoid fractional Shares.

(d) You May Be Required to Become a Party to the Shareholders' Agreement. Your rights to your RSUs are conditioned on your becoming a party to any shareholders' agreement to which other similarly situated employees (*e.g.*, employees with a similar title or position) of the Firm are required to be a party.

(e) Firm May Affix Legends and Place Stop Orders on Restricted RSU Shares. GS Inc. may affix to Certificates representing RSU Shares any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under a separate agreement). GS Inc. may advise the transfer agent to place a stop order against any legended RSU Shares.

(f) You Agree to Certain Consents, Terms and Conditions. By accepting this Award you understand and agree that:

(i) You Agree to Certain Consents as a Condition to the Award. You have expressly consented to all of the items listed in Section 3.3.3(d) of the Plan, including the Firm's supplying to any third-party recordkeeper of the Plan or other person such personal information of yours as the Committee deems advisable to administer the Plan, and you agree to provide any additional consents that the Committee determines to be necessary or advisable;

(ii) You Are Subject to the Firm's Policies, Rules and Procedures. You are subject to the Firm's policies in effect from time to time concerning trading in RSU Shares and hedging or pledging RSU Shares and equity-based compensation or other awards (including, without limitation, the Firm's "Policies With Respect to Transactions Involving GS Shares, Equity Awards and GS Options by Persons Affiliated with GS Inc." or any successor policies),

and confidential or proprietary information, and you will effect sales of RSU Shares in accordance with such rules and procedures as may be adopted from time to time (which may include, without limitation, restrictions relating to the timing of sale requests, the manner in which sales are executed, pricing method, consolidation or aggregation of orders and volume limits determined by the Firm);

(iii) You Are Responsible for Costs Associated with Your Award. You will be responsible for all brokerage costs and other fees or expenses associated with your RSUs, including those related to the sale of RSU Shares;

(iv) You Will Be Deemed to Represent Your Compliance with All the Terms of Your Award if You Accept Delivery of, or Sell, RSU Shares. You will be deemed to have represented and certified that you have complied with all of the terms of the Plan and this Award Agreement when you accept delivery of RSU Shares, receive payment in respect of Dividend Equivalent Rights and request the sale of RSU Shares following the release of Transfer Restrictions;

(v) Firm May Deliver Your Award into an Escrow Account. The Firm may establish and maintain an escrow account on such terms (which may include your executing any documents related to, and your paying for any costs associated with, such account) as it may deem necessary or appropriate, and the delivery of RSU Shares (including Shares at Risk) or the payment of cash or other property may initially be made into and held in that escrow account until such time as the Committee has received such documentation as it may have requested or until the Committee has determined that any other conditions or restrictions on delivery of RSU Shares, cash or other property required by this Award Agreement have been satisfied;

(vi) You May Be Required to Certify Compliance with Award Terms; You Are Responsible for Providing the Firm with Updated Address and Contact Information After Your Departure from the Firm. If your Employment terminates while you continue to hold RSUs or Shares at Risk, from time to time, you may be required to provide certifications of your compliance with all of the terms of the Plan and this Award Agreement as described in Paragraph 9(b)(iv). You understand and agree that (A) your address on file with the Firm at the time any certification is required will be deemed to be your current address, (B) it is your responsibility to inform the Firm of any changes to your address to ensure timely receipt of the certification materials, (C) you are responsible for contacting the Firm to obtain such certification materials if not received and (D) your failure to return properly completed certification materials by the specified deadline (which includes your failure to timely return the completed certification because you did not provide the Firm with updated contact information) will result in the forfeiture of all of your RSUs and Shares at Risk and subject previously delivered amounts to repayment under Paragraph 9(b)(iv);

(vii) You Authorize the Firm to Register, in Its or Its Designee's Name, Any Shares at Risk and Sell, Assign or Transfer any Forfeited Shares at Risk. You are granting to the Firm the full power and authority to register any Shares at Risk in its or its designee's name and authorizing the Firm or its designee to sell, assign or transfer any Shares at Risk if you forfeit your Shares at Risk;

(viii) You Must Comply with Applicable Deadlines and Procedures to Appeal Determinations Made by the Committee, the SIP Committee or SIP Administrators. In order to appeal a determination by the Committee, the SIP Committee, the SIP Administrators, or any of their delegates or designees, you must submit a written request for the appeal within 180 days

after receipt of any such determination. You must exhaust all administrative remedies before seeking to resolve a dispute through arbitration pursuant to Paragraph 16 and Section 3.17 of the Plan; and

(ix) You Agree that Covered Persons Will Not Have Liability. In addition to and without limiting the generality of the provisions of Section 1.3.5 of the Plan, neither the Firm nor any Covered Person will have any liability to you or any other person for any action taken or omitted in respect of this or any other Award.

14. **Non-transferability.** Except as otherwise may be provided in this Paragraph 14 or as otherwise may be provided by the Committee, the limitations on transferability set forth in Section 3.5 of the Plan will apply to this Award. Any purported transfer or assignment in violation of the provisions of this Paragraph 14 or Section 3.5 of the Plan will be void. The Committee may adopt procedures pursuant to which some or all recipients of RSUs may transfer some or all of their RSUs and/or Shares at Risk (which will continue to be subject to Transfer Restrictions until the [applicable] Transferability Date) through a gift for no consideration to any immediate family member, a trust or other estate planning vehicle approved by the Committee or SIP Committee in which the recipient and/or the recipient's immediate family members in the aggregate have 100% of the beneficial interest.

15. **Right of Offset.** Except as provided in Paragraph 18(h), the obligation to deliver RSU Shares, to pay dividends or payments under Dividend Equivalent Rights or to remove the Transfer Restrictions under this Award Agreement is subject to Section 3.4 of the Plan, which provides for the Firm's right to offset against such obligation any outstanding amounts you owe to the Firm and any amounts the Committee deems appropriate pursuant to any tax equalization policy or agreement.

ARBITRATION, CHOICE OF FORUM AND GOVERNING LAW

16. **Arbitration; Choice of Forum.**

(a) BY ACCEPTING THIS AWARD, YOU ARE INDICATING THAT YOU UNDERSTAND AND AGREE THAT THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN SECTION 3.17 OF THE PLAN WILL APPLY TO THIS AWARD. THESE PROVISIONS, WHICH ARE EXPRESSLY INCORPORATED HEREIN BY REFERENCE, PROVIDE AMONG OTHER THINGS THAT ANY DISPUTE, CONTROVERSY OR CLAIM BETWEEN THE FIRM AND YOU ARISING OUT OF OR RELATING TO OR CONCERNING THE PLAN OR THIS AWARD AGREEMENT WILL BE FINALLY SETTLED BY ARBITRATION IN NEW YORK CITY, PURSUANT TO THE TERMS MORE FULLY SET FORTH IN SECTION 3.17 OF THE PLAN.

(b) To the fullest extent permitted by applicable law, no arbitrator will have the authority to consider class, collective or representative claims, to order consolidation or to join different claimants or grant relief other than on an individual basis to the individual claimant involved.

(c) Notwithstanding any applicable forum rules to the contrary, to the extent there is a question of enforceability of this Award Agreement arising from a challenge to the arbitrator's jurisdiction or to the arbitrability of a claim, it will be decided by a court and not an arbitrator.

(d) All references to the New York Stock Exchange in Section 3.17 of the Plan will be read as references to the Financial Industry Regulatory Authority.

(e) The Federal Arbitration Act governs interpretation and enforcement of all arbitration provisions under the Plan and this Award Agreement, and all arbitration proceedings thereunder.

(f) Nothing in this Award Agreement creates a substantive right to bring a claim under U.S. Federal, state, or local employment laws.

17. Governing Law. THIS AWARD WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

CERTAIN TAX PROVISIONS

18. Compliance of Award Agreement and Plan with Section 409A. The provisions of this Paragraph 18 apply to you only if you are a U.S. taxpayer.

(a) This Award Agreement and the Plan provisions that apply to this Award are intended and will be construed to comply with Section 409A (including the requirements applicable to, or the conditions for exemption from treatment as, 409A Deferred Compensation), whether by reason of short-term deferral treatment or other exceptions or provisions. The Committee will have full authority to give effect to this intent. To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of the Plan (including Sections 1.3.2 and 2.1 thereof) and this Award Agreement, the provisions of this Award Agreement will govern, and in the case of any conflict or potential inconsistency between this Paragraph 18 and the other provisions of this Award Agreement, this Paragraph 18 will govern.

(b) Delivery of RSU Shares will not be delayed beyond the date on which all applicable conditions or restrictions on delivery of RSU Shares required by this Agreement (including those specified in Paragraphs 6, 7, 11, 12(c) and 13 and the consents and other items specified in Section 3.3 of the Plan) are satisfied. To the extent that any portion of this Award is intended to satisfy the requirements for short-term deferral treatment under Section 409A, delivery for such portion will occur by the March 15 coinciding with the last day of the applicable “short-term deferral” period described in Reg. 1.409A-1(b)(4) in order for the delivery of RSU Shares to be within the short-term deferral exception unless, in order to permit all applicable conditions or restrictions on delivery to be satisfied, the Committee elects, pursuant to Reg. 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted in accordance with Section 409A, to delay delivery of RSU Shares to a later date within the same calendar year or to such later date as may be permitted under Section 409A, including Reg. 1.409A-2(b)(7) (in conjunction with Section 3.21.3 of the Plan pertaining to Code Section 162(m)) and Reg. 1.409A-3(d). For the avoidance of doubt, if the Award includes a “series of installment payments” as described in Reg. 1.409A-2(b)(2)(iii), your right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment.

(c) Notwithstanding the provisions of Paragraph 13(b) and Section 1.3.2(i) of the Plan, to the extent necessary to comply with Section 409A, any securities, other Awards or other property that the Firm may deliver in respect of your RSUs will not have the effect of deferring delivery or payment, income inclusion, or a substantial risk of forfeiture, beyond the date on which such delivery, payment or inclusion would occur or such risk of forfeiture would lapse, with respect to the RSU Shares that would otherwise have been deliverable (unless the Committee elects a later date for this purpose pursuant to Reg. 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted under Section 409A, including and to the extent applicable, the subsequent election provisions of Section 409A(a)(4)(C) of the Code and Reg. 1.409A-2(b)).

(d) Notwithstanding the timing provisions of Paragraph 12(c), the delivery of RSU Shares referred to therein will be made after the date of death and during the calendar year that includes the date of death (or on such later date as may be permitted under Section 409A).

(e) The timing of delivery or payment pursuant to Paragraph 12(a) will occur on the earlier of (i) the Delivery Date or (ii) a date that is within the calendar year in which the termination of Employment occurs; *provided, however*, that, if you are a “specified employee” (as defined by the Firm in accordance with Section 409A(a)(2)(i)(B) of the Code), delivery will occur on the earlier of the Delivery Date or (to the extent required to avoid the imposition of additional tax under Section 409A) the date that is six months after your termination of Employment (or, if the latter date is not during a Window Period, the first trading day of the next Window Period). For purposes of Paragraph 12(a), references in this Award Agreement to termination of Employment mean a termination of Employment from the Firm (as defined by the Firm) which is also a separation from service (as defined by the Firm in accordance with Section 409A).

(f) Notwithstanding any provision of Paragraph 8 or Section 2.8.2 of the Plan to the contrary, the Dividend Equivalent Rights with respect to each of your Outstanding RSUs will be paid to you within the calendar year that includes the date of distribution of any corresponding regular cash dividends paid by GS Inc. in respect of a share of Common Stock the record date for which occurs on or after the Date of Grant. The payment will be in an amount (less applicable withholding) equal to such regular dividend payment as would have been made in respect of the RSU Shares underlying such Outstanding RSUs.

(g) The timing of delivery or payment referred to in Paragraph 12(b)(i) will be the earlier of (i) the Delivery Date or (ii) a date that is within the calendar year in which the Committee receives satisfactory documentation relating to your Conflicted Employment, *provided* that such delivery or payment will be made, and any Committee action referred to in Paragraph 12(b)(ii) will be taken, only at such time as, and if and to the extent that it, as reasonably determined by the Firm, would not result in the imposition of any additional tax to you under Section 409A.

(h) Paragraph 15 and Section 3.4 of the Plan will not apply to Awards that are 409A Deferred Compensation except to the extent permitted under Section 409A.

(i) Delivery of RSU Shares in respect of any Award may be made, if and to the extent elected by the Committee, later than the Delivery Date or other date or period specified hereinabove (but, in the case of any Award that constitutes 409A Deferred Compensation, only to the extent that the later delivery is permitted under Section 409A).

(j) You understand and agree that you are solely responsible for the payment of any taxes and penalties due pursuant to Section 409A, but in no event will you be permitted to designate, directly or indirectly, the taxable year of the delivery.

19. Compliance of Award Agreement and Plan with Section 162(m). If you are or become considered by GS Inc. to be one of its “covered employees” within the meaning of Section 162(m) of the Code, then you will be subject to Section 3.21.3 of the Plan, as a result of which delivery of your RSU Shares may be delayed.

COMMITTEE AUTHORITY, AMENDMENT AND CONSTRUCTION

20. **Committee Authority.** The Committee has the authority to determine, in its sole discretion, that any event triggering forfeiture or repayment of your Award will not apply, to limit the forfeitures and repayments that result under Paragraphs 9 and 10 and to remove Transfer Restrictions before the [applicable] Transferability Date. In addition, the Committee, in its sole discretion, may determine whether Paragraph 11 will apply upon a termination of Employment.

21. **Amendment.** The Committee reserves the right at any time to amend the terms of this Award Agreement, and the Board may amend the Plan in any respect; *provided* that, notwithstanding the foregoing and Sections 1.3.2(f), 1.3.2(h) and 3.1 of the Plan, no such amendment will materially adversely affect your rights and obligations under this Award Agreement without your consent; and *provided further* that the Committee expressly reserves its rights to amend the Award Agreement and the Plan as described in Sections 1.3.2(h)(1), (2) and (4) of the Plan. A modification that impacts the tax consequences of this Award or the timing of delivery of RSU Shares will not be an amendment that materially adversely affects your rights and obligations under this Award Agreement. Any amendment of this Award Agreement will be in writing.

22. **Construction, Headings.** Unless the context requires otherwise, (a) words describing the singular number include the plural and vice versa, (b) words denoting any gender include all genders and (c) the words “include,” “includes” and “including” will be deemed to be followed by the words “without limitation.” The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof. References in this Award Agreement to any specific Plan provision will not be construed as limiting the applicability of any other Plan provision.

IN WITNESS WHEREOF, GS Inc. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

THE GOLDMAN SACHS GROUP, INC.

[CODE STAFF FORFEITURE AND REPAYMENT APPENDIX

This Code Staff Appendix supplements Paragraph 9 and sets forth additional events that result in forfeiture of up to all of your RSUs and Shares at Risk and may require repayment to the Firm of up to all other amounts previously delivered or paid to you under your Award in accordance with Paragraph 10. As with the events described in Paragraph 9, more than one event may apply, in no case will the occurrence of one event limit the forfeiture and repayment obligations as a result of the occurrence of any other event and the Firm reserves the right to (a) suspend delivery of RSU Shares or release of Transfer Restrictions, (b) deliver any RSU Shares into an escrow account in accordance with Paragraph 13(f)(v) or (c) apply Transfer Restrictions to any RSU Shares in connection with any investigation of whether any of the events that result in forfeiture under this Code Staff Appendix have occurred.

With respect to the events described in Paragraphs (b) through (e) of this Appendix, the Committee will consider certain factors to determine whether and what portion of your Award will terminate, including the reason for the “Loss Event” (as defined below) or “Risk Event” (as defined below) and the extent to which: (1) you participated in the Loss Event or Risk Event, (2) your compensation for the Firm’s _____ fiscal year may or may not have been adjusted to take into account the risk associated with the Loss Event, Risk Event, your “Serious Misconduct” (as defined below) or the Serious Misconduct of a “Supervised Employee” (as defined below) and (3) your compensation may be adjusted for the year in which the Loss Event, Risk Event, your Serious Misconduct or a Supervised Employee’s Serious Misconduct is discovered.

(a) You Associate With a Material Covered Enterprise Prior to [_____]. If you “Associate With a Material Covered Enterprise” (as defined below) on or after the date the restrictions on Association With a Covered Enterprise lapse (as described in Paragraph 9(a)(i) of the Award Agreement) and before the earlier of _____ or a Qualifying Termination After a Change in Control, your rights to all of your Outstanding RSUs will terminate, and no RSU Shares will be delivered in respect of such RSUs and your rights to all of your Shares at Risk will terminate and your Shares at Risk will be cancelled.

(i) “**Associate With a Material Covered Enterprise**” means that you (A) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any “Material Covered Enterprise” (as defined below) or (B) associate in any capacity (including association as an officer, employee, partner, director, consultant, agent or advisor) with any Material Covered Enterprise. Associate With a Material Covered Enterprise may include, as determined in the discretion of either the Committee or the SIP Committee, (A) becoming the subject of any publicly available announcement or report of a pending or future association with a Material Covered Enterprise and (B) unpaid associations, including an association in contemplation of future employment. The term “Association With a Material Covered Enterprise” has its correlative meaning.

(ii) The restriction described above on any Association With a Material Covered Enterprise will not apply if (A) the Firm terminates your Employment solely by reason of a “downsizing” (and you have not engaged in conduct constituting Cause) or the Firm characterizes your Employment termination as “involuntary” or by “mutual agreement” and (B) you execute a general waiver and release of claims and an agreement to pay any associated tax liability, in each case, in the form the Firm prescribes.

(iii) “**Material Covered Enterprise**” means a Covered Enterprise that the Firm determines, in its sole discretion, to be material.

(b) A Loss Event Occurs Prior to Delivery. If a Loss Event occurs prior to the delivery of RSU Shares, your rights in respect of all or a portion of your RSUs which are scheduled to deliver on the next Delivery Date immediately following the date that the Loss Event is identified (or, if not practicable, then the next following Delivery Date) will terminate, and no RSU Shares will be delivered in respect of such RSUs.

(i) A “**Loss Event**” means (A) an annual pre-tax loss at GS Inc. or (B) annual negative revenues in one or more reporting segments as disclosed in the Firm’s Form 10-K other than the Investing & Lending segment, or annual negative revenues in the Investing & Lending segment of \$5 billion or more, provided in either case that you are employed in a business within such reporting segment.

(c) A Risk Event Occurs Prior to [_____]. If a Risk Event occurs prior to _____, (i) your rights in respect of all or a portion of your RSUs will terminate and no RSU Shares will be delivered in respect of such RSUs, (ii) your rights to all or a portion of any Shares at Risk will terminate and such Shares at Risk will be cancelled and (iii) you will be obligated immediately upon demand therefor to pay the Firm an amount not in excess of the greater of the Fair Market Value of the RSU Shares (plus any dividend payments and payments under Dividend Equivalent Rights) delivered in respect of the Award (without reduction for any amount applied to satisfy tax withholding or other obligations) determined as of (A) the date the Risk Event occurred and (B) the date that the repayment request is made.

(i) A “**Risk Event**” means there occurs a loss of 5% or more of firmwide total capital from a reportable operational risk event determined in accordance with the firmwide Reporting Operational Risk Events Policy.

(d) You Engage in Serious Misconduct Prior to [_____]. If you engage in Serious Misconduct during the period beginning on the applicable Transferability Date through _____, you will be obligated immediately upon demand therefor to pay the Firm an amount not in excess of the greater of the Fair Market Value of the RSU Shares (plus any dividend payments and payments under Dividend Equivalent Rights) delivered in respect of the Award (without reduction for any amount applied to satisfy tax withholding or other obligations) determined as of (i) the date the Serious Misconduct occurred and (ii) the date that the repayment request is made.

(i) “**Serious Misconduct**” means that you engage in conduct that the Firm reasonably considers, in its sole discretion, to be misconduct sufficient to justify summary termination of employment under English law.

(e) A Supervised Employee Engages in Serious Misconduct. If the Committee determines that it is appropriate to hold you accountable in whole or in part for Serious Misconduct related to compliance, control or risk that occurred during the Firm’s _____ fiscal year by a Supervised Employee, your rights in respect of all or a portion of your RSUs will terminate and no RSU Shares will be delivered in respect of such RSUs and your rights to all or a portion of any Shares at Risk will terminate and such Shares at Risk will be cancelled.

(i) “**Supervised Employee**” means an individual with respect to whom the Committee determines you had supervisory responsibility as a result of direct or indirect reporting lines or your management responsibility for an office, division or business.

Notwithstanding any provision in the Plan, this Award Agreement or any other agreement or arrangement you may have with the Firm, the parties agree that to the extent that there is any dispute arising out of or relating to the payment required by Paragraphs (c) and (d) of this Appendix (including your refusal to remit payment) the parties will submit to arbitration in accordance with Paragraph 16 of this Award Agreement and Section 3.17 of the Plan as the sole means of resolution of such dispute (including the recovery by the Firm of the payment amount).]

DEFINITIONS APPENDIX

The following capitalized terms are used in this Award Agreement with the following meanings:

(a) “409A Deferred Compensation” means a “deferral of compensation” or “deferred compensation” as those terms are defined in the regulations under Section 409A.

(b) “Associate With a Covered Enterprise” means that you (i) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any Covered Enterprise or (ii) associate in any capacity (including association as an officer, employee, partner, director, consultant, agent or advisor) with any Covered Enterprise. Associate With a Covered Enterprise may include, as determined in the discretion of either the Committee or the SIP Committee, (i) becoming the subject of any publicly available announcement or report of a pending or future association with a Covered Enterprise and (ii) unpaid associations, including an association in contemplation of future employment. “Association With a Covered Enterprise” will have its correlative meaning.

(c) “Covered Enterprise” means an existing or planned business enterprise that competes with the Firm (which, for this purpose means offering products or services that are the same as or similar to those offered by the Firm (“Firm Products or Services”), or reasonably may be expected to do so. The enterprises covered by this definition include enterprises that offer Firm Products or Services directly, as well as those that do so indirectly by ownership or control (e.g., by owning, being owned by, or being under common ownership with an enterprise that offers Firm Products or Services). An enterprise will be treated as providing Firm Products or Services if, solely by way of example, it provides products or services associated with investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than you or your family members), private banking, commercial banking, merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading. A Competitive Enterprise is a Covered Enterprise. **An enterprise that offers, or may reasonably be expected to offer, Firm Products or Services is a Covered Enterprise irrespective of whether the enterprise is a customer, client or counterparty of the Firm, and, because the Firm is a global enterprise, irrespective of where the Covered Enterprise is physically located.**

(d) “Failed to Consider Risk” means that you participated in the structuring or marketing of any product or service, or participated on behalf of the Firm or any of its clients in the purchase or sale of any security or other property, in any case without appropriate consideration of the risk to the Firm or the broader financial system as a whole (for example, where you have improperly analyzed such risk or where you have failed sufficiently to raise concerns about such risk) and, as a result of such action or omission, the Committee determines there has been, or reasonably could be expected to be, a material adverse impact on the Firm, your business unit or the broader financial system.

(e) “[] Transferability Date” means the first trading day in a Window Period that occurs in , or if no Window Period occurs in , the first trading day of the first Window Period following thereafter.]

(f) “Qualifying Termination After a Change in Control” means that the Firm terminates your Employment other than for Cause or you terminate your Employment for Good Reason, in each case, within 18 months following a Change in Control.

(g) “Selected Firm Personnel” means any individual who is or in the three months preceding the conduct prohibited by Paragraph 9(a)(ii) was (i) a Firm employee or consultant with whom you

personally worked while employed by the Firm, (ii) a Firm employee or consultant who, at any time during the year preceding the date of the termination of your Employment, worked in the same division in which you worked or (iii) an Advisory Director, a Managing Director or a Senior Advisor of the Firm.

(h) “Shares at Risk” means RSU Shares subject to Transfer Restrictions.

(i) [“Six-Month Transferability Date” means the first trading day in a Window Period that occurs on or after the six-month anniversary of the Delivery Date.]

The following capitalized terms are used in this Award Agreement with the meanings that are assigned to them in the Plan.

(a) “Account” means any brokerage account, custody account or similar account, as approved or required by GS Inc. from time to time, into which shares of Common Stock, cash or other property in respect of an Award are delivered.

(b) “Award Agreement” means the written document or documents by which each Award is evidenced, including any Award Statement.

(c) “Award Statement” means a written statement that reflects certain Award terms.

(d) “Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in New York City are authorized or obligated by Federal law or executive order to be closed.

(e) “Cause” means (i) the Grantee’s conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge, or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations, (ii) the Grantee’s engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act), (iii) the Grantee’s willful failure to perform the Grantee’s duties to the Firm, (iv) the Grantee’s violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Firm is a member, (v) the Grantee’s violation of any Firm policy concerning hedging or pledging or confidential or proprietary information, or the Grantee’s material violation of any other Firm policy as in effect from time to time, (vi) the Grantee’s engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Firm or (vii) the Grantee’s engaging in any conduct detrimental to the Firm. The determination as to whether Cause has occurred shall be made by the Committee in its sole discretion and, in such case, the Committee also may, but shall not be required to, specify the date such Cause occurred (including by determining that a prior termination of Employment was for Cause). Any rights the Firm may have hereunder and in any Award Agreement in respect of the events giving rise to Cause shall be in addition to the rights the Firm may have under any other agreement with a Grantee or at law or in equity.

(f) “Change in Control” means the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving GS Inc. (a “Reorganization”) or sale or other disposition of all or substantially all of GS Inc.’s assets to an entity that is not an affiliate of GS Inc. (a “Sale”), that in each case requires the approval of GS Inc.’s shareholders under the law of GS Inc.’s jurisdiction of organization, whether for such Reorganization or Sale (or the issuance of securities of GS Inc. in such Reorganization or Sale), unless immediately following such Reorganization or Sale, either: (i) at least 50% of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of (A) the entity resulting from such Reorganization, or the

entity which has acquired all or substantially all of the assets of GS Inc. in a Sale (in either case, the “Surviving Entity”), or (B) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, as such Rule is in effect on the date of the adoption of the 1999 SIP) of 50% or more of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the Surviving Entity (the “Parent Entity”) is represented by GS Inc.’s securities (the “GS Inc. Securities”) that were outstanding immediately prior to such Reorganization or Sale (or, if applicable, is represented by shares into which such GS Inc. Securities were converted pursuant to such Reorganization or Sale) or (ii) at least 50% of the members of the board of directors (or similar officials in the case of an entity other than a corporation) of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) following the consummation of the Reorganization or Sale were, at the time of the Board’s approval of the execution of the initial agreement providing for such Reorganization or Sale, individuals (the “Incumbent Directors”) who either (A) were members of the Board on the Effective Date or (B) became directors subsequent to the Effective Date and whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of GS Inc.’s proxy statement in which such persons are named as nominees for director).

(g) “Client” means any client or prospective client of the Firm to whom the Grantee provided services, or for whom the Grantee transacted business, or whose identity became known to the Grantee in connection with the Grantee’s relationship with or employment by the Firm.

(h) “Committee” means the committee appointed by the Board to administer the Plan pursuant to Section 1.3, and, to the extent the Board determines it is appropriate for the compensation realized from Awards under the Plan to be considered “performance based” compensation under Section 162(m) of the Code, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is an “outside director” within the meaning of Code Section 162(m), and which, to the extent the Board determines it is appropriate for Awards under the Plan to qualify for the exemption available under Rule 16b-3(d)(1) or Rule 16b-3(e) promulgated under the Exchange Act, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is a “non-employee director” within the meaning of Rule 16b-3. Unless otherwise determined by the Board, the Committee shall be the Compensation Committee of the Board.

(i) “Common Stock” means common stock of GS Inc., par value \$0.01 per share.

(j) “Competitive Enterprise” means an existing or planned business enterprise that (i) engages, or may reasonably be expected to engage, in any activity, (ii) owns or controls, or may reasonably be expected to own or control, a significant interest in or (iii) is, or may reasonably be expected to be, owned by, or a significant interest in which is, or may reasonably be expected to be, owned or controlled by, any entity that engages in any activity that, in any case, competes or will compete anywhere with any activity in which the Firm is engaged. The activities covered by this definition include, without limitation, financial services such as investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than the Grantee and members of the Grantee’s family), merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading.

(k) “Conflicted Employment” means the Grantee’s employment at any U.S. Federal, state or local government, any non-U.S. government, any supranational or international organization, any self-regulatory organization, or any agency or instrumentality of any such government or organization, or any other employer determined by the Committee, if, as a result of such employment, the Grantee’s continued holding of any Outstanding Award would result in an actual or perceived conflict of interest.

(l) “Covered Person” means a member of the Board or the Committee or any employee of the Firm.

(m) “Date of Grant” means the date specified in the Grantee’s Award Agreement as the date of grant of the Award.

(n) “Delivery Date” means each date specified in the Grantee’s Award Agreement as a delivery date, *provided*, unless the Committee determines otherwise, such date is during a Window Period or, if such date is not during a Window Period, the first trading day of the first Window Period beginning after such date.

(o) “Dividend Equivalent Right” means a dividend equivalent right granted under the Plan, which represents an unfunded and unsecured promise to pay to the Grantee amounts equal to all or any portion of the regular cash dividends that would be paid on shares of Common Stock covered by an Award if such shares had been delivered pursuant to an Award.

(p) “Employment” means the Grantee’s performance of services for the Firm, as determined by the Committee. The terms “employ” and “employed” shall have their correlative meanings. The Committee in its sole discretion may determine (i) whether and when a Grantee’s leave of absence results in a termination of Employment (for this purpose, unless the Committee determines otherwise, a Grantee shall be treated as terminating Employment with the Firm upon the occurrence of an Extended Absence), (ii) whether and when a change in a Grantee’s association with the Firm results in a termination of Employment and (iii) the impact, if any, of any such leave of absence or change in association on Awards theretofore made. Unless expressly provided otherwise, any references in the Plan or any Award Agreement to a Grantee’s Employment being terminated shall include both voluntary and involuntary terminations.

(q) “Extended Absence” means the Grantee’s inability to perform for six (6) continuous months, due to illness, injury or pregnancy-related complications, substantially all the essential duties of the Grantee’s occupation, as determined by the Committee.

(r) “Firm” means GS Inc. and its subsidiaries and affiliates.

(s) “Good Reason” means, in connection with a termination of employment by a Grantee following a Change in Control, (a) as determined by the Committee, a materially adverse alteration in the Grantee’s position or in the nature or status of the Grantee’s responsibilities from those in effect immediately prior to the Change in Control or (b) the Firm’s requiring the Grantee’s principal place of Employment to be located more than seventy-five (75) miles from the location where the Grantee is principally Employed at the time of the Change in Control (except for required travel on the Firm’s business to an extent substantially consistent with the Grantee’s customary business travel obligations in the ordinary course of business prior to the Change in Control).

(t) “Grantee” means a person who receives an Award.

(u) “GS Inc.” means The Goldman Sachs Group, Inc., and any successor thereto.

(v) “Outstanding” means any Award to the extent it has not been forfeited, cancelled, terminated, exercised or with respect to which the shares of Common Stock underlying the Award have not been previously delivered or other payments made.

(w) “RSU” means a restricted stock unit Award granted under the Plan, which represents an unfunded and unsecured promise to deliver shares of Common Stock in accordance with the terms of the RSU Award Agreement.

(x) “RSU Shares” means shares of Common Stock that underlie an RSU.

(y) “Section 409A” means Section 409A of the Code, including any amendments or successor provisions to that Section and any regulations and other administrative guidance thereunder, in each case as they, from time to time, may be amended or interpreted through further administrative guidance.

(z) “SIP Administrator” means each person designated by the Committee as a “SIP Administrator” with the authority to perform day-to-day administrative functions for the Plan.

(aa) “SIP Committee” means the persons who have been delegated certain authority under the Plan by the Committee.

(bb) “Solicit” means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

(cc) “Transfer Restrictions” means restrictions that prohibit the sale, exchange, transfer, assignment, pledge, hypothecation, fractionalization, hedge or other disposal (including through the use of any cash-settled instrument), whether voluntarily or involuntarily by the Grantee, of an Award or any shares of Common Stock, cash or other property delivered in respect of an Award.

(dd) “Transferability Date” means the date Transfer Restrictions on a Restricted Share will be released. Within 30 Business Days after the applicable Transferability Date, GS Inc. shall take, or shall cause to be taken, such steps as may be necessary to remove Transfer Restrictions.

(ee) “Vested” means, with respect to an Award, the portion of the Award that is not subject to a condition that the Grantee remain actively employed by the Firm in order for the Award to remain Outstanding. The fact that an Award becomes Vested shall not mean or otherwise indicate that the Grantee has an unconditional or nonforfeitable right to such Award, and such Award shall remain subject to such terms, conditions and forfeiture provisions as may be provided for in the Plan or in the Award Agreement.

(ff) “Vesting Date” means each date specified in the Grantee’s Award Agreement as a date on which part or all of an Award becomes Vested.

(gg) “Window Period” means a period designated by the Firm during which all employees of the Firm are permitted to purchase or sell shares of Common Stock (*provided* that, if the Grantee is a member of a designated group of employees who are subject to different restrictions, the Window Period may be a period designated by the Firm during which an employee of the Firm in such designated group is permitted to purchase or sell shares of Common Stock).

THE GOLDMAN SACHS GROUP, INC.
[] YEAR-END RSU AWARD

This Award Agreement, together with The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) (the “Plan”), governs your _____ year-end award of RSUs (your “Award”). You should read carefully this entire Award Agreement, which includes the Award Statement and any attached Appendix.

ACCEPTANCE

1. **You Must Decide Whether to Accept this Award Agreement.** To be eligible to receive your Award, you must by the date specified (a) open and activate an Account and (b) agree to all the terms of your Award by executing the related signature card in accordance with its instructions. By executing the signature card, you confirm your agreement to all of the terms of this Award Agreement, including the arbitration and choice of forum provisions in Paragraph 16.

DOCUMENTS THAT GOVERN YOUR AWARD; DEFINITIONS

2. **The Plan.** Your Award is granted under the Plan, and the Plan’s terms apply to, and are a part of, this Award Agreement.

3. **Your Award Statement.** The Award Statement delivered to you contains some of your Award’s specific terms. For example, it contains the type and number of RSUs awarded to you and any applicable Vesting Dates, Delivery Dates and Transferability Dates. The portion of your RSUs that are designated on the Award Statement as “_____ Year End RSUs” (and not “_____ Year-End Supplemental RSUs”) are referred to in this Award Agreement as “Base RSUs.” The portion of your RSUs that are designated on the Award Statement as “_____ Year End Supplemental RSUs” are referred to in this Award Agreement as “Supplemental RSUs.” All references to RSUs in this Award Agreement include both the Base RSUs and the Supplemental RSUs. This Award Agreement does not govern the terms and conditions of any RSUs designated on your Award Statement as “Short-Term RSUs,” which, if applicable to you, are addressed in a separate Award Agreement.

4. **Definitions.** Capitalized terms are defined in the Definitions Appendix, which also includes terms that are defined in the Plan.

VESTING OF YOUR RSUS

5. **Vesting.**

(a) **Base RSUs.** On each Vesting Date listed on your Award Statement, you will become Vested in the amount of Outstanding Base RSUs listed next to that date.

(b) **Supplemental RSUs.** All of your Supplemental RSUs are Vested.

(c) **What Vesting Means.** When an RSU becomes Vested, it means **only** that your continued active Employment is not required for delivery of that portion of RSU Shares. **Vesting does not mean you have a non-forfeitable right to the Vested portion of your Award. The terms of this Award Agreement (including conditions to delivery and any applicable Transfer Restrictions) continue to apply to Vested RSUs, and you can still forfeit Vested RSUs and any RSU Shares.**

DELIVERY OF YOUR RSU SHARES

6. **Delivery.** Reasonably promptly (but no more than 30 Business Days) after each Delivery Date listed on your Award Statement, RSU Shares (less applicable withholding as described in Paragraph 13(a)) will be delivered (by book entry credit to your Account) in respect of the amount of Outstanding RSUs listed next to that date, *provided* that such delivery applies first to RSU Shares underlying the Supplemental RSUs and then to RSU Shares underlying the Base RSUs. The Committee or the SIP Committee may select multiple dates within the 30-Business-Day period following the Delivery Date to deliver RSU Shares in respect of all or a portion of the RSUs with the same Delivery Date listed on the Award Statement, and all such dates will be treated as a single Delivery Date for purposes of this Award. Until such delivery, you have only the rights of a general unsecured creditor, and no rights as a shareholder of GS Inc. Without limiting the Committee's authority under Section 1.3.2(h) of the Plan, the Firm may accelerate any Delivery Date by up to 30 days.

TRANSFER RESTRICTIONS FOLLOWING DELIVERY

7. Transfer Restrictions and Shares at Risk.

(a) **Base RSUs.** Fifty percent of the RSU Shares that are delivered on any date in respect of Base RSUs, **before** tax withholding (or, if the applicable tax withholding rate is greater than 50%, all RSU Shares delivered after tax withholding), will be Shares at Risk that are subject to Transfer Restrictions until the _____ Transferability Date, as set forth on your Award Statement. If the tax withholding rate is less than 50%, then any remaining RSU Shares that are delivered in respect of Base RSUs after tax withholding will be Shares at Risk subject to Transfer Restrictions until the Six-Month Transferability Date.

(b) **Supplemental RSUs.** All RSU Shares that are delivered on any date in respect of Supplemental RSUs after tax withholding will be Shares at Risk subject to Transfer Restrictions until the Six-Month Transferability Date.

(c) **Example.** For example, if on a Delivery Date, you are scheduled to receive delivery of 1,000 RSU Shares in respect of Base RSUs and 500 RSU Shares in respect of Supplemental RSUs, and you are subject to a 40% withholding rate, then (i) 600 RSU Shares will be withheld for taxes, (ii) 500 RSU Shares delivered to you in respect of the Base RSUs will be Shares at Risk until the _____ Transferability Date, (iii) 100 RSU Shares delivered to you in respect of the Base RSUs will be Shares at Risk until the Six-Month Transferability Date and (iv) 300 RSU Shares delivered in respect of the Supplemental RSUs will be Shares at Risk until the Six-Month Transferability Date.

(d) **Purported Transactions that Violate the Transfer Restrictions Are Void.** Any purported sale, exchange, transfer, assignment, pledge, hypothecation, fractionalization, hedge or other disposition in violation of the Transfer Restrictions on Shares at Risk will be void.

(e) **Removal of Transfer Restrictions.** Within 30 Business Days after the applicable Transferability Date (or any other date on which the Transfer Restrictions are to be removed), GS Inc. will remove the Transfer Restrictions. The Committee or the SIP Committee may select multiple dates within such 30-Business-Day period on which to remove Transfer Restrictions for all or a portion of the Shares at Risk with the same Transferability Date, and all such dates will be treated as a single Transferability Date for purposes of this Award.

DIVIDENDS

8. **Dividend Equivalent Rights and Dividends.** Each RSU includes a Dividend Equivalent Right, which entitles you to receive an amount (less applicable withholding), at or after the time of distribution of any regular cash dividend paid by GS Inc. in respect of a share of Common Stock, equal to any regular cash dividend payment that would have been made in respect of an RSU Share underlying your Outstanding RSUs for any record date that occurs on or after the Date of Grant. In addition, you will be entitled to receive on a current basis any regular cash dividend paid in respect of your Shares at Risk.

FORFEITURE OF YOUR AWARD

9. **How You May Forfeit Your Award.** This Paragraph 9 sets forth the events that result in forfeiture of up to all of your RSUs and Shares at Risk and may require repayment to the Firm of up to all other amounts previously delivered or paid to you under your Award in accordance with Paragraph 10. More than one event may apply, and in no case will the occurrence of one event limit the forfeiture and repayment obligations as a result of the occurrence of any other event. In addition, the Firm reserves the right to (a) suspend vesting of Outstanding RSUs, delivery of RSU Shares or release of Transfer Restrictions, (b) deliver any RSU Shares into an escrow account in accordance with Paragraph 13(f)(v) or (c) apply Transfer Restrictions to any RSU Shares in connection with any investigation of whether any of the events that result in forfeiture under the Plan or this Paragraph 9 have occurred. Paragraph 11 (relating to certain circumstances under which you will not forfeit your unvested RSUs upon Employment termination) and Paragraph 12 (relating to certain circumstances under which vesting, delivery and/or release of Transfer Restrictions may be accelerated) provide for exceptions to one or more provisions of this Paragraph 9. The Code Staff Forfeiture and Repayment Appendix supplements this Paragraph 9 and sets forth additional events that result in forfeiture of up to all of your RSUs and Shares at Risk and may require repayment to the Firm as described in Paragraph 10 and the Appendix.

(a) Unvested RSUs Forfeited if Your Employment Terminates. If your Employment terminates for any reason or you are otherwise no longer actively employed with the Firm (which includes off-premises notice periods, “garden leaves,” pay in lieu of notice or any other similar status), your rights to your Outstanding RSUs that are not Vested will terminate, and no RSU Shares will be delivered in respect of such RSUs.

(b) RSUs Forfeited if You Associate With a Covered Enterprise.

(i) Base RSUs. If you Associate With a Covered Enterprise before the earlier of _____ or a Qualifying Termination After a Change In Control, your rights to your Outstanding Base RSUs that were Vested on the Date of Grant will terminate, and no RSU Shares will be delivered in respect of such Base RSUs.

(ii) Supplemental RSUs. Your rights to your Outstanding Supplemental RSUs that are scheduled to deliver on an applicable Delivery Date will terminate, and no RSU Shares will be delivered in respect of such Supplemental RSUs if you Associate With a Covered Enterprise before the earlier of the January 1 immediately preceding that Delivery Date or a Qualifying Termination After a Change In Control.

(c) Vested and Unvested RSUs Forfeited Upon Certain Events. If any of the following occurs before the applicable Delivery Date, your rights to all of your Outstanding RSUs (whether or not Vested) will terminate, and no RSU Shares will be delivered in respect of such RSUs:

(i) You Solicit Clients or Employees, Interfere with Client or Employee Relationships or Participate in the Hiring of Employees. Either:

(A) you, in any manner, directly or indirectly, (1) Solicit any Client to transact business with a Covered Enterprise or to reduce or refrain from doing any business with the Firm, (2) interfere with or damage (or attempt to interfere with or damage) any relationship between the Firm and any Client, (3) Solicit any person who is an employee of the Firm to resign from the Firm or to apply for or accept employment with any Covered Enterprise or (4) on behalf of yourself or any person or Covered Enterprise hire, or participate in the hiring of, any Selected Firm Personnel or identify, or participate in the identification of, Selected Firm Personnel for potential hiring, whether as an employee or consultant or otherwise, or

(B) Selected Firm Personnel are Solicited, hired or accepted into partnership, membership or similar status (1) by a Covered Enterprise that you form, that bears your name, in which you are a partner, member or have similar status, or in which you possess or control greater than a *de minimis* equity ownership, voting or profit participation or (2) by any Covered Enterprise where you have, or are intended to have, direct or indirect managerial or supervisory responsibility for such Selected Firm Personnel.

(ii) GS Inc. Fails to Maintain the Minimum Tier 1 Capital Ratio. GS Inc. fails to maintain the required "Minimum Tier 1 Capital Ratio" as defined under Federal Reserve Board Regulations applicable to GS Inc. for a period of 90 consecutive business days.

(iii) GS Inc. Is Determined to Be in Default. The Board of Governors of the Federal Reserve or the Federal Deposit Insurance Corporation (the "FDIC") makes a written recommendation under Title II (Orderly Liquidation Authority) of the Dodd-Frank Wall Street Reform and Consumer Protection Act for the appointment of the FDIC as a receiver of GS Inc. based on a determination that GS Inc. is "in default" or "in danger of default."

(d) Vested and Unvested RSUs and Shares at Risk Forfeited upon Certain Events. If any of the following occurs (i) your rights to all of your Outstanding RSUs (whether or not Vested) will terminate, and no RSU Shares will be delivered in respect of such RSUs and (ii) your rights to all of your Shares at Risk will terminate and your Shares at Risk will be cancelled, in each case, as may be further described below:

(i) You Failed to Consider Risk. You Failed to Consider Risk during the Firm's _____ fiscal year.

(ii) Your Conduct Constitutes Cause. Any event that constitutes Cause (including, for the avoidance of doubt, "Serious Misconduct" as defined in the Code Staff Forfeiture and Repayment Appendix) has occurred before the applicable Delivery Date for RSUs or the applicable Transferability Date for Shares at Risk.

(iii) You Do Not Meet Your Obligations to the Firm. The Committee determines that, before the applicable Delivery Date for RSUs or the applicable Transferability Date for Shares at Risk, you failed to meet, in any respect, any obligation under any agreement with the Firm, or any agreement entered into in connection with your Employment or this Award, including the Firm's notice period requirement applicable to you, any offer letter, employment agreement or any shareholders' agreement relating to the Firm. Your failure to pay or reimburse the Firm, on demand, for any amount you owe to the Firm will constitute (A) failure to meet an obligation you have under an agreement, regardless of whether such obligation arises under a written agreement, and/or (B) a material violation of Firm policy constituting Cause.

(iv) You Do Not Provide Timely Certifications or Comply with Your Certifications. You fail to certify to GS Inc. that you have complied with all of the terms of the Plan and this Award Agreement, or the Committee determines that you have failed to comply with a term of the Plan or this Award Agreement to which you have certified compliance.

(v) You Do Not Follow Dispute Resolution/Arbitration Procedures. You attempt to have any dispute under the Plan or this Award Agreement resolved in any manner that is not provided for by Paragraph 16 or Section 3.17 of the Plan.

(vi) You Bring an Action that Results in a Determination that Any Award Agreement Term Is Invalid. As a result of any action brought by you, it is determined that any term of this Award Agreement is invalid.

(vii) You Receive Compensation in Respect of Your Award from Another Employer. Your Employment terminates for any reason or you otherwise are no longer actively employed with the Firm and another entity grants you cash, equity or other property (whether vested or unvested) to replace, substitute for or otherwise in respect of any Outstanding RSUs or Shares at Risk; *provided, however*, that your rights will only be terminated in respect of the RSUs and Shares at Risk that are replaced, substituted for or otherwise considered by such other entity in making its grant.

REPAYMENT OF YOUR AWARD

10. **When You May Be Required to Repay Your Award.** If the Committee determines that any term of this Award was not satisfied, you will be required, immediately upon demand therefor, to repay to the Firm the following:

(a) Any RSU Shares (which, for the avoidance of doubt, includes any Shares at Risk) for which the terms (including the terms for delivery) of the related RSUs were not satisfied, in accordance with Section 2.6.3 of the Plan.

(b) Any Shares at Risk for which the terms (including the terms for the release of Transfer Restrictions) were not satisfied, in accordance with Section 2.5.3 of the Plan.

(c) Any RSU Shares that were delivered (but not subject to Transfer Restrictions) at the same time any Shares at Risk that are cancelled or required to be repaid were delivered.

(d) Any payments under Dividend Equivalent Rights for which the terms were not satisfied (including any such payments made in respect of RSUs that are forfeited or RSU Shares that are cancelled or subject to repayment), in accordance with Section 2.8.4 of the Plan.

(e) Any dividends paid in respect of any RSU Shares that are cancelled or required to be repaid.

(f) Any amount applied to satisfy tax withholding or other obligations with respect to any RSU, RSU Shares, dividend payments and payments under Dividend Equivalent Rights that are forfeited or required to be repaid.

EXCEPTIONS TO THE VESTING, DELIVERY AND/OR TRANSFERABILITY DATES

11. **Circumstances Under Which You Will Not Forfeit Your Unvested RSUs on Employment Termination (but the Original Delivery Date and Transferability Date Continue to Apply)**. If your Employment terminates at a time when you meet the requirements for Extended Absence, Retirement, “downsizing” or Approved Termination, each as described below, then Paragraph 9 (a) will not apply, and your Outstanding RSUs will be treated as described in this Paragraph 11. All other terms of this Award Agreement, including the other forfeiture and repayment events in Paragraphs 9 and 10, continue to apply.

(a) **Extended Absence or Retirement and No Association With a Covered Enterprise**.

(i) **Generally**. If your Employment terminates by Extended Absence or Retirement, your Outstanding RSUs that are not Vested will become Vested. However, your rights to any Outstanding RSU that becomes Vested by this Paragraph 11(a)(i) will terminate and no RSU Share will be delivered in respect of that RSU if you Associate With a Covered Enterprise on or before the originally scheduled Vesting Date for that RSU.

(ii) **Special Treatment for Involuntary or Mutual Agreement Termination**. Paragraph 9(b) and the second sentence of Paragraph 11(a)(i) (each relating to forfeiture if you Associate With a Covered Enterprise) will not apply if (A) the Firm characterizes your Employment termination as “involuntary” or by “mutual agreement” and (B) you execute a general waiver and release of claims and an agreement to pay any associated tax liability, in each case, in the form the Firm prescribes. No Employment termination that you initiate, including any purported “constructive termination,” a “termination for good reason” or similar concepts, can be “involuntary” or by “mutual agreement.”

(b) **Downsizing**. If (i) the Firm terminates your Employment solely by reason of a “downsizing” (and you have not engaged in conduct constituting Cause) and (ii) you execute a general waiver and release of claims and an agreement to pay any associated tax liability, in each case, in the form the Firm prescribes, your Outstanding RSUs that are not yet Vested will become Vested and Paragraph 9(b) will not apply. Whether or not your Employment is terminated solely by reason of a “downsizing” will be determined by the Firm in its sole discretion.

(c) **Approved Terminations of Program Analysts and Fixed-Term Employees**. If the Firm classifies you as a “program analyst” or a “fixed-term” employee and your Employment terminates solely by reason of an Approved Termination (and you have not engaged in conduct constituting Cause), your Outstanding RSUs that are not yet Vested will become Vested and Paragraph 9(b) will not apply.

12. **Accelerated Vesting, Delivery and/or Release of Transfer Restrictions in the Event of a Qualifying Termination After a Change in Control, Conflicted Employment or Death**. In the event of your Qualifying Termination After a Change in Control, Conflicted Employment or death, each as described below, then Paragraph 9(a) will not apply, your Outstanding Award will be treated as described in this Paragraph 12, and, except as set forth in Paragraph 12(a), all other terms of this Award Agreement, including the other forfeiture and repayment events in Paragraphs 9 and 10, continue to apply.

(a) **You Have a Qualifying Termination After a Change in Control**. If your Employment terminates when you meet the requirements of a Qualifying Termination After a Change in Control, the RSU Shares underlying your Outstanding RSUs (whether or not Vested) will be delivered, and any Transfer Restrictions will cease to apply. In addition, the forfeiture events in Paragraph 9 will not apply to your Award.

(b) You Are Determined to Have Accepted Conflicted Employment.

(i) Generally. If your Employment terminates solely because you resign to accept Conflicted Employment, as soon as practicable after the Committee has received satisfactory documentation relating to your Conflicted Employment, (A) your Outstanding RSUs will Vest, (B) RSU Shares will be delivered in respect of your Outstanding RSUs (including in the form of cash as described in Paragraph 13(b)) and (C) any Transfer Restrictions will cease to apply. In addition, if, following your termination of Employment, you notify the Firm and provide the Committee with satisfactory documentation that you are accepting Conflicted Employment, (A) RSU Shares will be delivered in respect of your Outstanding RSUs (including in the form of cash as described in Paragraph 13(b)) and (B) any Transfer Restrictions will cease to apply.

(ii) You May Have to Take Other Steps to Address Conflicts of Interest. The Committee retains the authority to exercise its rights under the Award Agreement or the Plan (including Section 1.3.2 of the Plan) to take or require you to take other steps it determines in its sole discretion to be necessary or appropriate to cure an actual or perceived conflict of interest (which may include a determination that the accelerated vesting, delivery and/or release of Transfer Restrictions described in Paragraph 12(b)(i) will not apply because such actions are not necessary or appropriate to cure an actual or perceived conflict of interest).

(c) Death. If you die, the RSU Shares underlying your Outstanding RSUs (whether or not Vested) will be delivered to the representative of your estate and any Transfer Restrictions will cease to apply as soon as practicable after the date of death and after such documentation as may be requested by the Committee is provided to the Committee.

OTHER TERMS, CONDITIONS AND AGREEMENTS

13. Additional Terms, Conditions and Agreements.

(a) You Must Satisfy Applicable Tax Withholding Requirements. Delivery of RSU Shares is conditioned on your satisfaction of any applicable withholding taxes in accordance with Section 3.2 of the Plan (which includes the Firm deducting or withholding amounts from any payment or distribution to you). In addition, to the extent permitted by applicable law, the Firm, in its sole discretion, may require you to provide amounts equal to all or a portion of any Federal, state, local, foreign or other tax obligations imposed on you or the Firm in connection with the grant, Vesting or delivery of this Award by requiring you to choose between remitting the amount (i) in cash (or through payroll deduction or otherwise) or (ii) in the form of proceeds from the Firm's executing a sale of RSU Shares delivered to you under this Award. In addition, if you are an individual with separate employment contracts (at any time during and/or after the Firm's _____ fiscal year), the Firm, in its sole discretion, may require you to provide for a reserve in an amount the Firm determines is advisable or necessary in connection with any actual, anticipated or potential tax consequences related to your separate employment contracts by requiring you to choose between remitting such amount (i) in cash (or through payroll deduction or otherwise) or (ii) in the form of proceeds from the Firm's executing a sale of shares of Common Stock delivered to you pursuant to this Award (or any other Outstanding awards granted under the Plan or any predecessor or successor plan thereto). In no event, however, does this Paragraph 13(a) give you any discretion to determine or affect the timing of the delivery of RSU Shares or the timing of payment of tax obligations.

(b) Firm May Deliver Cash or Other Property Instead of RSU Shares. In accordance with Section 1.3.2(i) of the Plan, in the sole discretion of the Committee, in lieu of all or any portion of the RSU Shares, the Firm may deliver cash, other securities, other awards under the Plan or other property, and all references in this Award Agreement to deliveries of RSU Shares will include such deliveries of cash, other securities, other awards under the Plan or other property.

(c) Amounts May Be Rounded to Avoid Fractional Shares. RSUs that become Vested on a Vesting Date, RSU Shares that become deliverable on a Delivery Date and RSU Shares subject to Transfer Restrictions may, in each case, be rounded to avoid fractional Shares.

(d) You May Be Required to Become a Party to the Shareholders' Agreement. Your rights to your RSUs are conditioned on your becoming a party to any shareholders' agreement to which other similarly situated employees (e.g., employees with a similar title or position) of the Firm are required to be a party. If you are a party to the Amended and Restated Shareholders' Agreement, RSU Shares will be subject to the Amended and Restated Shareholders' Agreement, but RSU Shares delivered in respect of Supplemental RSUs will not be "Covered Shares" for purposes of Section 2.1(a) thereof.

(e) Firm May Affix Legends and Place Stop Orders on Restricted RSU Shares. GS Inc. may affix to Certificates representing RSU Shares any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under a separate agreement). GS Inc. may advise the transfer agent to place a stop order against any legended RSU Shares.

(f) You Agree to Certain Consents, Terms and Conditions. By accepting this Award you understand and agree that:

(i) You Agree to Certain Consents as a Condition to the Award. You have expressly consented to all of the items listed in Section 3.3.3(d) of the Plan, including the Firm's supplying to any third-party recordkeeper of the Plan or other person such personal information of yours as the Committee deems advisable to administer the Plan, and you agree to provide any additional consents that the Committee determines to be necessary or advisable;

(ii) You Are Subject to the Firm's Policies, Rules and Procedures. You are subject to the Firm's policies in effect from time to time concerning trading in RSU Shares and hedging or pledging RSU Shares and equity-based compensation or other awards (including, without limitation, the Firm's "Policies With Respect to Transactions Involving GS Shares, Equity Awards and GS Options by Persons Affiliated with GS Inc." or any successor policies), and confidential or proprietary information, and you will effect sales of RSU Shares in accordance with such rules and procedures as may be adopted from time to time (which may include, without limitation, restrictions relating to the timing of sale requests, the manner in which sales are executed, pricing method, consolidation or aggregation of orders and volume limits determined by the Firm);

(iii) You Are Responsible for Costs Associated with Your Award. You will be responsible for all brokerage costs and other fees or expenses associated with your RSUs, including those related to the sale of RSU Shares;

(iv) You Will Be Deemed to Represent Your Compliance with All the Terms of Your Award if You Accept Delivery of, or Sell, RSU Shares. You will be deemed to have

represented and certified that you have complied with all of the terms of the Plan and this Award Agreement when you accept delivery of RSU Shares, receive payment in respect of Dividend Equivalent Rights and request the sale of RSU Shares following the release of Transfer Restrictions;

(v) Firm May Deliver Your Award into an Escrow Account. The Firm may establish and maintain an escrow account on such terms (which may include your executing any documents related to, and your paying for any costs associated with, such account) as it may deem necessary or appropriate, and the delivery of RSU Shares (including Shares at Risk) or the payment of cash or other property may initially be made into and held in that escrow account until such time as the Committee has received such documentation as it may have requested or until the Committee has determined that any other conditions or restrictions on delivery of RSU Shares, cash or other property required by this Award Agreement have been satisfied;

(vi) You May Be Required to Certify Compliance with Award Terms; You Are Responsible for Providing the Firm with Updated Address and Contact Information After Your Departure from the Firm. If your Employment terminates while you continue to hold RSUs or Shares at Risk, from time to time, you may be required to provide certifications of your compliance with all of the terms of the Plan and this Award Agreement as described in Paragraph 9(d)(iv). You understand and agree that (A) your address on file with the Firm at the time any certification is required will be deemed to be your current address, (B) it is your responsibility to inform the Firm of any changes to your address to ensure timely receipt of the certification materials, (C) you are responsible for contacting the Firm to obtain such certification materials if not received and (D) your failure to return properly completed certification materials by the specified deadline (which includes your failure to timely return the completed certification because you did not provide the Firm with updated contact information) will result in the forfeiture of all of your RSUs and Shares at Risk and subject previously delivered amounts to repayment under Paragraph 9(d)(iv);

(vii) You Authorize the Firm to Register, in Its or Its Designee's Name, Any Shares at Risk and Sell, Assign or Transfer any Forfeited Shares at Risk. You are granting to the Firm the full power and authority to register any Shares at Risk in its or its designee's name and authorizing the Firm or its designee to sell, assign or transfer any Shares at Risk if you forfeit your Shares at Risk;

(viii) You Must Comply with Applicable Deadlines and Procedures to Appeal Determinations Made by the Committee, the SIP Committee or SIP Administrators. In order to appeal a determination by the Committee, the SIP Committee, the SIP Administrators, or any of their delegates or designees, you must submit a written request for the appeal within 180 days after receipt of any such determination. You must exhaust all administrative remedies before seeking to resolve a dispute through arbitration pursuant to Paragraph 16 and Section 3.17 of the Plan; and

(ix) You Agree that Covered Persons Will Not Have Liability. In addition to and without limiting the generality of the provisions of Section 1.3.5 of the Plan, neither the Firm nor any Covered Person will have any liability to you or any other person for any action taken or omitted in respect of this or any other Award.

14. **Non-transferability.** Except as otherwise may be provided in this Paragraph 14 or as otherwise may be provided by the Committee, the limitations on transferability set forth in Section 3.5 of the Plan will apply to this Award. Any purported transfer or assignment in violation of the provisions of this Paragraph 14 or Section 3.5 of the Plan will be void. The Committee may adopt procedures pursuant

to which some or all recipients of RSUs may transfer some or all of their RSUs and/or Shares at Risk (which will continue to be subject to Transfer Restrictions until the applicable Transferability Date) through a gift for no consideration to any immediate family member, a trust or other estate planning vehicle approved by the Committee or SIP Committee in which the recipient and/or the recipient's immediate family members in the aggregate have 100% of the beneficial interest.

15. **Right of Offset.** Except as provided in Paragraph 18(h), the obligation to deliver RSU Shares, to pay dividends or payments under Dividend Equivalent Rights or to remove the Transfer Restrictions under this Award Agreement is subject to Section 3.4 of the Plan, which provides for the Firm's right to offset against such obligation any outstanding amounts you owe to the Firm and any amounts the Committee deems appropriate pursuant to any tax equalization policy or agreement.

ARBITRATION, CHOICE OF FORUM AND GOVERNING LAW

16. Arbitration; Choice of Forum.

(a) **BY ACCEPTING THIS AWARD, YOU ARE INDICATING THAT YOU UNDERSTAND AND AGREE THAT THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN SECTION 3.17 OF THE PLAN WILL APPLY TO THIS AWARD. THESE PROVISIONS, WHICH ARE EXPRESSLY INCORPORATED HEREIN BY REFERENCE, PROVIDE AMONG OTHER THINGS THAT ANY DISPUTE, CONTROVERSY OR CLAIM BETWEEN THE FIRM AND YOU ARISING OUT OF OR RELATING TO OR CONCERNING THE PLAN OR THIS AWARD AGREEMENT WILL BE FINALLY SETTLED BY ARBITRATION IN NEW YORK CITY, PURSUANT TO THE TERMS MORE FULLY SET FORTH IN SECTION 3.17 OF THE PLAN.**

(b) To the fullest extent permitted by applicable law, no arbitrator will have the authority to consider class, collective or representative claims, to order consolidation or to join different claimants or grant relief other than on an individual basis to the individual claimant involved.

(c) Notwithstanding any applicable forum rules to the contrary, to the extent there is a question of enforceability of this Award Agreement arising from a challenge to the arbitrator's jurisdiction or to the arbitrability of a claim, it will be decided by a court and not an arbitrator.

(d) All references to the New York Stock Exchange in Section 3.17 of the Plan will be read as references to the Financial Industry Regulatory Authority.

(e) The Federal Arbitration Act governs interpretation and enforcement of all arbitration provisions under the Plan and this Award Agreement, and all arbitration proceedings thereunder.

(f) Nothing in this Award Agreement creates a substantive right to bring a claim under U.S. Federal, state, or local employment laws.

17. Governing Law. THIS AWARD WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

CERTAIN TAX PROVISIONS

18. **Compliance of Award Agreement and Plan with Section 409A.** The provisions of this Paragraph 18 apply to you only if you are a U.S. taxpayer.

(a) This Award Agreement and the Plan provisions that apply to this Award are intended and will be construed to comply with Section 409A (including the requirements applicable to, or the conditions for exemption from treatment as, 409A Deferred Compensation), whether by reason of short-term deferral treatment or other exceptions or provisions. The Committee will have full authority to give effect to this intent. To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of the Plan (including Sections 1.3.2 and 2.1 thereof) and this Award Agreement, the provisions of this Award Agreement will govern, and in the case of any conflict or potential inconsistency between this Paragraph 18 and the other provisions of this Award Agreement, this Paragraph 18 will govern.

(b) Delivery of RSU Shares will not be delayed beyond the date on which all applicable conditions or restrictions on delivery of RSU Shares required by this Agreement (including those specified in Paragraphs 6, 7, 11(a)(ii), 11(b), 12(c) and 13 and the consents and other items specified in Section 3.3 of the Plan) are satisfied. To the extent that any portion of this Award is intended to satisfy the requirements for short-term deferral treatment under Section 409A, delivery for such portion will occur by the March 15 coinciding with the last day of the applicable “short-term deferral” period described in Reg. 1.409A-1(b)(4) in order for the delivery of RSU Shares to be within the short-term deferral exception unless, in order to permit all applicable conditions or restrictions on delivery to be satisfied, the Committee elects, pursuant to Reg. 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted in accordance with Section 409A, to delay delivery of RSU Shares to a later date within the same calendar year or to such later date as may be permitted under Section 409A, including Reg. 1.409A-2(b)(7) (in conjunction with Section 3.21.3 of the Plan pertaining to Code Section 162(m)) and Reg. 1.409A-3(d). For the avoidance of doubt, if the Award includes a “series of installment payments” as described in Reg. 1.409A-2(b)(2)(iii), your right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment.

(c) Notwithstanding the provisions of Paragraph 13(b) and Section 1.3.2(i) of the Plan, to the extent necessary to comply with Section 409A, any securities, other Awards or other property that the Firm may deliver in respect of your RSUs will not have the effect of deferring delivery or payment, income inclusion, or a substantial risk of forfeiture, beyond the date on which such delivery, payment or inclusion would occur or such risk of forfeiture would lapse, with respect to the RSU Shares that would otherwise have been deliverable (unless the Committee elects a later date for this purpose pursuant to Reg. 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted under Section 409A, including and to the extent applicable, the subsequent election provisions of Section 409A(a)(4)(C) of the Code and Reg. 1.409A-2(b)).

(d) Notwithstanding the timing provisions of Paragraph 12(c), the delivery of RSU Shares referred to therein will be made after the date of death and during the calendar year that includes the date of death (or on such later date as may be permitted under Section 409A).

(e) The timing of delivery or payment pursuant to Paragraph 12(a) will occur on the earlier of (i) the Delivery Date or (ii) a date that is within the calendar year in which the termination of Employment occurs; *provided, however*, that, if you are a “specified employee” (as defined by the Firm in accordance with Section 409A(a)(2)(i)(B) of the Code), delivery will

occur on the earlier of the Delivery Date or (to the extent required to avoid the imposition of additional tax under Section 409A) the date that is six months after your termination of Employment (or, if the latter date is not during a Window Period, the first trading day of the next Window Period). For purposes of Paragraph 12(a), references in this Award Agreement to termination of Employment mean a termination of Employment from the Firm (as defined by the Firm) which is also a separation from service (as defined by the Firm in accordance with Section 409A).

(f) Notwithstanding any provision of Paragraph 8 or Section 2.8.2 of the Plan to the contrary, the Dividend Equivalent Rights with respect to each of your Outstanding RSUs will be paid to you within the calendar year that includes the date of distribution of any corresponding regular cash dividends paid by GS Inc. in respect of a share of Common Stock the record date for which occurs on or after the Date of Grant. The payment will be in an amount (less applicable withholding) equal to such regular dividend payment as would have been made in respect of the RSU Shares underlying such Outstanding RSUs.

(g) The timing of delivery or payment referred to in Paragraph 12(b)(i) will be the earlier of (i) the Delivery Date or (ii) a date that is within the calendar year in which the Committee receives satisfactory documentation relating to your Conflicted Employment, *provided* that such delivery or payment will be made, and any Committee action referred to in Paragraph 12(b)(ii) will be taken, only at such time as, and if and to the extent that it, as reasonably determined by the Firm, would not result in the imposition of any additional tax to you under Section 409A.

(h) Paragraph 15 and Section 3.4 of the Plan will not apply to Awards that are 409A Deferred Compensation except to the extent permitted under Section 409A.

(i) Delivery of RSU Shares in respect of any Award may be made, if and to the extent elected by the Committee, later than the Delivery Date or other date or period specified hereinabove (but, in the case of any Award that constitutes 409A Deferred Compensation, only to the extent that the later delivery is permitted under Section 409A).

(j) You understand and agree that you are solely responsible for the payment of any taxes and penalties due pursuant to Section 409A, but in no event will you be permitted to designate, directly or indirectly, the taxable year of the delivery.

19. **Compliance of Award Agreement and Plan with Section 162(m)**. If you are or become considered by GS Inc. to be one of its “covered employees” within the meaning of Section 162(m) of the Code, then you will be subject to Section 3.21.3 of the Plan, as a result of which delivery of your RSU Shares may be delayed.

COMMITTEE AUTHORITY, AMENDMENT AND CONSTRUCTION

20. **Committee Authority**. The Committee has the authority to determine, in its sole discretion, that any event triggering forfeiture or repayment of your Award will not apply, to limit the forfeitures and repayments that result under Paragraphs 9 and 10 and to remove Transfer Restrictions before the applicable Transferability Date. In addition, the Committee, in its sole discretion, may determine whether Paragraphs 11(a)(ii) and 11(b) will apply upon a termination of Employment and whether a termination of Employment constitutes an Approved Termination under Paragraph 11(c).

21. **Amendment.** The Committee reserves the right at any time to amend the terms of this Award Agreement, and the Board may amend the Plan in any respect; *provided* that, notwithstanding the foregoing and Sections 1.3.2(f), 1.3.2(h) and 3.1 of the Plan, no such amendment will materially adversely affect your rights and obligations under this Award Agreement without your consent; and *provided further* that the Committee expressly reserves its rights to amend the Award Agreement and the Plan as described in Sections 1.3.2(h)(1), (2) and (4) of the Plan. A modification that impacts the tax consequences of this Award or the timing of delivery of RSU Shares will not be an amendment that materially adversely affects your rights and obligations under this Award Agreement. Any amendment of this Award Agreement will be in writing.

22. **Construction, Headings.** Unless the context requires otherwise, (a) words describing the singular number include the plural and vice versa, (b) words denoting any gender include all genders and (c) the words “include,” “includes” and “including” will be deemed to be followed by the words “without limitation.” The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof. References in this Award Agreement to any specific Plan provision will not be construed as limiting the applicability of any other Plan provision.

IN WITNESS WHEREOF, GS Inc. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

THE GOLDMAN SACHS GROUP, INC.

CODE STAFF FORFEITURE AND REPAYMENT APPENDIX

This Code Staff Appendix supplements Paragraph 9 and sets forth additional events that result in forfeiture of up to all of your RSUs and Shares at Risk and may require repayment to the Firm of up to all other amounts previously delivered or paid to you under your Award in accordance with Paragraph 10. As with the events described in Paragraph 9, more than one event may apply, in no case will the occurrence of one event limit the forfeiture and repayment obligations as a result of the occurrence of any other event and the Firm reserves the right to (a) suspend vesting of Outstanding RSUs, delivery of RSU Shares or release of Transfer Restrictions, (b) deliver any RSU Shares into an escrow account in accordance with Paragraph 13(f)(v) or (c) apply Transfer Restrictions to any RSU Shares in connection with any investigation of whether any of the events that result in forfeiture under this Code Staff Appendix have occurred.

With respect to the events described in Paragraphs ([a][b]) through ([d][e]) of this Appendix, the Committee will consider certain factors to determine whether and what portion of your Award will terminate, including the reason for the “Loss Event” (as defined below) or “Risk Event” (as defined below) and the extent to which: (1) you participated in the Loss Event or Risk Event, (2) your compensation for the Firm’s _____ fiscal year may or may not have been adjusted to take into account the risk associated with the Loss Event, Risk Event, your “Serious Misconduct” (as defined below) or the Serious Misconduct of a “Supervised Employee” (as defined below) and (3) your compensation may be adjusted for the year in which the Loss Event, Risk Event, your Serious Misconduct or a Supervised Employee’s Serious Misconduct is discovered.

(a) [You Associate With a Material Covered Enterprise Prior to [_____]]. If you “Associate With a Material Covered Enterprise” (as defined below) on or after _____ and before the earlier of _____ or a Qualifying Termination After a Change In Control, your rights to all of your Outstanding RSUs (whether or not Vested) will terminate, and no RSU Shares will be delivered in respect of such RSUs and your rights to all of your Shares at Risk will terminate and your Shares at Risk will be cancelled.

(i) “**Associate With a Material Covered Enterprise**” means that you (A) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any “Material Covered Enterprise” (as defined below) or (B) associate in any capacity (including association as an officer, employee, partner, director, consultant, agent or advisor) with any Material Covered Enterprise. Associate With a Material Covered Enterprise may include, as determined in the discretion of either the Committee or the SIP Committee, (A) becoming the subject of any publicly available announcement or report of a pending or future association with a Material Covered Enterprise and (B) unpaid associations, including an association in contemplation of future employment. The term “Association With a Material Covered Enterprise” has its correlative meaning.

(ii) The restriction described above on any Association With a Material Covered Enterprise will not apply if (A) the Firm terminates your Employment solely by reason of a “downsizing” (and you have not engaged in conduct constituting Cause) or the Firm characterizes your Employment termination as “involuntary” or by “mutual agreement” and (B) you execute a general waiver and release of claims and an agreement to pay any associated tax liability, in each case, in the form the Firm prescribes.

(iii) “**Material Covered Enterprise**” means a Covered Enterprise that the Firm determines, in its sole discretion, to be material.]

(b) A Loss Event Occurs Prior to Delivery. If a Loss Event occurs prior to the delivery of RSU Shares, your rights in respect of all or a portion of your RSUs (whether or not Vested) which are scheduled to deliver on the next Delivery Date immediately following the date that the Loss Event is identified (or, if not practicable, then the next following Delivery Date) will terminate, and no RSU Shares will be delivered in respect of such RSUs.

(i) A “**Loss Event**” means (A) an annual pre-tax loss at GS Inc. or (B) annual negative revenues in one or more reporting segments as disclosed in the Firm’s Form 10-K other than the Investing & Lending segment, or annual negative revenues in the Investing & Lending segment of \$5 billion or more, provided in either case that you are employed in a business within such reporting segment.

(c) A Risk Event Occurs Prior to [_____]. If a Risk Event occurs prior to _____, (i) your rights in respect of all or a portion of your RSUs (whether or not Vested) will terminate and no RSU Shares will be delivered in respect of such RSUs, (ii) your rights to all or a portion of any Shares at Risk will terminate and such Shares at Risk will be cancelled and (iii) you will be obligated immediately upon demand therefor to pay the Firm an amount not in excess of the greater of the Fair Market Value of the RSU Shares (plus any dividend payments and payments under Dividend Equivalent Rights) delivered in respect of the Award (without reduction for any amount applied to satisfy tax withholding or other obligations) determined as of (A) the date the Risk Event occurred and (B) the date that the repayment request is made.

(i) A “**Risk Event**” means there occurs a loss of 5% or more of firmwide total capital from a reportable operational risk event determined in accordance with the firmwide Reporting Operational Risk Events Policy.

(d) You Engage in Serious Misconduct Prior to [_____]. If you engage in Serious Misconduct during the period beginning on the applicable Transferability Date through _____, you will be obligated immediately upon demand therefor to pay the Firm an amount not in excess of the greater of the Fair Market Value of the RSU Shares (plus any dividend payments and payments under Dividend Equivalent Rights) delivered in respect of the Award (without reduction for any amount applied to satisfy tax withholding or other obligations) determined as of (i) the date the Serious Misconduct occurred and (ii) the date that the repayment request is made.

(i) “**Serious Misconduct**” means that you engage in conduct that the Firm reasonably considers, in its sole discretion, to be misconduct sufficient to justify summary termination of employment under English law.

(e) A Supervised Employee Engages in Serious Misconduct. If the Committee determines that it is appropriate to hold you accountable in whole or in part for Serious Misconduct related to compliance, control or risk that occurred during the Firm’s _____ fiscal year by a Supervised Employee, your rights in respect of all or a portion of your RSUs (whether or not Vested) will terminate and no RSU Shares will be delivered in respect of such RSUs and your rights to all or a portion of any Shares at Risk will terminate and such Shares at Risk will be cancelled.

(i) “**Supervised Employee**” means an individual with respect to whom the Committee determines you had supervisory responsibility as a result of direct or indirect reporting lines or your management responsibility for an office, division or business.

Notwithstanding any provision in the Plan, this Award Agreement or any other agreement or arrangement you may have with the Firm, the parties agree that to the extent that there is any dispute arising out of or relating to the payment required by Paragraphs ([b] [c]) and ([c][d]) of this Appendix (including your refusal to remit payment) the parties will submit to arbitration in accordance with Paragraph 16 of this Award Agreement and Section 3.17 of the Plan as the sole means of resolution of such dispute (including the recovery by the Firm of the payment amount).

DEFINITIONS APPENDIX

The following capitalized terms are used in this Award Agreement with the following meanings:

(a) “409A Deferred Compensation” means a “deferral of compensation” or “deferred compensation” as those terms are defined in the regulations under Section 409A.

(b) “Approved Termination” means that you are classified by the Firm as a “program analyst” or “fixed-term employee” and you (i) successfully complete the analyst program or fixed-term engagement, as applicable and determined by the Firm in its sole discretion, including remaining Employed through the completion date specified by the Firm, and (ii) terminate Employment immediately after the completion date without any “stay-on” or other agreement or understanding to continue Employment with the Firm. If you agree to stay with the Firm as an employee after your analyst program or fixed-term engagement ends and then later terminate Employment, you will not have an Approved Termination.

(c) “Associate With a Covered Enterprise” means that you (i) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any Covered Enterprise or (ii) associate in any capacity (including association as an officer, employee, partner, director, consultant, agent or advisor) with any Covered Enterprise. Associate With a Covered Enterprise may include, as determined in the discretion of either the Committee or the SIP Committee, (i) becoming the subject of any publicly available announcement or report of a pending or future association with a Covered Enterprise and (ii) unpaid associations, including an association in contemplation of future employment. “Association With a Covered Enterprise” will have its correlative meaning.

(d) “Covered Enterprise” means an existing or planned business enterprise that competes with the Firm (which, for this purpose means offering products or services that are the same as or similar to those offered by the Firm (“Firm Products or Services”)), or reasonably may be expected to do so. The enterprises covered by this definition include enterprises that offer Firm Products or Services directly, as well as those that do so indirectly by ownership or control (*e.g.*, by owning, being owned by, or being under common ownership with an enterprise that offers Firm Products or Services). An enterprise will be treated as providing Firm Products or Services if, solely by way of example, it provides products or services associated with investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than you or your family members), private banking, commercial banking, merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading. A Competitive Enterprise is a Covered Enterprise. **An enterprise that offers, or may reasonably be expected to offer, Firm Products or Services is a Covered Enterprise irrespective of whether the enterprise is a customer, client or counterparty of the Firm, and, because the Firm is a global enterprise, irrespective of where the Covered Enterprise is physically located.**

(e) “Failed to Consider Risk” means that you participated in the structuring or marketing of any product or service, or participated on behalf of the Firm or any of its clients in the purchase or sale of any security or other property, in any case without appropriate consideration of the risk to the Firm or the broader financial system as a whole (for example, where you have improperly analyzed such risk or where you have failed sufficiently to raise concerns about such risk) and, as a result of such action or omission, the Committee determines there has been, or reasonably could be expected to be, a material adverse impact on the Firm, your business unit or the broader financial system.

(f) “[_____] Transferability Date” means the first trading day in a Window Period that occurs in _____, or if no Window Period occurs in _____, the first trading day of the first Window Period following thereafter.

(g) “Qualifying Termination After a Change in Control” means that the Firm terminates your Employment other than for Cause or you terminate your Employment for Good Reason, in each case, within 18 months following a Change in Control.

(h) “Selected Firm Personnel” means any individual who is or in the three months preceding the conduct prohibited by Paragraph 9(c)(i) was (i) a Firm employee or consultant with whom you personally worked while employed by the Firm, (ii) a Firm employee or consultant who, at any time during the year preceding the date of the termination of your Employment, worked in the same division in which you worked or (iii) an Advisory Director, a Managing Director or a Senior Advisor of the Firm.

(i) “Shares at Risk” means RSU Shares subject to Transfer Restrictions.

(j) “Six-Month Transferability Date” means the first trading day in a Window Period that occurs on or after the six-month anniversary of the Delivery Date.

The following capitalized terms are used in this Award Agreement with the meanings that are assigned to them in the Plan.

(a) “Account” means any brokerage account, custody account or similar account, as approved or required by GS Inc. from time to time, into which shares of Common Stock, cash or other property in respect of an Award are delivered.

(b) “Award Agreement” means the written document or documents by which each Award is evidenced, including any Award Statement.

(c) “Award Statement” means a written statement that reflects certain Award terms.

(d) “Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in New York City are authorized or obligated by Federal law or executive order to be closed.

(e) “Cause” means (i) the Grantee’s conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge, or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations, (ii) the Grantee’s engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act), (iii) the Grantee’s willful failure to perform the Grantee’s duties to the Firm, (iv) the Grantee’s violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Firm is a member, (v) the Grantee’s violation of any Firm policy concerning hedging or pledging or confidential or proprietary information, or the Grantee’s material violation of any other Firm policy as in effect from time to time, (vi) the Grantee’s engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Firm or (vii) the Grantee’s engaging in any conduct detrimental to the Firm. The determination as to whether Cause has occurred shall be made by the Committee in its sole discretion and, in such case, the Committee also may, but shall not be required to,

specify the date such Cause occurred (including by determining that a prior termination of Employment was for Cause). Any rights the Firm may have hereunder and in any Award Agreement in respect of the events giving rise to Cause shall be in addition to the rights the Firm may have under any other agreement with a Grantee or at law or in equity.

(f) “Change in Control” means the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving GS Inc. (a “Reorganization”) or sale or other disposition of all or substantially all of GS Inc.’s assets to an entity that is not an affiliate of GS Inc. (a “Sale”), that in each case requires the approval of GS Inc.’s shareholders under the law of GS Inc.’s jurisdiction of organization, whether for such Reorganization or Sale (or the issuance of securities of GS Inc. in such Reorganization or Sale), unless immediately following such Reorganization or Sale, either: (i) at least 50% of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of (A) the entity resulting from such Reorganization, or the entity which has acquired all or substantially all of the assets of GS Inc. in a Sale (in either case, the “Surviving Entity”), or (B) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, as such Rule is in effect on the date of the adoption of the 1999 SIP) of 50% or more of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the Surviving Entity (the “Parent Entity”) is represented by GS Inc.’s securities (the “GS Inc. Securities”) that were outstanding immediately prior to such Reorganization or Sale (or, if applicable, is represented by shares into which such GS Inc. Securities were converted pursuant to such Reorganization or Sale) or (ii) at least 50% of the members of the board of directors (or similar officials in the case of an entity other than a corporation) of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) following the consummation of the Reorganization or Sale were, at the time of the Board’s approval of the execution of the initial agreement providing for such Reorganization or Sale, individuals (the “Incumbent Directors”) who either (A) were members of the Board on the Effective Date or (B) became directors subsequent to the Effective Date and whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of GS Inc.’s proxy statement in which such persons are named as nominees for director).

(g) “Client” means any client or prospective client of the Firm to whom the Grantee provided services, or for whom the Grantee transacted business, or whose identity became known to the Grantee in connection with the Grantee’s relationship with or employment by the Firm.

(h) “Committee” means the committee appointed by the Board to administer the Plan pursuant to Section 1.3, and, to the extent the Board determines it is appropriate for the compensation realized from Awards under the Plan to be considered “performance based” compensation under Section 162(m) of the Code, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is an “outside director” within the meaning of Code Section 162(m), and which, to the extent the Board determines it is appropriate for Awards under the Plan to qualify for the exemption available under Rule 16b-3(d)(1) or Rule 16b-3(e) promulgated under the Exchange Act, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is a “non-employee director” within the meaning of Rule 16b-3. Unless otherwise determined by the Board, the Committee shall be the Compensation Committee of the Board.

(i) “Common Stock” means common stock of GS Inc., par value \$0.01 per share.

(j) “Competitive Enterprise” means an existing or planned business enterprise that (i) engages, or may reasonably be expected to engage, in any activity, (ii) owns or controls, or may reasonably be expected to own or control, a significant interest in or (iii) is, or may reasonably be expected to be, owned by, or a significant interest in which is, or may reasonably be expected to be, owned

or controlled by, any entity that engages in any activity that, in any case, competes or will compete anywhere with any activity in which the Firm is engaged. The activities covered by this definition include, without limitation, financial services such as investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than the Grantee and members of the Grantee's family), merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading.

(k) "Conflicted Employment" means the Grantee's employment at any U.S. Federal, state or local government, any non-U.S. government, any supranational or international organization, any self-regulatory organization, or any agency or instrumentality of any such government or organization, or any other employer determined by the Committee, if, as a result of such employment, the Grantee's continued holding of any Outstanding Award would result in an actual or perceived conflict of interest.

(l) "Covered Person" means a member of the Board or the Committee or any employee of the Firm.

(m) "Date of Grant" means the date specified in the Grantee's Award Agreement as the date of grant of the Award.

(n) "Delivery Date" means each date specified in the Grantee's Award Agreement as a delivery date, *provided*, unless the Committee determines otherwise, such date is during a Window Period or, if such date is not during a Window Period, the first trading day of the first Window Period beginning after such date.

(o) "Dividend Equivalent Right" means a dividend equivalent right granted under the Plan, which represents an unfunded and unsecured promise to pay to the Grantee amounts equal to all or any portion of the regular cash dividends that would be paid on shares of Common Stock covered by an Award if such shares had been delivered pursuant to an Award.

(p) "Employment" means the Grantee's performance of services for the Firm, as determined by the Committee. The terms "employ" and "employed" shall have their correlative meanings. The Committee in its sole discretion may determine (i) whether and when a Grantee's leave of absence results in a termination of Employment (for this purpose, unless the Committee determines otherwise, a Grantee shall be treated as terminating Employment with the Firm upon the occurrence of an Extended Absence), (ii) whether and when a change in a Grantee's association with the Firm results in a termination of Employment and (iii) the impact, if any, of any such leave of absence or change in association on Awards theretofore made. Unless expressly provided otherwise, any references in the Plan or any Award Agreement to a Grantee's Employment being terminated shall include both voluntary and involuntary terminations.

(q) "Extended Absence" means the Grantee's inability to perform for six (6) continuous months, due to illness, injury or pregnancy-related complications, substantially all the essential duties of the Grantee's occupation, as determined by the Committee.

(r) "Firm" means GS Inc. and its subsidiaries and affiliates.

(s) "Good Reason" means, in connection with a termination of employment by a Grantee following a Change in Control, (a) as determined by the Committee, a materially adverse alteration in the Grantee's position or in the nature or status of the Grantee's responsibilities from those in effect immediately prior to the Change in Control or (b) the Firm's requiring the Grantee's principal place of

Employment to be located more than seventy-five (75) miles from the location where the Grantee is principally Employed at the time of the Change in Control (except for required travel on the Firm's business to an extent substantially consistent with the Grantee's customary business travel obligations in the ordinary course of business prior to the Change in Control).

(t) "Grantee" means a person who receives an Award.

(u) "GS Inc." means The Goldman Sachs Group, Inc., and any successor thereto.

(v) "Outstanding" means any Award to the extent it has not been forfeited, cancelled, terminated, exercised or with respect to which the shares of Common Stock underlying the Award have not been previously delivered or other payments made.

(w) "Retirement" means termination of the Grantee's Employment (other than for Cause) on or after the Date of Grant at a time when (i) (A) the sum of the Grantee's age plus years of service with the Firm (as determined by the Committee in its sole discretion) equals or exceeds 60 and (B) the Grantee has completed at least 10 years of service with the Firm (as determined by the Committee in its sole discretion) or, if earlier, (ii) (A) the Grantee has attained age 50 and (B) the Grantee has completed at least five years of service with the Firm (as determined by the Committee in its sole discretion).

(x) "RSU" means a restricted stock unit Award granted under the Plan, which represents an unfunded and unsecured promise to deliver shares of Common Stock in accordance with the terms of the RSU Award Agreement.

(y) "RSU Shares" means shares of Common Stock that underlie an RSU.

(z) "Section 409A" means Section 409A of the Code, including any amendments or successor provisions to that Section and any regulations and other administrative guidance thereunder, in each case as they, from time to time, may be amended or interpreted through further administrative guidance.

(aa) "SIP Administrator" means each person designated by the Committee as a "SIP Administrator" with the authority to perform day-to-day administrative functions for the Plan.

(bb) "SIP Committee" means the persons who have been delegated certain authority under the Plan by the Committee.

(cc) "Solicit" means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

(dd) "Transfer Restrictions" means restrictions that prohibit the sale, exchange, transfer, assignment, pledge, hypothecation, fractionalization, hedge or other disposal (including through the use of any cash-settled instrument), whether voluntarily or involuntarily by the Grantee, of an Award or any shares of Common Stock, cash or other property delivered in respect of an Award.

(ee) "Transferability Date" means the date Transfer Restrictions on a Restricted Share will be released. Within 30 Business Days after the applicable Transferability Date, GS Inc. shall take, or shall cause to be taken, such steps as may be necessary to remove Transfer Restrictions.

(ff) “Vested” means, with respect to an Award, the portion of the Award that is not subject to a condition that the Grantee remain actively employed by the Firm in order for the Award to remain Outstanding. The fact that an Award becomes Vested shall not mean or otherwise indicate that the Grantee has an unconditional or nonforfeitable right to such Award, and such Award shall remain subject to such terms, conditions and forfeiture provisions as may be provided for in the Plan or in the Award Agreement.

(gg) “Vesting Date” means each date specified in the Grantee’s Award Agreement as a date on which part or all of an Award becomes Vested.

(hh) “Window Period” means a period designated by the Firm during which all employees of the Firm are permitted to purchase or sell shares of Common Stock (*provided* that, if the Grantee is a member of a designated group of employees who are subject to different restrictions, the Window Period may be a period designated by the Firm during which an employee of the Firm in such designated group is permitted to purchase or sell shares of Common Stock).

THE GOLDMAN SACHS GROUP, INC.
[] YEAR-END SHORT-TERM RSU AWARD

This Award Agreement, together with The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) (the “Plan”), governs your _____ year-end award of Short-Term RSUs (your “Award”). You should read carefully this entire Award Agreement, which includes the Award Statement and any attached Appendix.

ACCEPTANCE

1. **You Must Decide Whether to Accept this Award Agreement.** To be eligible to receive your Award, you must by the date specified (a) open and activate an Account and (b) agree to all the terms of your Award by executing the related signature card in accordance with its instructions. By executing the signature card, you confirm your agreement to all of the terms of this Award Agreement, including the arbitration and choice of forum provisions in Paragraph 14.

DOCUMENTS THAT GOVERN YOUR AWARD; DEFINITIONS

2. **The Plan.** Your Award is granted under the Plan, and the Plan’s terms apply to, and are a part of, this Award Agreement.
3. **Your Award Statement.** The Award Statement delivered to you contains some of your Award’s specific terms. For example, it contains the number of Short-Term RSUs awarded to you and the Delivery Date.
4. **Definitions.** Capitalized terms are defined in the Definitions Appendix, which also includes terms that are defined in the Plan.

VESTING OF YOUR RSUS

5. **Vesting.** All of your Short-Term RSUs are Vested. When an RSU is Vested, it means **only** that your continued active Employment is not required for delivery of that portion of RSU Shares. **Vesting does not mean you have a non-forfeitable right to the Vested portion of your Award. The terms of this Award Agreement (including conditions to delivery) continue to apply to Vested Short-Term RSUs, and you can still forfeit Vested Short-Term RSUs and any RSU Shares.**

DELIVERY OF YOUR RSU SHARES

6. **Delivery.** Reasonably promptly (but no more than 30 Business Days) after each Delivery Date listed on your Award Statement, RSU Shares (less applicable withholding as described in Paragraph 11(a)) will be delivered (by book entry credit to your Account) in respect of the amount of Outstanding Short-Term RSUs listed next to that date. The Committee or the SIP Committee may select multiple dates within the 30-Business-Day period following the Delivery Date to deliver RSU Shares in respect of all or a portion of the Short-Term RSUs with the same Delivery Date listed on the Award Statement, and all such dates will be treated as a single Delivery Date for purposes of this Award. Until such delivery, you have only the rights of a general unsecured creditor, and no rights as a shareholder of GS Inc. Without limiting the Committee’s authority under Section 1.3.2(h) of the Plan, the Firm may accelerate any Delivery Date by up to 30 days.

DIVIDENDS

7. **Dividend Equivalent Rights and Dividends.** Each Short-Term RSU includes a Dividend Equivalent Right, which entitles you to receive an amount (less applicable withholding), at or after the time of distribution of any regular cash dividend paid by GS Inc. in respect of a share of Common Stock, equal to any regular cash dividend payment that would have been made in respect of an RSU Share underlying your Outstanding Short-Term RSUs for any record date that occurs on or after the Date of Grant.

FORFEITURE OF YOUR AWARD

8. **How You May Forfeit Your Award.** This Paragraph 8 sets forth the events that result in forfeiture of up to all of your Short-Term RSUs and may require repayment to the Firm of up to all other amounts previously delivered or paid to you under your Award in accordance with Paragraph 9. More than one event may apply, and in no case will the occurrence of one event limit the forfeiture and repayment obligations as a result of the occurrence of any other event. In addition, the Firm reserves the right to (a) suspend delivery of RSU Shares, (b) deliver any RSU Shares into an escrow account in accordance with Paragraph 11(f)(v) or (c) apply Transfer Restrictions to any RSU Shares in connection with any investigation of whether any of the events that result in forfeiture under the Plan or this Paragraph 8 have occurred. Paragraph 10 (relating to certain circumstances under which delivery may be accelerated) provides for exceptions to one or more provisions of this Paragraph 8. The Code Staff Forfeiture and Repayment Appendix supplements this Paragraph 8 and sets forth additional events that result in forfeiture of up to all of your Supplemental RSUs and Shares at Risk and may require repayment to the Firm as described in Paragraph 9 and the Appendix.

(a) Short-Term RSUs Forfeited Upon Certain Events. If any of the following occurs, your rights to all of your Outstanding Short-Term RSUs will terminate, and no RSU Shares will be delivered in respect of such RSUs, as may be further described below:

(i) You Failed to Consider Risk. You Failed to Consider Risk during the Firm's _____ fiscal year.

(ii) Your Conduct Constitutes Cause. Any event that constitutes Cause (including, for the avoidance of doubt, "Serious Misconduct" as defined in the Code Staff Forfeiture and Repayment Appendix) has occurred before the Delivery Date.

(iii) You Do Not Meet Your Obligations to the Firm. The Committee determines that, before the Delivery Date, you failed to meet, in any respect, any obligation under any agreement with the Firm, or any agreement entered into in connection with your Employment or this Award, including the Firm's notice period requirement applicable to you, any offer letter, employment agreement or any shareholders' agreement relating to the Firm. Your failure to pay or reimburse the Firm, on demand, for any amount you owe to the Firm will constitute (A) failure to meet an obligation you have under an agreement, regardless of whether such obligation arises under a written agreement, and/or (B) a material violation of Firm policy constituting Cause.

(iv) You Do Not Provide Timely Certifications or Comply with Your Certifications. You fail to certify to GS Inc. that you have complied with all of the terms of the Plan and this Award Agreement, or the Committee determines that you have failed to comply with a term of the Plan or this Award Agreement to which you have certified compliance.

(v) You Do Not Follow Dispute Resolution/Arbitration Procedures. You attempt to have any dispute under the Plan or this Award Agreement resolved in any manner that is not provided for by Paragraph 14 or Section 3.17 of the Plan.

(vi) You Bring an Action that Results in a Determination that Any Award Agreement Term Is Invalid. As a result of any action brought by you, it is determined that any term of this Award Agreement is invalid.

(vii) You Receive Compensation in Respect of Your Award from Another Employer. Your Employment terminates for any reason or you otherwise are no longer actively employed with the Firm and another entity grants you cash, equity or other property (whether vested or unvested) to replace, substitute for or otherwise in respect of any Outstanding Short-Term RSUs; *provided, however*, that your rights will only be terminated in respect of the Short-Term RSUs that are replaced, substituted for or otherwise considered by such other entity in making its grant.

REPAYMENT OF YOUR AWARD

9. **When You May Be Required to Repay Your Award**. If the Committee determines that any term of this Award was not satisfied, you will be required, immediately upon demand therefor, to repay to the Firm the following:

(a) Any RSU Shares for which the terms (including the terms for delivery) of the related Short-Term RSUs were not satisfied, in accordance with Section 2.6.3 of the Plan.

(b) Any payments under Dividend Equivalent Rights for which the terms were not satisfied (including any such payments made in respect of Short-Term RSUs that are forfeited or RSU Shares that are cancelled or subject to repayment), in accordance with Section 2.8.4 of the Plan.

(c) Any dividends paid in respect of any RSU Shares that are cancelled or required to be repaid.

(d) Any amount applied to satisfy tax withholding or other obligations with respect to any Short-Term RSUs, RSU Shares, dividend payments and payments under Dividend Equivalent Rights that are forfeited or required to be repaid.

EXCEPTIONS TO THE DELIVERY DATE

10. **Accelerated Delivery in the Event of a Qualifying Termination After a Change in Control, Conflicted Employment or Death**. In the event of your Qualifying Termination After a Change in Control, Conflicted Employment or death, each as described below, your Outstanding Award will be treated as described in this Paragraph 10, and, except as set forth in Paragraph 10(a), all other terms of this Award Agreement, including the other forfeiture and repayment events in Paragraphs 8 and 9, continue to apply.

(a) You Have a Qualifying Termination After a Change in Control. If your Employment terminates when you meet the requirements of a Qualifying Termination After a Change in Control, the RSU Shares underlying your Outstanding Short-Term RSUs will be delivered. In addition, the forfeiture events in Paragraph 8 will not apply to your Award.

(b) You Are Determined to Have Accepted Conflicted Employment.

(i) Generally. If your Employment terminates solely because you resign to accept Conflicted Employment, as soon as practicable after the Committee has received satisfactory documentation relating to your Conflicted Employment, RSU Shares will be delivered in respect of your Outstanding Short-Term RSUs (including in the form of cash as described in Paragraph 11 (b)). In addition, if, following your termination of Employment, you notify the Firm and provide the Committee with satisfactory documentation that you are accepting Conflicted Employment, RSU Shares will be delivered in respect of your Outstanding Short-Term RSUs (including in the form of cash as described in Paragraph 11(b)).

(ii) You May Have to Take Other Steps to Address Conflicts of Interest. The Committee retains the authority to exercise its rights under the Award Agreement or the Plan (including Section 1.3.2 of the Plan) to take or require you to take other steps it determines in its sole discretion to be necessary or appropriate to cure an actual or perceived conflict of interest (which may include a determination that the accelerated delivery described in Paragraph 10(b)(i) will not apply because such actions are not necessary or appropriate to cure an actual or perceived conflict of interest).

(c) Death. If you die, the RSU Shares underlying your Outstanding Short-Term RSUs will be delivered to the representative of your estate as soon as practicable after the date of death and after such documentation as may be requested by the Committee is provided to the Committee.

OTHER TERMS, CONDITIONS AND AGREEMENTS

11. Additional Terms, Conditions and Agreements.

(a) You Must Satisfy Applicable Tax Withholding Requirements. Delivery of RSU Shares is conditioned on your satisfaction of any applicable withholding taxes in accordance with Section 3.2 of the Plan (which includes the Firm deducting or withholding amounts from any payment or distribution to you). In addition, to the extent permitted by applicable law, the Firm, in its sole discretion, may require you to provide amounts equal to all or a portion of any Federal, state, local, foreign or other tax obligations imposed on you or the Firm in connection with the grant or delivery of this Award by requiring you to choose between remitting the amount (i) in cash (or through payroll deduction or otherwise) or (ii) in the form of proceeds from the Firm's executing a sale of RSU Shares delivered to you under this Award. In addition, if you are an individual with separate employment contracts (at any time during and/or after the Firm's _____ fiscal year), the Firm, in its sole discretion, may require you to provide for a reserve in an amount the Firm determines is advisable or necessary in connection with any actual, anticipated or potential tax consequences related to your separate employment contracts by requiring you to choose between remitting such amount (i) in cash (or through payroll deduction or otherwise) or (ii) in the form of proceeds from the Firm's executing a sale of shares of Common Stock delivered to you pursuant to this Award (or any other Outstanding awards granted under the Plan or any predecessor or successor plan thereto). In no event, however, does this Paragraph 11(a) give you any discretion to determine or affect the timing of the delivery of RSU Shares or the timing of payment of tax obligations.

(b) Firm May Deliver Cash or Other Property Instead of RSU Shares. In accordance with Section 1.3.2(i) of the Plan, in the sole discretion of the Committee, in lieu of all or any portion of the RSU Shares, the Firm may deliver cash, other securities, other awards under the

Plan or other property, and all references in this Award Agreement to deliveries of RSU Shares will include such deliveries of cash, other securities, other awards under the Plan or other property.

(c) Amounts May Be Rounded to Avoid Fractional Shares. RSU Shares that become deliverable on a Delivery Date may, in each case, be rounded to avoid fractional Shares.

(d) You May Be Required to Become a Party to the Shareholders' Agreement. Your rights to your Short-Term RSUs are conditioned on your becoming a party to any shareholders' agreement to which other similarly situated employees (*e.g.*, employees with a similar title or position) of the Firm are required to be a party. If you are a party to the Amended and Restated Shareholders' Agreement, RSU Shares will be subject to the Amended and Restated Shareholders' Agreement, but RSU Shares delivered in respect of Short-Term RSUs will not be "Covered Shares" for purposes of Section 2.1(a) thereof.

(e) Firm May Affix Legends and Place Stop Orders on Restricted RSU Shares. GS Inc. may affix to Certificates representing RSU Shares any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under a separate agreement). GS Inc. may advise the transfer agent to place a stop order against any legended RSU Shares.

(f) You Agree to Certain Consents, Terms and Conditions. By accepting this Award you understand and agree that:

(i) You Agree to Certain Consents as a Condition to the Award. You have expressly consented to all of the items listed in Section 3.3.3(d) of the Plan, including the Firm's supplying to any third-party recordkeeper of the Plan or other person such personal information of yours as the Committee deems advisable to administer the Plan, and you agree to provide any additional consents that the Committee determines to be necessary or advisable;

(ii) You Are Subject to the Firm's Policies, Rules and Procedures. You are subject to the Firm's policies in effect from time to time concerning trading in RSU Shares and hedging or pledging RSU Shares and equity-based compensation or other awards (including, without limitation, the Firm's "Policies With Respect to Transactions Involving GS Shares, Equity Awards and GS Options by Persons Affiliated with GS Inc." or any successor policies), and confidential or proprietary information, and you will effect sales of RSU Shares in accordance with such rules and procedures as may be adopted from time to time (which may include, without limitation, restrictions relating to the timing of sale requests, the manner in which sales are executed, pricing method, consolidation or aggregation of orders and volume limits determined by the Firm);

(iii) You Are Responsible for Costs Associated with Your Award. You will be responsible for all brokerage costs and other fees or expenses associated with your Short-Term RSUs, including those related to the sale of RSU Shares;

(iv) You Will Be Deemed to Represent Your Compliance with All the Terms of Your Award if You Accept Delivery of, or Sell, RSU Shares. You will be deemed to have represented and certified that you have complied with all of the terms of the Plan and this Award Agreement when you accept delivery of RSU Shares, or receive payment in respect of Dividend Equivalent Rights;

(v) Firm May Deliver Your Award into an Escrow Account. The Firm may establish and maintain an escrow account on such terms (which may include your executing any documents related to, and your paying for any costs associated with, such account) as it may deem necessary or appropriate, and the delivery of RSU Shares or the payment of cash or other property may initially be made into and held in that escrow account until such time as the Committee has received such documentation as it may have requested or until the Committee has determined that any other conditions or restrictions on delivery of RSU Shares, cash or other property required by this Award Agreement have been satisfied;

(vi) You May Be Required to Certify Compliance with Award Terms; You Are Responsible for Providing the Firm with Updated Address and Contact Information After Your Departure from the Firm. If your Employment terminates while you continue to hold Short-Term RSUs, from time to time, you may be required to provide certifications of your compliance with all of the terms of the Plan and this Award Agreement as described in Paragraph 8(a)(iv). You understand and agree that (A) your address on file with the Firm at the time any certification is required will be deemed to be your current address, (B) it is your responsibility to inform the Firm of any changes to your address to ensure timely receipt of the certification materials, (C) you are responsible for contacting the Firm to obtain such certification materials if not received and (D) your failure to return properly completed certification materials by the specified deadline (which includes your failure to timely return the completed certification because you did not provide the Firm with updated contact information) will result in the forfeiture of all of your Short-Term RSUs and subject previously delivered amounts to repayment under Paragraph 8(a)(iv);

(vii) You Must Comply with Applicable Deadlines and Procedures to Appeal Determinations Made by the Committee, the SIP Committee or SIP Administrators. In order to appeal a determination by the Committee, the SIP Committee, the SIP Administrators, or any of their delegates or designees, you must submit a written request for the appeal within 180 days after receipt of any such determination. You must exhaust all administrative remedies before seeking to resolve a dispute through arbitration pursuant to Paragraph 14 and Section 3.17 of the Plan; and

(viii) You Agree that Covered Persons Will Not Have Liability. In addition to and without limiting the generality of the provisions of Section 1.3.5 of the Plan, neither the Firm nor any Covered Person will have any liability to you or any other person for any action taken or omitted in respect of this or any other Award.

12. **Non-transferability.** Except as otherwise may be provided in this Paragraph 12 or as otherwise may be provided by the Committee, the limitations on transferability set forth in Section 3.5 of the Plan will apply to this Award. Any purported transfer or assignment in violation of the provisions of this Paragraph 12 or Section 3.5 of the Plan will be void. The Committee may adopt procedures pursuant to which some or all recipients of Short-Term RSUs may transfer some or all of their Short-Term RSUs through a gift for no consideration to any immediate family member, a trust or other estate planning vehicle approved by the Committee or SIP Committee in which the recipient and/or the recipient's immediate family members in the aggregate have 100% of the beneficial interest.

13. **Right of Offset.** Except as provided in Paragraph 16(h), the obligation to deliver RSU Shares or to make payments under Dividend Equivalent Rights under this Award Agreement is subject to Section 3.4 of the Plan, which provides for the Firm's right to offset against such obligation any outstanding amounts you owe to the Firm and any amounts the Committee deems appropriate pursuant to any tax equalization policy or agreement.

ARBITRATION, CHOICE OF FORUM AND GOVERNING LAW

14. **Arbitration; Choice of Forum.**

(a) **BY ACCEPTING THIS AWARD, YOU ARE INDICATING THAT YOU UNDERSTAND AND AGREE THAT THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN SECTION 3.17 OF THE PLAN WILL APPLY TO THIS AWARD. THESE PROVISIONS, WHICH ARE EXPRESSLY INCORPORATED HEREIN BY REFERENCE, PROVIDE AMONG OTHER THINGS THAT ANY DISPUTE, CONTROVERSY OR CLAIM BETWEEN THE FIRM AND YOU ARISING OUT OF OR RELATING TO OR CONCERNING THE PLAN OR THIS AWARD AGREEMENT WILL BE FINALLY SETTLED BY ARBITRATION IN NEW YORK CITY, PURSUANT TO THE TERMS MORE FULLY SET FORTH IN SECTION 3.17 OF THE PLAN.**

(b) To the fullest extent permitted by applicable law, no arbitrator will have the authority to consider class, collective or representative claims, to order consolidation or to join different claimants or grant relief other than on an individual basis to the individual claimant involved.

(c) Notwithstanding any applicable forum rules to the contrary, to the extent there is a question of enforceability of this Award Agreement arising from a challenge to the arbitrator's jurisdiction or to the arbitrability of a claim, it will be decided by a court and not an arbitrator.

(d) All references to the New York Stock Exchange in Section 3.17 of the Plan will be read as references to the Financial Industry Regulatory Authority.

(e) The Federal Arbitration Act governs interpretation and enforcement of all arbitration provisions under the Plan and this Award Agreement, and all arbitration proceedings thereunder.

(f) Nothing in this Award Agreement creates a substantive right to bring a claim under U.S. Federal, state, or local employment laws.

15. **Governing Law.** THIS AWARD WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

CERTAIN TAX PROVISIONS

16. **Compliance of Award Agreement and Plan with Section 409A.** The provisions of this Paragraph 16 apply to you only if you are a U.S. taxpayer.

(a) This Award Agreement and the Plan provisions that apply to this Award are intended and will be construed to comply with Section 409A (including the requirements applicable to, or the conditions for exemption from treatment as, 409A Deferred Compensation), whether by reason of short-term deferral treatment or other exceptions or provisions. The Committee will have full authority to give effect to this intent. To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of the Plan (including Sections 1.3.2 and 2.1 thereof) and this Award Agreement, the provisions of this Award Agreement will govern, and in the case of any conflict or potential inconsistency between this Paragraph 16 and the other provisions of this Award Agreement, this Paragraph 16 will govern.

(b) Delivery of RSU Shares will not be delayed beyond the date on which all applicable conditions or restrictions on delivery of RSU Shares required by this Agreement (including those specified in Paragraphs 6, 10(c) and 11 and the consents and other items specified in Section 3.3 of the Plan) are satisfied. To the extent that any portion of this Award is intended to satisfy the requirements for short-term deferral treatment under Section 409A, delivery for such portion will occur by the March 15 coinciding with the last day of the applicable “short-term deferral” period described in Reg. 1.409A-1(b)(4) in order for the delivery of RSU Shares to be within the short-term deferral exception unless, in order to permit all applicable conditions or restrictions on delivery to be satisfied, the Committee elects, pursuant to Reg. 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted in accordance with Section 409A, to delay delivery of RSU Shares to a later date within the same calendar year or to such later date as may be permitted under Section 409A, including Reg. 1.409A-2(b)(7) (in conjunction with Section 3.21.3 of the Plan pertaining to Code Section 162(m)) and Reg. 1.409A-3(d). For the avoidance of doubt, if the Award includes a “series of installment payments” as described in Reg. 1.409A-2(b)(2)(iii), your right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment.

(c) Notwithstanding the provisions of Paragraph 11(b) and Section 1.3.2(i) of the Plan, to the extent necessary to comply with Section 409A, any securities, other Awards or other property that the Firm may deliver in respect of your Short-Term RSUs will not have the effect of deferring delivery or payment, income inclusion, or a substantial risk of forfeiture, beyond the date on which such delivery, payment or inclusion would occur or such risk of forfeiture would lapse, with respect to the RSU Shares that would otherwise have been deliverable (unless the Committee elects a later date for this purpose pursuant to Reg. 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted under Section 409A, including and to the extent applicable, the subsequent election provisions of Section 409A(a)(4)(C) of the Code and Reg. 1.409A-2(b)).

(d) Notwithstanding the timing provisions of Paragraph 10(c), the delivery of RSU Shares referred to therein will be made after the date of death and during the calendar year that includes the date of death (or on such later date as may be permitted under Section 409A).

(e) The timing of delivery or payment pursuant to Paragraph 10(a) will occur on the earlier of (i) the Delivery Date or (ii) a date that is within the calendar year in which the termination of Employment occurs; *provided, however*, that, if you are a “specified employee” (as defined by the Firm in accordance with Section 409A(a)(2)(i)(B) of the Code), delivery will occur on the earlier of the Delivery Date or (to the extent required to avoid the imposition of additional tax under Section 409A) the date that is six months after your termination of Employment (or, if the latter date is not during a Window Period, the first trading day of the next Window Period). For purposes of Paragraph 10(a), references in this Award Agreement to termination of Employment mean a termination of Employment from the Firm (as defined by the Firm) which is also a separation from service (as defined by the Firm in accordance with Section 409A).

(f) Notwithstanding any provision of Paragraph 7 or Section 2.8.2 of the Plan to the contrary, the Dividend Equivalent Rights with respect to each of your Outstanding Short-Term RSUs will be paid to you within the calendar year that includes the date of distribution of any corresponding regular cash dividends paid by GS Inc. in respect of a share of Common Stock the record date for which occurs on or after the Date of Grant. The payment will be in an amount (less applicable withholding) equal to such regular dividend payment as would have been made in respect of the RSU Shares underlying such Outstanding Short-Term RSUs.

(g) The timing of delivery or payment referred to in Paragraph 10(b)(i) will be the earlier of (i) the Delivery Date or (ii) a date that is within the calendar year in which the Committee receives satisfactory documentation relating to your Conflicted Employment, *provided* that such delivery or payment will be made, and any Committee action referred to in Paragraph 10(b)(ii) will be taken, only at such time as, and if and to the extent that it, as reasonably determined by the Firm, would not result in the imposition of any additional tax to you under Section 409A.

(h) Paragraph 13 and Section 3.4 of the Plan will not apply to Awards that are 409A Deferred Compensation except to the extent permitted under Section 409A.

(i) Delivery of RSU Shares in respect of any Award may be made, if and to the extent elected by the Committee, later than the Delivery Date or other date or period specified hereinabove (but, in the case of any Award that constitutes 409A Deferred Compensation, only to the extent that the later delivery is permitted under Section 409A).

(j) You understand and agree that you are solely responsible for the payment of any taxes and penalties due pursuant to Section 409A, but in no event will you be permitted to designate, directly or indirectly, the taxable year of the delivery.

17. **Compliance of Award Agreement and Plan with Section 162(m).** If you are or become considered by GS Inc. to be one of its “covered employees” within the meaning of Section 162(m) of the Code, then you will be subject to Section 3.21.3 of the Plan, as a result of which delivery of your RSU Shares may be delayed.

COMMITTEE AUTHORITY, AMENDMENT AND CONSTRUCTION

18. **Committee Authority.** The Committee has the authority to determine, in its sole discretion, that any event triggering forfeiture or repayment of your Award will not apply and to limit the forfeitures and repayments that result under Paragraphs 8 and 9.

19. **Amendment.** The Committee reserves the right at any time to amend the terms of this Award Agreement, and the Board may amend the Plan in any respect; *provided* that, notwithstanding the foregoing and Sections 1.3.2(f), 1.3.2(h) and 3.1 of the Plan, no such amendment will materially adversely affect your rights and obligations under this Award Agreement without your consent; and *provided further* that the Committee expressly reserves its rights to amend the Award Agreement and the Plan as described in Sections 1.3.2(h)(1), (2) and (4) of the Plan. A modification that impacts the tax consequences of this Award or the timing of delivery of RSU Shares will not be an amendment that materially adversely affects your rights and obligations under this Award Agreement. Any amendment of this Award Agreement will be in writing.

20. **Construction, Headings.** Unless the context requires otherwise, (a) words describing the singular number include the plural and vice versa, (b) words denoting any gender include all genders and (c) the words “include,” “includes” and “including” will be deemed to be followed by the words “without limitation.” The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof. References in this Award Agreement to any specific Plan provision will not be construed as limiting the applicability of any other Plan provision.

IN WITNESS WHEREOF, GS Inc. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

THE GOLDMAN SACHS GROUP, INC.

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CODE STAFF FORFEITURE AND REPAYMENT APPENDIX

This Code Staff Appendix supplements Paragraph 8 and sets forth additional events that result in forfeiture of up to all of your Short-Term RSUs and may require repayment to the Firm of up to all other amounts previously delivered or paid to you under your Award in accordance with Paragraph 9. As with the events described in Paragraph 8, more than one event may apply, in no case will the occurrence of one event limit the forfeiture and repayment obligations as a result of the occurrence of any other event and the Firm reserves the right to (a) suspend delivery of RSU Shares, (b) deliver any RSU Shares into an escrow account in accordance with Paragraph 11(f)(v) or (c) apply Transfer Restrictions to any RSU Shares in connection with any investigation of whether any of the events that result in forfeiture under this Code Staff Appendix have occurred.

With respect to the events described in Paragraphs (a) and (b) of this Appendix, the Committee will consider certain factors to determine whether and what portion of your Award will terminate, including the reason for the “Risk Event” (as defined below) and the extent to which: (1) you participated in the Risk Event, (2) your compensation for the Firm’s _____ fiscal year may or may not have been adjusted to take into account the risk associated with the Risk Event or your “Serious Misconduct” (as defined below) and (3) your compensation may be adjusted for the year in which the Risk Event or your Serious Misconduct is discovered.

(a) A Risk Event Occurs Prior to [_____]. If a Risk Event occurs prior to _____, (i) your rights in respect of all or a portion of your Short-Term RSUs will terminate and no RSU Shares will be delivered in respect of such Short-Term RSUs and (ii) you will be obligated immediately upon demand therefor to pay the Firm an amount not in excess of the greater of the Fair Market Value of the RSU Shares (plus any dividend payments and payments under Dividend Equivalent Rights) delivered in respect of the Award (without reduction for any amount applied to satisfy tax withholding or other obligations) determined as of (A) the date the Risk Event occurred and (B) the date that the repayment request is made.

(i) A “**Risk Event**” means there occurs a loss of 5% or more of firmwide total capital from a reportable operational risk event determined in accordance with the firmwide Reporting Operational Risk Events Policy.

(b) You Engage in Serious Misconduct Prior to [_____]. If you engage in Serious Misconduct during the period beginning on the Delivery Date through _____, you will be obligated immediately upon demand therefor to pay the Firm an amount not in excess of the greater of the Fair Market Value of the RSU Shares (plus any dividend payments and payments under Dividend Equivalent Rights) delivered in respect of the Award (without reduction for any amount applied to satisfy tax withholding or other obligations) determined as of (i) the date the Serious Misconduct occurred and (ii) the date that the repayment request is made.

(i) “**Serious Misconduct**” means that you engage in conduct that the Firm reasonably considers, in its sole discretion, to be misconduct sufficient to justify summary termination of employment under English law.

Notwithstanding any provision in the Plan, this Award Agreement or any other agreement or arrangement you may have with the Firm, the parties agree that to the extent that there is any dispute arising out of or relating to the payment required by Paragraphs (a) and (b) of this Appendix (including your refusal to remit payment) the parties will submit to arbitration in accordance with Paragraph 14 of this Award Agreement and Section 3.17 of the Plan as the sole means of resolution of such dispute (including the recovery by the Firm of the payment amount)

DEFINITIONS APPENDIX

The following capitalized terms are used in this Award Agreement with the following meanings:

(a) “409A Deferred Compensation” means a “deferral of compensation” or “deferred compensation” as those terms are defined in the regulations under Section 409A.

(b) “Failed to Consider Risk” means that you participated in the structuring or marketing of any product or service, or participated on behalf of the Firm or any of its clients in the purchase or sale of any security or other property, in any case without appropriate consideration of the risk to the Firm or the broader financial system as a whole (for example, where you have improperly analyzed such risk or where you have failed sufficiently to raise concerns about such risk) and, as a result of such action or omission, the Committee determines there has been, or reasonably could be expected to be, a material adverse impact on the Firm, your business unit or the broader financial system.

(c) “Qualifying Termination After a Change in Control” means that the Firm terminates your Employment other than for Cause or you terminate your Employment for Good Reason, in each case, within 18 months following a Change in Control.

The following capitalized terms are used in this Award Agreement with the meanings that are assigned to them in the Plan.

(a) “Account” means any brokerage account, custody account or similar account, as approved or required by GS Inc. from time to time, into which shares of Common Stock, cash or other property in respect of an Award are delivered.

(b) “Award Agreement” means the written document or documents by which each Award is evidenced, including any Award Statement.

(c) “Award Statement” means a written statement that reflects certain Award terms.

(d) “Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in New York City are authorized or obligated by Federal law or executive order to be closed.

(e) “Cause” means (i) the Grantee’s conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge, or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations, (ii) the Grantee’s engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act), (iii) the Grantee’s willful failure to perform the Grantee’s duties to the Firm, (iv) the Grantee’s violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Firm is a member, (v) the Grantee’s violation of any Firm policy concerning hedging or pledging or confidential or proprietary information, or the Grantee’s material violation of any other Firm policy as in effect from time to time, (vi) the Grantee’s engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Firm or (vii) the Grantee’s engaging in any conduct detrimental to the Firm. The determination as to whether Cause has occurred shall be made by the Committee in its sole discretion and, in such case, the Committee also may, but shall not be required to,

specify the date such Cause occurred (including by determining that a prior termination of Employment was for Cause). Any rights the Firm may have hereunder and in any Award Agreement in respect of the events giving rise to Cause shall be in addition to the rights the Firm may have under any other agreement with a Grantee or at law or in equity.

(f) “Change in Control” means the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving GS Inc. (a “Reorganization”) or sale or other disposition of all or substantially all of GS Inc.’s assets to an entity that is not an affiliate of GS Inc. (a “Sale”), that in each case requires the approval of GS Inc.’s shareholders under the law of GS Inc.’s jurisdiction of organization, whether for such Reorganization or Sale (or the issuance of securities of GS Inc. in such Reorganization or Sale), unless immediately following such Reorganization or Sale, either: (i) at least 50% of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of (A) the entity resulting from such Reorganization, or the entity which has acquired all or substantially all of the assets of GS Inc. in a Sale (in either case, the “Surviving Entity”), or (B) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, as such Rule is in effect on the date of the adoption of the 1999 SIP) of 50% or more of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the Surviving Entity (the “Parent Entity”) is represented by GS Inc.’s securities (the “GS Inc. Securities”) that were outstanding immediately prior to such Reorganization or Sale (or, if applicable, is represented by shares into which such GS Inc. Securities were converted pursuant to such Reorganization or Sale) or (ii) at least 50% of the members of the board of directors (or similar officials in the case of an entity other than a corporation) of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) following the consummation of the Reorganization or Sale were, at the time of the Board’s approval of the execution of the initial agreement providing for such Reorganization or Sale, individuals (the “Incumbent Directors”) who either (A) were members of the Board on the Effective Date or (B) became directors subsequent to the Effective Date and whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of GS Inc.’s proxy statement in which such persons are named as nominees for director).

(g) “Client” means any client or prospective client of the Firm to whom the Grantee provided services, or for whom the Grantee transacted business, or whose identity became known to the Grantee in connection with the Grantee’s relationship with or employment by the Firm.

(h) “Committee” means the committee appointed by the Board to administer the Plan pursuant to Section 1.3, and, to the extent the Board determines it is appropriate for the compensation realized from Awards under the Plan to be considered “performance based” compensation under Section 162(m) of the Code, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is an “outside director” within the meaning of Code Section 162(m), and which, to the extent the Board determines it is appropriate for Awards under the Plan to qualify for the exemption available under Rule 16b-3(d)(1) or Rule 16b-3(e) promulgated under the Exchange Act, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is a “non-employee director” within the meaning of Rule 16b-3. Unless otherwise determined by the Board, the Committee shall be the Compensation Committee of the Board.

(i) “Common Stock” means common stock of GS Inc., par value \$0.01 per share.

(j) “Conflicted Employment” means the Grantee’s employment at any U.S. Federal, state or local government, any non-U.S. government, any supranational or international organization, any self-regulatory organization, or any agency or instrumentality of any such government or organization, or any other employer determined by the Committee, if, as a result of such employment, the Grantee’s continued holding of any Outstanding Award would result in an actual or perceived conflict of interest.

(k) “Covered Person” means a member of the Board or the Committee or any employee of the Firm.

(l) “Date of Grant” means the date specified in the Grantee’s Award Agreement as the date of grant of the Award.

(m) “Delivery Date” means each date specified in the Grantee’s Award Agreement as a delivery date, *provided*, unless the Committee determines otherwise, such date is during a Window Period or, if such date is not during a Window Period, the first trading day of the first Window Period beginning after such date.

(n) “Dividend Equivalent Right” means a dividend equivalent right granted under the Plan, which represents an unfunded and unsecured promise to pay to the Grantee amounts equal to all or any portion of the regular cash dividends that would be paid on shares of Common Stock covered by an Award if such shares had been delivered pursuant to an Award.

(o) “Employment” means the Grantee’s performance of services for the Firm, as determined by the Committee. The terms “employ” and “employed” shall have their correlative meanings. The Committee in its sole discretion may determine (i) whether and when a Grantee’s leave of absence results in a termination of Employment (for this purpose, unless the Committee determines otherwise, a Grantee shall be treated as terminating Employment with the Firm upon the occurrence of an Extended Absence), (ii) whether and when a change in a Grantee’s association with the Firm results in a termination of Employment and (iii) the impact, if any, of any such leave of absence or change in association on Awards theretofore made. Unless expressly provided otherwise, any references in the Plan or any Award Agreement to a Grantee’s Employment being terminated shall include both voluntary and involuntary terminations.

(p) “Firm” means GS Inc. and its subsidiaries and affiliates.

(q) “Good Reason” means, in connection with a termination of employment by a Grantee following a Change in Control, (a) as determined by the Committee, a materially adverse alteration in the Grantee’s position or in the nature or status of the Grantee’s responsibilities from those in effect immediately prior to the Change in Control or (b) the Firm’s requiring the Grantee’s principal place of Employment to be located more than seventy-five (75) miles from the location where the Grantee is principally Employed at the time of the Change in Control (except for required travel on the Firm’s business to an extent substantially consistent with the Grantee’s customary business travel obligations in the ordinary course of business prior to the Change in Control).

(r) “Grantee” means a person who receives an Award.

(s) “GS Inc.” means The Goldman Sachs Group, Inc., and any successor thereto.

(t) “Outstanding” means any Award to the extent it has not been forfeited, cancelled, terminated, exercised or with respect to which the shares of Common Stock underlying the Award have not been previously delivered or other payments made.

(u) “RSU” means a restricted stock unit Award granted under the Plan, which represents an unfunded and unsecured promise to deliver shares of Common Stock in accordance with the terms of the RSU Award Agreement.

(v) “RSU Shares” means shares of Common Stock that underlie an RSU.

(w) “Section 409A” means Section 409A of the Code, including any amendments or successor provisions to that Section and any regulations and other administrative guidance thereunder, in each case as they, from time to time, may be amended or interpreted through further administrative guidance.

(x) “SIP Administrator” means each person designated by the Committee as a “SIP Administrator” with the authority to perform day-to-day administrative functions for the Plan.

(y) “SIP Committee” means the persons who have been delegated certain authority under the Plan by the Committee.

(z) “Solicit” means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

(aa) “Transfer Restrictions” means restrictions that prohibit the sale, exchange, transfer, assignment, pledge, hypothecation, fractionalization, hedge or other disposal (including through the use of any cash-settled instrument), whether voluntarily or involuntarily by the Grantee, of an Award or any shares of Common Stock, cash or other property delivered in respect of an Award.

(bb) “Vested” means, with respect to an Award, the portion of the Award that is not subject to a condition that the Grantee remain actively employed by the Firm in order for the Award to remain Outstanding. The fact that an Award becomes Vested shall not mean or otherwise indicate that the Grantee has an unconditional or nonforfeitable right to such Award, and such Award shall remain subject to such terms, conditions and forfeiture provisions as may be provided for in the Plan or in the Award Agreement.

(cc) “Window Period” means a period designated by the Firm during which all employees of the Firm are permitted to purchase or sell shares of Common Stock (*provided* that, if the Grantee is a member of a designated group of employees who are subject to different restrictions, the Window Period may be a period designated by the Firm during which an employee of the Firm in such designated group is permitted to purchase or sell shares of Common Stock).

THE GOLDMAN SACHS GROUP, INC.
| _____ | YEAR-END RESTRICTED STOCK AWARD

This Award Agreement, together with The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) (the “Plan”), governs your award of _____ year-end Restricted Shares (your “Award”). You should read carefully this entire Award Agreement, which includes the Award Statement and any attached Appendix.

ACCEPTANCE

1. **You Must Decide Whether to Accept this Award Agreement.** To be eligible to receive your Award, you must by the date specified (a) open and activate an Account and (b) agree to all the terms of your Award by executing the related signature card in accordance with its instructions. By executing the signature card, you confirm your agreement to all of the terms of this Award Agreement, including the arbitration and choice of forum provisions in Paragraph 15. Within 30 days of the Date of Grant, you must make a Section 83(b) Election, which will result in your recognition of taxable income on the Date of Grant equal to the fair market value of the Restricted Shares on the Date of Grant, but will not affect Vesting of your Restricted Shares or the removal of the Transfer Restrictions.

DOCUMENTS THAT GOVERN YOUR AWARD; DEFINITIONS

2. **The Plan.** Your Award is granted under the Plan, and the Plan’s terms apply to, and are a part of, this Award Agreement.
3. **Your Award Statement.** The Award Statement delivered to you contains some of your Award’s specific terms. For example, it contains the number of Restricted Shares awarded to you and any applicable Vesting Dates and Transferability Dates.
4. **Definitions.** Capitalized terms are defined in the Definitions Appendix, which also includes terms that are defined in the Plan.

VESTING OF YOUR RESTRICTED SHARES

5. **Vesting.** On each Vesting Date listed on your Award Statement, you will become Vested in the amount of Outstanding Restricted Shares listed next to that date. When a Restricted Share becomes Vested, it means **only** that your continued active Employment is not required for that portion of Restricted Shares to become fully transferrable without risk of forfeiture. **Vesting does not mean you have a non-forfeitable right to the Vested portion of your Award. The terms of this Award Agreement (including the Transfer Restrictions) continue to apply to Vested Restricted Shares, and you can still forfeit Vested Restricted Shares.**

TRANSFER RESTRICTIONS

6. **Transfer Restrictions.** Restricted Shares will be subject to Transfer Restrictions until the Transferability Date next to such number or percentage of Restricted Shares on your Award Statement. Any purported sale, exchange, transfer, assignment, pledge, hypothecation, fractionalization, hedge or other disposition in violation of the Transfer Restrictions will be void. Within 30 Business Days after the Transferability Date listed on your Award Statement (or any other date on which the Transfer Restrictions are to be removed), GS Inc. will remove the Transfer Restrictions. The Committee or the SIP Committee may select multiple dates within such 30 Business-Day-period on which to remove Transfer Restrictions for all or a portion of the Restricted Shares with the same Transferability Date listed on the Award Statement, and all such dates will be treated as a single Transferability Date for purposes of this Award.

DIVIDENDS

7. **Dividends.** You will be entitled to receive on a current basis any regular cash dividend paid in respect of your Restricted Shares.

FORFEITURE OF YOUR AWARD

8. **How You May Forfeit Your Award.** This Paragraph 8 sets forth the events that result in forfeiture of up to all of your Restricted Shares and may require repayment to the Firm of up to all other amounts previously delivered or paid to you under your Award in accordance with Paragraph 9. More than one event may apply, and in no case will the occurrence of one event limit the forfeiture and repayment obligations as a result of the occurrence of any other event. In addition, the Firm reserves the right to (a) suspend vesting of Outstanding Restricted Shares or release of Transfer Restrictions, (b) deliver any Restricted Shares into an escrow account in accordance with Paragraph 12(f)(v) or (c) apply Transfer Restrictions to any Restricted Shares in connection with any investigation of whether any of the events that result in forfeiture under the Plan or this Paragraph 8 have occurred. Paragraph 10 (relating to certain circumstances under which you will not forfeit your unvested Restricted Shares upon Employment termination) and Paragraph 11 (relating to certain circumstances under which vesting and/or release of Transfer Restrictions may be accelerated) provide for exceptions to one or more provisions of this Paragraph 8.

(a) Unvested Restricted Shares Forfeited if Your Employment Terminates. If your Employment terminates for any reason or you are otherwise no longer actively employed with the Firm (which includes off-premises notice periods, "garden leaves," pay in lieu of notice or any other similar status), your rights to your Outstanding Restricted Shares that are not Vested will terminate and those Restricted Shares will be cancelled.

(b) Restricted Shares Vested at Grant Forfeited if You Associate With a Covered Enterprise. If you Associate With a Covered Enterprise before the earlier of _____ or a Qualifying Termination After a Change In Control, your rights to your Outstanding Restricted Shares that were Vested on the Date of Grant will terminate and those Restricted Shares will be cancelled.

(c) Vested and Unvested Restricted Shares Forfeited if You Solicit Clients or Employees, Interfere with Client or Employee Relationships or Participate in the Hiring of Employees. If either:

(i) you, in any manner, directly or indirectly, (A) Solicit any Client to transact business with a Covered Enterprise or to reduce or refrain from doing any business with the Firm, (B) interfere with or damage (or attempt to interfere with or damage) any relationship between the Firm and any Client, (C) Solicit any person who is an employee of the Firm to resign from the Firm or to apply for or accept employment with any Covered Enterprise or (D) on behalf of yourself or any person or Covered Enterprise hire, or participate in the hiring of, any Selected Firm Personnel or identify, or participate in the identification of, Selected Firm Personnel for potential hiring, whether as an employee or consultant or otherwise, or

(ii) Selected Firm Personnel are Solicited, hired or accepted into partnership,

membership or similar status (A) by a Covered Enterprise that you form, that bears your name, in which you are a partner, member or have similar status, or in which you possess or control greater than a *de minimis* equity ownership, voting or profit participation or (B) by any Covered Enterprise where you have, or are intended to have, direct or indirect managerial or supervisory responsibility for such Selected Firm Personnel,

then your rights to the following Restricted Shares (whether or not Vested) will terminate and those Restricted Shares will be cancelled:

(X) all of the Restricted Shares granted to you if any of the events in this Paragraph 8(c) occurs before the _____ Date,

(Y) the Restricted Shares with a Vesting Date of _____ or _____ if any of the events in this Paragraph 8(c) occurs after the _____ Date but before the _____ Date; and

(Z) the Restricted Shares with a Vesting Date of _____ if any of the events in this Paragraph 8(c) occurs after the _____ Date but before the _____ Date.

(d) Vested and Unvested Restricted Shares Forfeited upon Certain Events. If any of the following occurs, your rights to all of your Outstanding Restricted Shares (whether or not Vested) will terminate and those Restricted Shares will be cancelled, in each case, as may be further described below:

(i) You Failed to Consider Risk. You Failed to Consider Risk during the Firm's _____ fiscal year.

(ii) Your Conduct Constitutes Cause. Any event that constitutes Cause has occurred before the Transferability Date.

(iii) You Do Not Meet Your Obligations to the Firm. The Committee determines that, before the Transferability Date, you failed to meet, in any respect, any obligation under any agreement with the Firm, or any agreement entered into in connection with your Employment or this Award, including the Firm's notice period requirement applicable to you, any offer letter, employment agreement or any shareholders' agreement relating to the Firm. Your failure to pay or reimburse the Firm, on demand, for any amount you owe to the Firm will constitute (A) failure to meet an obligation you have under an agreement, regardless of whether such obligation arises under a written agreement, and/or (B) a material violation of Firm policy constituting Cause.

(iv) You Do Not Provide Timely Certifications or Comply with Your Certifications. You fail to certify to GS Inc. that you have complied with all of the terms of the Plan and this Award Agreement, or the Committee determines that you have failed to comply with a term of the Plan or this Award Agreement to which you have certified compliance.

(v) You Do Not Follow Dispute Resolution/Arbitration Procedures. You attempt to have any dispute under the Plan or this Award Agreement resolved in any manner that is not provided for by Paragraph 15 or Section 3.17 of the Plan.

(vi) You Bring an Action that Results in a Determination that Any Award Agreement Term Is Invalid. As a result of any action brought by you, it is determined that any term of this Award Agreement is invalid.

(vii) You Receive Compensation in Respect of Your Award from Another Employer. Your Employment terminates for any reason or you otherwise are no longer actively employed with the Firm and another entity grants you cash, equity or other property (whether vested or unvested) to replace, substitute for or otherwise in respect of any Outstanding Restricted Shares; *provided, however*, that your rights will only be terminated in respect of the Restricted Shares that are replaced, substituted for or otherwise considered by such other entity in making its grant.

REPAYMENT OF YOUR AWARD

9. **When You May Be Required to Repay Your Award.** If the Committee determines that any term of this Award was not satisfied, you will be required, immediately upon demand therefor, to repay to the Firm the following:

(a) Any Restricted Shares for which the terms (including the terms for the release of Transfer Restrictions) were not satisfied, in accordance with Section 2.5.3 of the Plan.

(b) Any Restricted Shares for which Transfer Restrictions were previously released if (i) any Restricted Shares with a Transferability Date of _____ are forfeited in accordance with any of Paragraphs 8(d)(i) through 8(d)(vi) or (ii) are required to be repaid due to the occurrence of any of the events described in Paragraphs 8(d)(i) through 8(d)(vi).

(c) Any dividends paid in respect of any Restricted Shares that are cancelled or required to be repaid.

(d) Any amount applied to satisfy tax withholding or other obligations with respect to any Restricted Shares or dividend payments that are forfeited or required to be repaid.

EXCEPTIONS TO THE VESTING AND/OR TRANSFERABILITY DATES

10. **Circumstances Under Which You Will Not Forfeit Your Unvested Restricted Shares on Employment Termination (but the Transferability Date Continues to Apply).** If your Employment terminates at a time when you meet the requirements for Extended Absence, Retirement or “downsizing”, each as described below, then Paragraph 8(a) will not apply, and your Outstanding Restricted Shares will be treated as described in this Paragraph 10. All other terms of this Award Agreement, including the other forfeiture and repayment events in Paragraphs 8 and 9, continue to apply.

(a) Extended Absence or Retirement and No Association With a Covered Enterprise.

(i) Generally. If your Employment terminates by Extended Absence or Retirement, your Outstanding Restricted Shares that are not Vested will become Vested. However, your rights to any Outstanding Restricted Shares that becomes Vested by this Paragraph 10(a)(i) will terminate and those Restricted Shares will be cancelled if you Associate With a Covered Enterprise on or before the originally scheduled Vesting Date for those Restricted Shares.

(ii) Special Treatment for Involuntary or Mutual Agreement Termination. Paragraph 8(b) and the second sentence of Paragraph 10(a)(i) (each relating to forfeiture if you Associate With a Covered Enterprise) will not apply if (A) the Firm characterizes your Employment termination as “involuntary” or by “mutual agreement” and (B) you execute a general waiver and release of claims and an agreement to pay any associated tax liability, in each case, in the form the Firm prescribes. No Employment termination that you initiate, including any purported “constructive termination,” a “termination for good reason” or similar concepts, can be “involuntary” or by “mutual agreement.”

(b) Downsizing. If (i) the Firm terminates your Employment solely by reason of a “downsizing” (and you have not engaged in conduct constituting Cause) and (ii) you execute a general waiver and release of claims and an agreement to pay any associated tax liability, in each case, in the form the Firm prescribes, your Outstanding Restricted Shares that are not yet Vested will become Vested and Paragraph 8(b) will not apply. Whether or not your Employment is terminated solely by reason of a “downsizing” will be determined by the Firm in its sole discretion.

11. Accelerated Vesting and/or Release of Transfer Restrictions in the Event of a Qualifying Termination After a Change in Control, Conflicted Employment or Death. In the event of your Qualifying Termination After a Change in Control, Conflicted Employment or death, each as described below, then Paragraph 8(a) will not apply, your Outstanding Award will be treated as described in this Paragraph 11, and, except as set forth in Paragraph 11(a), all other terms of this Award Agreement, including the other forfeiture and repayment events in Paragraphs 8 and 9, continue to apply.

(a) You Have a Qualifying Termination After a Change in Control. If your Employment terminates when you meet the requirements of a Qualifying Termination After a Change in Control, your Outstanding Restricted Shares will Vest and any Transfer Restrictions will cease to apply. In addition, the forfeiture events in Paragraph 8 will not apply to your Award.

(b) You Are Determined to Have Accepted Conflicted Employment.

(i) Generally. If your Employment terminates solely because you resign to accept Conflicted Employment, as soon as practicable after the Committee has received satisfactory documentation relating to your Conflicted Employment, (A) your Outstanding Restricted Shares will Vest and (B) any Transfer Restrictions will cease to apply. In addition, if, following your termination of Employment, you notify the Firm and provide the Committee with satisfactory documentation that you are accepting Conflicted Employment, any Transfer Restrictions will cease to apply.

(ii) You May Have to Take Other Steps to Address Conflicts of Interest. The Committee retains the authority to exercise its rights under the Award Agreement or the Plan (including Section 1.3.2 of the Plan) to take or require you to take other steps it determines in its sole discretion to be necessary or appropriate to cure an actual or perceived conflict of interest (which may include a determination that the accelerated vesting and/or release of Transfer Restrictions described in Paragraph 11(b)(i) will not apply because such actions are not necessary or appropriate to cure an actual or perceived conflict of interest).

(c) Death. If you die, any Transfer Restrictions will cease to apply as soon as practicable after the date of death and after such documentation as may be requested by the Committee is provided to the Committee.

OTHER TERMS, CONDITIONS AND AGREEMENTS

12. Additional Terms, Conditions and Agreements.

(a) You Must Satisfy Applicable Tax Withholding Requirements. Vesting of Restricted Shares and removal of the Transfer Restrictions are conditioned on your satisfaction of any applicable withholding taxes in accordance with Section 3.2 of the Plan (which includes the Firm deducting or withholding amounts from any payment or distribution to you). In addition, to the extent permitted by applicable law, the Firm, in its sole discretion, may require you to provide amounts equal to all or a portion of any Federal, state, local, foreign or other tax obligations imposed on you or the Firm in connection with the grant, Vesting or delivery of this Award by requiring you to choose between remitting the amount (i) in cash (or through payroll deduction or otherwise), (ii) in the form of proceeds from the Firm's executing a sale of shares of Common Stock delivered to you under this Award or (iii) shares of Common Stock delivered to you pursuant to this Award. In addition, if you are an individual with separate employment contracts (at any time during and/or after the Firm's _____ fiscal year), the Firm, in its sole discretion, may require you to provide for a reserve in an amount the Firm determines is advisable or necessary in connection with any actual, anticipated or potential tax consequences related to your separate employment contracts by requiring you to choose between remitting such amount (i) in cash (or through payroll deduction or otherwise) or (ii) in the form of proceeds from the Firm's executing a sale of shares of Common Stock delivered to you pursuant to this Award (or any other Outstanding awards granted under the Plan or any predecessor or successor plan thereto).

(b) Firm May Deliver Cash or Other Property Instead of Shares. In accordance with Section 1.3.2(i) of the Plan, in the sole discretion of the Committee, in lieu of all or any portion of the shares of Common Stock, the Firm may deliver cash, other securities, other awards under the Plan or other property, and all references in this Award Agreement to deliveries of shares of Common Stock will include such deliveries of cash, other securities, other awards under the Plan or other property.

(c) Amounts May Be Rounded to Avoid Fractional Shares. Restricted Shares that become Vested on a Vesting Date and Restricted Shares subject to Transfer Restrictions may, in each case, be rounded to avoid fractional shares of Common Stock.

(d) You May Be Required to Become a Party to the Shareholders' Agreement. Your rights to your Restricted Shares are conditioned on your becoming a party to any shareholders' agreement to which other similarly situated employees (*e.g.*, employees with a similar title or position) of the Firm are required to be a party.

(e) Firm May Affix Legends and Place Stop Orders on Restricted Shares. GS Inc. may affix to Certificates representing shares of Common Stock any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under a separate agreement). GS Inc. may advise the transfer agent to place a stop order against any legended shares of Common Stock.

(f) You Agree to Certain Consents, Terms and Conditions. By accepting this Award you understand and agree that:

(i) You Agree to Certain Consents as a Condition to the Award. You have expressly consented to all of the items listed in Section 3.3.3(d) of the Plan, including the Firm's supplying to any third-party recordkeeper of the Plan or other person such personal information of yours as the Committee deems advisable to administer the Plan, and you agree to provide any additional consents that the Committee determines to be necessary or advisable;

(ii) You Are Subject to the Firm's Policies, Rules and Procedures. You are subject to the Firm's policies in effect from time to time concerning trading in shares of Common Stock and hedging or pledging shares of Common Stock and equity-based compensation or other awards (including, without limitation, the Firm's "Policies With Respect to Transactions Involving GS Shares, Equity Awards and GS Options by Persons Affiliated with GS Inc." or any successor policies), and confidential or proprietary information, and you will effect sales of shares of Common Stock in accordance with such rules and procedures as may be adopted from time to time (which may include, without limitation, restrictions relating to the timing of sale requests, the manner in which sales are executed, pricing method, consolidation or aggregation of orders and volume limits determined by the Firm);

(iii) You Are Responsible for Costs Associated with Your Award. You will be responsible for all brokerage costs and other fees or expenses associated with your Restricted Shares, including those related to the sale of shares of Common Stock;

(iv) You Will Be Deemed to Represent Your Compliance with All the Terms of Your Award if You Sell Shares. You will be deemed to have represented and certified that you have complied with all of the terms of the Plan and this Award Agreement when you request the sale of shares of Common Stock following the release of Transfer Restrictions;

(v) Firm May Deliver Your Award into an Escrow Account. The Firm may establish and maintain an escrow account on such terms (which may include your executing any documents related to, and your paying for any costs associated with, such account) as it may deem necessary or appropriate, and the delivery of shares of Common Stock (including Restricted Shares) or the payment of cash or other property may initially be made into and held in that escrow account until such time as the Committee has received such documentation as it may have requested or until the Committee has determined that any other conditions or restrictions on delivery of shares of Common Stock, cash or other property required by this Award Agreement have been satisfied;

(vi) You May Be Required to Certify Compliance with Award Terms; You Are Responsible for Providing the Firm with Updated Address and Contact Information After Your Departure from the Firm. If your Employment terminates while you continue to hold Restricted Shares, from time to time, you may be required to provide certifications of your compliance with all of the terms of the Plan and this Award Agreement as described in Paragraph 8(d)(iv). You understand and agree that (A) your address on file with the Firm at the time any certification is required will be deemed to be your current address, (B) it is your responsibility to inform the Firm of any changes to your address to ensure timely receipt of the certification materials, (C) you are responsible for contacting the Firm to obtain such certification materials if not received and (D) your failure to return properly completed certification materials by the specified deadline (which includes your failure to timely return the completed certification because you did not provide the Firm with updated contact information) will result in the forfeiture of all of your Restricted Shares and subject previously delivered amounts to repayment under Paragraph 8(d)(iv);

(vii) You Authorize the Firm to Register, in Its or Its Designee's Name, Any Restricted Shares and Sell, Assign or Transfer any Forfeited Restricted Shares. You are granting to the Firm the full power and authority to register any Restricted Shares in its or its designee's

name and authorizing the Firm or its designee to sell, assign or transfer any Restricted Shares if forfeited by you. This Award, if held in escrow, will not be delivered to you but will be held by an escrow agent for your benefit. If an escrow agent is used, such escrow agent will also hold the Restricted Shares for the benefit of the Firm for the purpose of perfecting its security interest;

(viii) You Must Comply with Applicable Deadlines and Procedures to Appeal Determinations Made by the Committee, the SIP Committee or SIP Administrators. In order to appeal a determination by the Committee, the SIP Committee, the SIP Administrators, or any of their delegates or designees, you must submit a written request for the appeal within 180 days after receipt of any such determination. You must exhaust all administrative remedies before seeking to resolve a dispute through arbitration pursuant to Paragraph 15 and Section 3.17 of the Plan; and

(ix) You Agree that Covered Persons Will Not Have Liability. In addition to and without limiting the generality of the provisions of Section 1.3.5 of the Plan, neither the Firm nor any Covered Person will have any liability to you or any other person for any action taken or omitted in respect of this or any other Award.

13. **Non-transferability.** Except as otherwise may be provided in this Paragraph 13 or as otherwise may be provided by the Committee, the limitations on transferability set forth in Section 3.5 of the Plan will apply to this Award. Any purported transfer or assignment in violation of the provisions of this Paragraph 13 or Section 3.5 of the Plan will be void. The Committee may adopt procedures pursuant to which some or all recipients of Restricted Shares may transfer some or all of their Restricted Shares (which will continue to be subject to Transfer Restrictions until the Transferability Date) through a gift for no consideration to any immediate family member, a trust or other estate planning vehicle approved by the Committee or SIP Committee in which the recipient and/or the recipient's immediate family members in the aggregate have 100% of the beneficial interest.

14. **Right of Offset.** The obligation to pay dividends or to remove the Transfer Restrictions under this Award Agreement is subject to Section 3.4 of the Plan, which provides for the Firm's right to offset against such obligation any outstanding amounts you owe to the Firm and any amounts the Committee deems appropriate pursuant to any tax equalization policy or agreement.

ARBITRATION, CHOICE OF FORUM AND GOVERNING LAW

15. **Arbitration; Choice of Forum.**

(a) BY ACCEPTING THIS AWARD, YOU ARE INDICATING THAT YOU UNDERSTAND AND AGREE THAT THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN SECTION 3.17 OF THE PLAN WILL APPLY TO THIS AWARD. THESE PROVISIONS, WHICH ARE EXPRESSLY INCORPORATED HEREIN BY REFERENCE, PROVIDE AMONG OTHER THINGS THAT ANY DISPUTE, CONTROVERSY OR CLAIM BETWEEN THE FIRM AND YOU ARISING OUT OF OR RELATING TO OR CONCERNING THE PLAN OR THIS AWARD AGREEMENT WILL BE FINALLY SETTLED BY ARBITRATION IN NEW YORK CITY, PURSUANT TO THE TERMS MORE FULLY SET FORTH IN SECTION 3.17 OF THE PLAN.

(b) To the fullest extent permitted by applicable law, no arbitrator will have the authority to consider class, collective or representative claims, to order consolidation or to join different claimants or grant relief other than on an individual basis to the individual claimant involved.

(c) Notwithstanding any applicable forum rules to the contrary, to the extent there is a question of enforceability of this Award Agreement arising from a challenge to the arbitrator's jurisdiction or to the arbitrability of a claim, it will be decided by a court and not an arbitrator.

(d) All references to the New York Stock Exchange in Section 3.17 of the Plan will be read as references to the Financial Industry Regulatory Authority.

(e) The Federal Arbitration Act governs interpretation and enforcement of all arbitration provisions under the Plan and this Award Agreement, and all arbitration proceedings thereunder.

(f) Nothing in this Award Agreement creates a substantive right to bring a claim under U.S. Federal, state, or local employment laws.

16. **Governing Law.** THIS AWARD WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

COMMITTEE AUTHORITY, AMENDMENT AND CONSTRUCTION

17. **Committee Authority.** The Committee has the authority to determine, in its sole discretion, that any event triggering forfeiture or repayment of your Award will not apply, to limit the forfeitures and repayments that result under Paragraphs 8 and 9 and to remove Transfer Restrictions before the Transferability Date. In addition, the Committee, in its sole discretion, may determine whether Paragraphs 10(a)(ii) and 10(b) will apply upon a termination of Employment.

18. **Amendment.** The Committee reserves the right at any time to amend the terms of this Award Agreement, and the Board may amend the Plan in any respect; *provided* that, notwithstanding the foregoing and Sections 1.3.2(f), 1.3.2(h) and 3.1 of the Plan, no such amendment will materially adversely affect your rights and obligations under this Award Agreement without your consent; and *provided further* that the Committee expressly reserves its rights to amend the Award Agreement and the Plan as described in Sections 1.3.2(h)(1), (2) and (4) of the Plan. A modification that impacts the tax consequences of this Award will not be an amendment that materially adversely affects your rights and obligations under this Award Agreement. Any amendment of this Award Agreement will be in writing.

19. **Construction, Headings.** Unless the context requires otherwise, (a) words describing the singular number include the plural and vice versa, (b) words denoting any gender include all genders and (c) the words "include," "includes" and "including" will be deemed to be followed by the words "without limitation." The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof. References in this Award Agreement to any specific Plan provision will not be construed as limiting the applicability of any other Plan provision.

IN WITNESS WHEREOF, GS Inc. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

THE GOLDMAN SACHS GROUP, INC.

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SHAREHOLDERS' AGREEMENT APPENDIX

Treatment of _____ Year-End Restricted Shares under the Amended and Restated Shareholders' Agreement (the "Shareholders' Agreement"). Certain capitalized terms used in this Appendix are used with the meaning assigned to them in the Shareholders' Agreement, as noted below.

- With respect to all Restricted Shares that are awarded under the _____ Year-End Award, an event triggering the recalculation of the Covered Person's Covered Shares (as each term is defined in the Shareholders' Agreement) shall be deemed to occur with respect to one-third of such Restricted Shares on each of the _____ Date, the _____ Date, and the _____ Date (each such date being referred to as a "Trigger Date").
- As of each such Trigger Date, such Covered Person's Covered Shares shall be increased by:
 - the gross number of Restricted Shares for such Trigger Date (determined before any deductions, including any deductions for withholding taxes, fees or commissions), minus
 - such gross number multiplied by the Specified Tax Rate (as defined in the Shareholders' Agreement) that would apply if the Covered Person had received, on or around the Trigger Date, a delivery of RSU Shares underlying RSUs instead of receiving a grant of Restricted Shares.
- Until a Trigger Date, the Covered Person shall not be deemed to be the Sole Beneficial Owner (as defined in the Shareholders' Agreement) of the Restricted Shares relating to such Trigger Date (and therefore until such Trigger Date such Shares shall not be counted toward the satisfaction of the Transfer Restrictions (as defined in the Shareholders' Agreement)).

DEFINITIONS APPENDIX

The following capitalized terms are used in this Award Agreement with the following meanings:

(a) “409A Deferred Compensation” means a “deferral of compensation” or “deferred compensation” as those terms are defined in the regulations under Section 409A.

(b) “Associate With a Covered Enterprise” means that you (i) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any Covered Enterprise or (ii) associate in any capacity (including association as an officer, employee, partner, director, consultant, agent or advisor) with any Covered Enterprise. Associate With a Covered Enterprise may include, as determined in the discretion of either the Committee or the SIP Committee, (i) becoming the subject of any publicly available announcement or report of a pending or future association with a Covered Enterprise and (ii) unpaid associations, including an association in contemplation of future employment. “Association With a Covered Enterprise” will have its correlative meaning.

(c) “Covered Enterprise” means an existing or planned business enterprise that competes with the Firm (which, for this purpose means offering products or services that are the same as or similar to those offered by the Firm (“Firm Products or Services”), or reasonably may be expected to do so. The enterprises covered by this definition include enterprises that offer Firm Products or Services directly, as well as those that do so indirectly by ownership or control (e.g., by owning, being owned by, or being under common ownership with an enterprise that offers Firm Products or Services). An enterprise will be treated as providing Firm Products or Services if, solely by way of example, it provides products or services associated with investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than you or your family members), private banking, commercial banking, merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading. A Competitive Enterprise is a Covered Enterprise. **An enterprise that offers, or may reasonably be expected to offer, Firm Products or Services is a Covered Enterprise irrespective of whether the enterprise is a customer, client or counterparty of the Firm, and, because the Firm is a global enterprise, irrespective of where the Covered Enterprise is physically located.**

(d) “Failed to Consider Risk” means that you participated in the structuring or marketing of any product or service, or participated on behalf of the Firm or any of its clients in the purchase or sale of any security or other property, in any case without appropriate consideration of the risk to the Firm or the broader financial system as a whole (for example, where you have improperly analyzed such risk or where you have failed sufficiently to raise concerns about such risk) and, as a result of such action or omission, the Committee determines there has been, or reasonably could be expected to be, a material adverse impact on the Firm, your business unit or the broader financial system.

(e) “[_____] Date” means the first trading day in a Window Period in _____ (or if there is no trading day in a Window Period that occurs in _____ on or before _____, another date in _____ that is selected by the Committee or the SIP Committee) and includes the 30 Business Days after such date.

(f) “Qualifying Termination After a Change in Control” means that the Firm terminates your Employment other than for Cause or you terminate your Employment for Good Reason, in each case, within 18 months following a Change in Control.

(g) “Section 83(b) Election” means an election filed with the Internal Revenue Service, electing under Section 83(b) of the Code to be taxed currently on the fair market value of the Restricted Shares on the Date of Grant.

(h) “Selected Firm Personnel” means any individual who is or in the three months preceding the conduct prohibited by Paragraph 8(c) was (i) a Firm employee or consultant with whom you personally worked while employed by the Firm, (ii) a Firm employee or consultant who, at any time during the year preceding the date of the termination of your Employment, worked in the same division in which you worked or (iii) an Advisory Director, a Managing Director or a Senior Advisor of the Firm.

The following capitalized terms are used in this Award Agreement with the meanings that are assigned to them in the Plan.

(a) “Account” means any brokerage account, custody account or similar account, as approved or required by GS Inc. from time to time, into which shares of Common Stock, cash or other property in respect of an Award are delivered.

(b) “Award Agreement” means the written document or documents by which each Award is evidenced, including any Award Statement.

(c) “Award Statement” means a written statement that reflects certain Award terms.

(d) “Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in New York City are authorized or obligated by Federal law or executive order to be closed.

(e) “Cause” means (i) the Grantee’s conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge, or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations, (ii) the Grantee’s engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act), (iii) the Grantee’s willful failure to perform the Grantee’s duties to the Firm, (iv) the Grantee’s violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Firm is a member, (v) the Grantee’s violation of any Firm policy concerning hedging or pledging or confidential or proprietary information, or the Grantee’s material violation of any other Firm policy as in effect from time to time, (vi) the Grantee’s engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Firm or (vii) the Grantee’s engaging in any conduct detrimental to the Firm. The determination as to whether Cause has occurred shall be made by the Committee in its sole discretion and, in such case, the Committee also may, but shall not be required to, specify the date such Cause occurred (including by determining that a prior termination of Employment was for Cause). Any rights the Firm may have hereunder and in any Award Agreement in respect of the events giving rise to Cause shall be in addition to the rights the Firm may have under any other agreement with a Grantee or at law or in equity.

(f) “Change in Control” means the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving GS Inc. (a “Reorganization”) or sale or other disposition of all or substantially all of GS Inc.’s assets to an entity that is not an affiliate of GS Inc. (a “Sale”), that in each case requires the approval of GS Inc.’s shareholders under the law of GS Inc.’s jurisdiction of organization, whether for such Reorganization or Sale (or the issuance of securities of GS

Inc. in such Reorganization or Sale), unless immediately following such Reorganization or Sale, either: (i) at least 50% of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of (A) the entity resulting from such Reorganization, or the entity which has acquired all or substantially all of the assets of GS Inc. in a Sale (in either case, the “Surviving Entity”), or (B) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, as such Rule is in effect on the date of the adoption of the 1999 SIP) of 50% or more of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the Surviving Entity (the “Parent Entity”) is represented by GS Inc.’s securities (the “GS Inc. Securities”) that were outstanding immediately prior to such Reorganization or Sale (or, if applicable, is represented by shares into which such GS Inc. Securities were converted pursuant to such Reorganization or Sale) or (ii) at least 50% of the members of the board of directors (or similar officials in the case of an entity other than a corporation) of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) following the consummation of the Reorganization or Sale were, at the time of the Board’s approval of the execution of the initial agreement providing for such Reorganization or Sale, individuals (the “Incumbent Directors”) who either (A) were members of the Board on the Effective Date or (B) became directors subsequent to the Effective Date and whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of GS Inc.’s proxy statement in which such persons are named as nominees for director).

(g) “Client” means any client or prospective client of the Firm to whom the Grantee provided services, or for whom the Grantee transacted business, or whose identity became known to the Grantee in connection with the Grantee’s relationship with or employment by the Firm.

(h) “Committee” means the committee appointed by the Board to administer the Plan pursuant to Section 1.3, and, to the extent the Board determines it is appropriate for the compensation realized from Awards under the Plan to be considered “performance based” compensation under Section 162(m) of the Code, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is an “outside director” within the meaning of Code Section 162(m), and which, to the extent the Board determines it is appropriate for Awards under the Plan to qualify for the exemption available under Rule 16b-3(d)(1) or Rule 16b-3(e) promulgated under the Exchange Act, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is a “non-employee director” within the meaning of Rule 16b-3. Unless otherwise determined by the Board, the Committee shall be the Compensation Committee of the Board.

(i) “Common Stock” means common stock of GS Inc., par value \$0.01 per share.

(j) “Competitive Enterprise” means an existing or planned business enterprise that (i) engages, or may reasonably be expected to engage, in any activity, (ii) owns or controls, or may reasonably be expected to own or control, a significant interest in or (iii) is, or may reasonably be expected to be, owned by, or a significant interest in which is, or may reasonably be expected to be, owned or controlled by, any entity that engages in any activity that, in any case, competes or will compete anywhere with any activity in which the Firm is engaged. The activities covered by this definition include, without limitation, financial services such as investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than the Grantee and members of the Grantee’s family), merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading.

(k) “Conflicted Employment” means the Grantee’s employment at any U.S. Federal, state or local government, any non-U.S. government, any supranational or international organization, any self-

regulatory organization, or any agency or instrumentality of any such government or organization, or any other employer determined by the Committee, if, as a result of such employment, the Grantee's continued holding of any Outstanding Award would result in an actual or perceived conflict of interest.

(l) "Covered Person" means a member of the Board or the Committee or any employee of the Firm.

(m) "Date of Grant" means the date specified in the Grantee's Award Agreement as the date of grant of the Award.

(n) "Dividend Equivalent Right" means a dividend equivalent right granted under the Plan, which represents an unfunded and unsecured promise to pay to the Grantee amounts equal to all or any portion of the regular cash dividends that would be paid on shares of Common Stock covered by an Award if such shares had been delivered pursuant to an Award.

(o) "Employment" means the Grantee's performance of services for the Firm, as determined by the Committee. The terms "employ" and "employed" shall have their correlative meanings. The Committee in its sole discretion may determine (i) whether and when a Grantee's leave of absence results in a termination of Employment (for this purpose, unless the Committee determines otherwise, a Grantee shall be treated as terminating Employment with the Firm upon the occurrence of an Extended Absence), (ii) whether and when a change in a Grantee's association with the Firm results in a termination of Employment and (iii) the impact, if any, of any such leave of absence or change in association on Awards theretofore made. Unless expressly provided otherwise, any references in the Plan or any Award Agreement to a Grantee's Employment being terminated shall include both voluntary and involuntary terminations.

(p) "Extended Absence" means the Grantee's inability to perform for six (6) continuous months, due to illness, injury or pregnancy-related complications, substantially all the essential duties of the Grantee's occupation, as determined by the Committee.

(q) "Fair Market Value" means, with respect to a share of Common Stock on any day, the fair market value as determined in accordance with a valuation methodology approved by the Committee.

(r) "Firm" means GS Inc. and its subsidiaries and affiliates.

(s) "Good Reason" means, in connection with a termination of employment by a Grantee following a Change in Control, (a) as determined by the Committee, a materially adverse alteration in the Grantee's position or in the nature or status of the Grantee's responsibilities from those in effect immediately prior to the Change in Control or (b) the Firm's requiring the Grantee's principal place of Employment to be located more than seventy-five (75) miles from the location where the Grantee is principally Employed at the time of the Change in Control (except for required travel on the Firm's business to an extent substantially consistent with the Grantee's customary business travel obligations in the ordinary course of business prior to the Change in Control).

(t) "Grantee" means a person who receives an Award.

(u) "GS Inc." means The Goldman Sachs Group, Inc., and any successor thereto.

(v) "Outstanding" means any Award to the extent it has not been forfeited, cancelled, terminated, exercised or with respect to which the shares of Common Stock underlying the Award have not been previously delivered or other payments made.

(w) “Restricted Share” means a share of Common Stock delivered under the Plan that is subject to Transfer Restrictions, forfeiture provisions and/or other terms and conditions specified in the Plan and in the Award Agreement or other Applicable Award Agreement. All references to Restricted Shares include “Shares at Risk.”

(x) “Retirement” means termination of the Grantee’s Employment (other than for Cause) on or after the Date of Grant at a time when (i) (A) the sum of the Grantee’s age plus years of service with the Firm (as determined by the Committee in its sole discretion) equals or exceeds 60 and (B) the Grantee has completed at least 10 years of service with the Firm (as determined by the Committee in its sole discretion) or, if earlier, (ii) (A) the Grantee has attained age 50 and (B) the Grantee has completed at least five years of service with the Firm (as determined by the Committee in its sole discretion).

(y) “RSU” means a restricted stock unit Award granted under the Plan, which represents an unfunded and unsecured promise to deliver shares of Common Stock in accordance with the terms of the RSU Award Agreement.

(z) “RSU Shares” means shares of Common Stock that underlie an RSU.

(aa) “Section 409A” means Section 409A of the Code, including any amendments or successor provisions to that Section and any regulations and other administrative guidance thereunder, in each case as they, from time to time, may be amended or interpreted through further administrative guidance.

(bb) “SIP Administrator” means each person designated by the Committee as a “SIP Administrator” with the authority to perform day-to-day administrative functions for the Plan.

(cc) “SIP Committee” means the persons who have been delegated certain authority under the Plan by the Committee.

(dd) “Solicit” means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

(ee) “Transfer Restrictions” means restrictions that prohibit the sale, exchange, transfer, assignment, pledge, hypothecation, fractionalization, hedge or other disposal (including through the use of any cash-settled instrument), whether voluntarily or involuntarily by the Grantee, of an Award or any shares of Common Stock, cash or other property delivered in respect of an Award.

(ff) “Transferability Date” means the date Transfer Restrictions on a Restricted Share will be released. Within 30 Business Days after the applicable Transferability Date, GS Inc. shall take, or shall cause to be taken, such steps as may be necessary to remove Transfer Restrictions.

(gg) “Vested” means, with respect to an Award, the portion of the Award that is not subject to a condition that the Grantee remain actively employed by the Firm in order for the Award to remain Outstanding. The fact that an Award becomes Vested shall not mean or otherwise indicate that the Grantee has an unconditional or nonforfeitable right to such Award, and such Award shall remain subject to such terms, conditions and forfeiture provisions as may be provided for in the Plan or in the Award Agreement.

(hh) “Vesting Date” means each date specified in the Grantee’s Award Agreement as a date on which part or all of an Award becomes Vested.

(ii) "Window Period" means a period designated by the Firm during which all employees of the Firm are permitted to purchase or sell shares of Common Stock (*provided* that, if the Grantee is a member of a designated group of employees who are subject to different restrictions, the Window Period may be a period designated by the Firm during which an employee of the Firm in such designated group is permitted to purchase or sell shares of Common Stock).

THE GOLDMAN SACHS GROUP, INC.
| _____ | YEAR-END RESTRICTED STOCK AWARD

This Award Agreement, together with The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) (the “Plan”), governs your award of _____ year-end Restricted Shares (your “Award”). You should read carefully this entire Award Agreement, which includes the Award Statement and any attached Appendix.

ACCEPTANCE

1. **You Must Decide Whether to Accept this Award Agreement.** To be eligible to receive your Award, you must by the date specified (a) open and activate an Account and (b) agree to all the terms of your Award by executing the related signature card in accordance with its instructions. By executing the signature card, you confirm your agreement to all of the terms of this Award Agreement, including the arbitration and choice of forum provisions in Paragraph 15. Within 30 days of the Date of Grant, you must make a Section 83(b) Election, which will result in your recognition of taxable income on the Date of Grant equal to the fair market value of the Restricted Shares on the Date of Grant, but will not affect the removal of the Transfer Restrictions.

DOCUMENTS THAT GOVERN YOUR AWARD; DEFINITIONS

2. **The Plan.** Your Award is granted under the Plan, and the Plan’s terms apply to, and are a part of, this Award Agreement.

3. **Your Award Statement.** The Award Statement delivered to you contains some of your Award’s specific terms. For example, it contains the number of Restricted Shares awarded to you and any applicable Transferability Dates. This Award Agreement does not govern the terms and conditions of any Restricted Shares designated on your Award Statement as “Short-Term Restricted Shares,” which, if applicable to you, are addressed in a separate Award Agreement.

4. **Definitions.** Capitalized terms are defined in the Definitions Appendix, which also includes terms that are defined in the Plan.

VESTING OF YOUR RESTRICTED SHARES

5. **Vesting.** All of your Restricted Shares are Vested. When a Restricted Share is Vested, it means **only** that your continued active Employment is not required for that portion of Restricted Shares to become fully transferrable without risk of forfeiture. **Vesting does not mean you have a non-forfeitable right to the Vested portion of your Award. The terms of this Award Agreement (including the Transfer Restrictions) continue to apply to Vested Restricted Shares, and you can still forfeit Vested Restricted Shares.**

TRANSFER RESTRICTIONS

6. **Transfer Restrictions.** Restricted Shares will be subject to Transfer Restrictions until the Transferability Date next to such number or percentage of Restricted Shares on your Award Statement. Any purported sale, exchange, transfer, assignment, pledge, hypothecation, fractionalization, hedge or other disposition in violation of the Transfer Restrictions will be void. Within 30 Business Days after the Transferability Date listed on your Award Statement (or any other date on which the Transfer Restrictions are to be removed), GS Inc. will remove the Transfer Restrictions. The Committee or the SIP Committee may select multiple dates within such 30 Business-Day-period on which to remove Transfer Restrictions for all or a portion of the Restricted Shares with the same Transferability Date listed on the Award Statement, and all such dates will be treated as a single Transferability Date for purposes of this Award.

DIVIDENDS

7. **Dividends.** You will be entitled to receive on a current basis any regular cash dividend paid in respect of your Restricted Shares.

FORFEITURE OF YOUR AWARD

8. **How You May Forfeit Your Award.** This Paragraph 8 sets forth the events that result in forfeiture of up to all of your Restricted Shares and may require repayment to the Firm of up to all other amounts previously delivered or paid to you under your Award in accordance with Paragraph 9. More than one event may apply, and in no case will the occurrence of one event limit the forfeiture and repayment obligations as a result of the occurrence of any other event. In addition, the Firm reserves the right to (a) suspend release of Transfer Restrictions, (b) deliver any Restricted Shares into an escrow account in accordance with Paragraph 12(f)(v) or (c) apply Transfer Restrictions to any Restricted Shares in connection with any investigation of whether any of the events that result in forfeiture under the Plan or this Paragraph 8 have occurred. Paragraph 10 (relating to certain circumstances under which restrictions on Association With a Covered Enterprise will not apply) and Paragraph 11 (relating to certain circumstances under which release of Transfer Restrictions may be accelerated) provide for exceptions to one or more provisions of this Paragraph 8. The Code Staff Forfeiture and Repayment Appendix supplements this Paragraph 8 and sets forth additional events that result in forfeiture of up to all of your Restricted Shares and may require repayment to the Firm as described in Paragraph 9 and the Appendix.

(a) Restricted Shares Forfeited if You Associate With a Covered Enterprise.

(i) If you Associate With a Covered Enterprise before the earlier of _____ or a Qualifying Termination After a Change in Control, your rights to all the Restricted Shares granted to you will terminate and those Restricted Shares will be cancelled.

(ii) If you Associate With a Covered Enterprise on or after _____ but before the earlier of _____ or a Qualifying Termination After a Change in Control, your rights to two-thirds of the Restricted Shares granted to you will terminate and those Restricted Shares will be cancelled.

(iii) If you Associate With a Covered Enterprise on or after _____ but before the earlier of _____ or a Qualifying Termination After a Change in Control, your rights to one-third the Restricted Shares granted to you will terminate and those Restricted Shares will be cancelled.

(b) Restricted Shares Forfeited if You Solicit Clients or Employees, Interfere with Client or Employee Relationships or Participate in the Hiring of Employees or if GS Inc. Experiences Certain Severe Adverse Financial Events. If:

(i) you, in any manner, directly or indirectly, (A) Solicit any Client to transact business with a Covered Enterprise or to reduce or refrain from doing any business with the Firm, (B) interfere with or damage (or attempt to interfere with or damage) any relationship between the Firm and any Client, (C) Solicit any person who is an employee of the Firm to resign from the Firm or to apply for or accept employment with any Covered Enterprise or (D) on behalf

of yourself or any person or Covered Enterprise hire, or participate in the hiring of, any Selected Firm Personnel or identify, or participate in the identification of, Selected Firm Personnel for potential hiring, whether as an employee or consultant or otherwise;

(ii) Selected Firm Personnel are Solicited, hired or accepted into partnership, membership or similar status (A) by a Covered Enterprise that you form, that bears your name, in which you are a partner, member or have similar status, or in which you possess or control greater than a *de minimis* equity ownership, voting or profit participation or (B) by any Covered Enterprise where you have, or are intended to have, direct or indirect managerial or supervisory responsibility for such Selected Firm Personnel;

(iii) GS Inc. fails to maintain the required "Minimum Tier 1 Capital Ratio" as defined under Federal Reserve Board Regulations applicable to GS Inc. for a period of 90 consecutive business days; or

(iv) The Board of Governors of the Federal Reserve or the Federal Deposit Insurance Corporation (the "FDIC") makes a written recommendation under Title II (Orderly Liquidation Authority) of the Dodd-Frank Wall Street Reform and Consumer Protection Act for the appointment of the FDIC as a receiver of GS Inc. based on a determination that GS Inc. is "in default" or "in danger of default,"

then your rights to the following Restricted Shares will terminate and those Restricted Shares will be cancelled:

(X) all of the Restricted Shares granted to you if any of the events in this Paragraph 8(b) occurs before the _____ Date,

(Y) two-thirds of the Restricted Shares granted to you if any of the events in this Paragraph 8(b) occurs on or after the _____ Date but before the _____ Date; and

(Z) one-third of the Restricted Shares granted to you if any of the events in this Paragraph 8(b) occurs on or after the _____ Date but before the _____ Date.

(c) Restricted Shares Forfeited upon Certain Events. If any of the following occurs, your rights to all of your Outstanding Restricted Shares will terminate and those Restricted Shares will be cancelled, in each case, as may be further described below:

(i) You Failed to Consider Risk. You Failed to Consider Risk during the Firm's _____ fiscal year.

(ii) Your Conduct Constitutes Cause. Any event that constitutes Cause (including, for the avoidance of doubt, "Serious Misconduct" as defined in the Code Staff Forfeiture and Repayment Appendix) has occurred before the Transferability Date.

(iii) You Do Not Meet Your Obligations to the Firm. The Committee determines that, before the Transferability Date, you failed to meet, in any respect, any obligation under any agreement with the Firm, or any agreement entered into in connection with your Employment or this Award, including the Firm's notice period requirement applicable to you, any offer letter, employment agreement or any shareholders' agreement relating to the Firm. Your failure to pay or reimburse the Firm, on demand, for any amount you owe to the Firm will constitute (A) failure to meet an obligation you have under an agreement, regardless of whether such obligation arises under a written agreement, and/or (B) a material violation of Firm policy constituting Cause.

(iv) You Do Not Provide Timely Certifications or Comply with Your Certifications. You fail to certify to GS Inc. that you have complied with all of the terms of the Plan and this Award Agreement, or the Committee determines that you have failed to comply with a term of the Plan or this Award Agreement to which you have certified compliance.

(v) You Do Not Follow Dispute Resolution/Arbitration Procedures. You attempt to have any dispute under the Plan or this Award Agreement resolved in any manner that is not provided for by Paragraph 15 or Section 3.17 of the Plan.

(vi) You Bring an Action that Results in a Determination that Any Award Agreement Term Is Invalid. As a result of any action brought by you, it is determined that any term of this Award Agreement is invalid.

(vii) You Receive Compensation in Respect of Your Award from Another Employer. Your Employment terminates for any reason or you otherwise are no longer actively employed with the Firm and another entity grants you cash, equity or other property (whether vested or unvested) to replace, substitute for or otherwise in respect of any Outstanding Restricted Shares; *provided, however*, that your rights will only be terminated in respect of the Restricted Shares that are replaced, substituted for or otherwise considered by such other entity in making its grant.

REPAYMENT OF YOUR AWARD

9. **When You May Be Required to Repay Your Award.** If the Committee determines that any term of this Award was not satisfied, you will be required, immediately upon demand therefor, to repay to the Firm the following:

(a) Any Restricted Shares for which the terms (including the terms for the release of Transfer Restrictions) were not satisfied, in accordance with Section 2.5.3 of the Plan.

(b) Any Restricted Shares for which Transfer Restrictions were previously released if (i) any Restricted Shares with a Transferability Date of _____ are forfeited in accordance with any of Paragraphs 8(c)(i) through 8(c)(vi) or (ii) are required to be repaid due to the occurrence of any of the events described in Paragraphs 8(c)(i) through 8(c)(vi) .

(c) Any dividends paid in respect of any Restricted Shares that are cancelled or required to be repaid.

(d) Any amount applied to satisfy tax withholding or other obligations with respect to any Restricted Shares or dividend payments that are forfeited or required to be repaid.

EXCEPTIONS TO ASSOCIATION WITH A COVERED ENTERPRISE; TRANSFERABILITY DATES

10. **Restrictions on Association With a Covered Enterprise Cease to Apply After an Involuntary or Mutual Agreement Termination (but the Transferability Date Continues to Apply).** Paragraph 8(a) (relating to forfeiture if you Associate With a Covered Enterprise) will not apply if (a) the Firm characterizes your Employment termination as “involuntary” or by “mutual agreement” and (b) you execute a general waiver and release of claims and an agreement to pay any associated tax liability, in

each case, in the form the Firm prescribes. No Employment termination that you initiate, including any purported “constructive termination,” a “termination for good reason” or similar concepts, can be “involuntary” or by “mutual agreement.” All other terms of this Award Agreement, including the other forfeiture and repayment events in Paragraphs 8 and 9, continue to apply.

11. **Accelerated Release of Transfer Restrictions in the Event of a Qualifying Termination After a Change in Control, Conflicted Employment or Death.** In the event of your Qualifying Termination After a Change in Control, Conflicted Employment or death, each as described below, your Outstanding Award will be treated as described in this Paragraph 11, and, except as set forth in Paragraph 11(a), all other terms of this Award Agreement, including the other forfeiture and repayment events in Paragraphs 8 and 9, continue to apply.

(a) **You Have a Qualifying Termination After a Change in Control.** If your Employment terminates when you meet the requirements of a Qualifying Termination After a Change in Control, any Transfer Restrictions will cease to apply. In addition, the forfeiture events in Paragraph 8 will not apply to your Award.

(b) **You Are Determined to Have Accepted Conflicted Employment.**

(i) **Generally.** If your Employment terminates solely because you resign to accept Conflicted Employment, as soon as practicable after the Committee has received satisfactory documentation relating to your Conflicted Employment, any Transfer Restrictions will cease to apply. In addition, if, following your termination of Employment, you notify the Firm and provide the Committee with satisfactory documentation that you are accepting Conflicted Employment, any Transfer Restrictions will cease to apply.

(ii) **You May Have to Take Other Steps to Address Conflicts of Interest.** The Committee retains the authority to exercise its rights under the Award Agreement or the Plan (including Section 1.3.2 of the Plan) to take or require you to take other steps it determines in its sole discretion to be necessary or appropriate to cure an actual or perceived conflict of interest (which may include a determination that the accelerated release of Transfer Restrictions described in Paragraph 11(b)(i) will not apply because such actions are not necessary or appropriate to cure an actual or perceived conflict of interest).

(c) **Death.** If you die, any Transfer Restrictions will cease to apply as soon as practicable after the date of death and after such documentation as may be requested by the Committee is provided to the Committee.

OTHER TERMS, CONDITIONS AND AGREEMENTS

12. **Additional Terms, Conditions and Agreements.**

(a) **You Must Satisfy Applicable Tax Withholding Requirements.** Removal of the Transfer Restrictions is conditioned on your satisfaction of any applicable withholding taxes in accordance with Section 3.2 of the Plan (which includes the Firm deducting or withholding amounts from any payment or distribution to you). In addition, to the extent permitted by applicable law, the Firm, in its sole discretion, may require you to provide amounts equal to all or a portion of any Federal, state, local, foreign or other tax obligations imposed on you or the Firm in connection with the grant of this Award by requiring you to choose between remitting the amount (i) in cash (or through payroll deduction or otherwise), (ii) in the form of proceeds from the Firm’s executing a sale of shares of Common Stock delivered to you under this Award or (iii)

shares of Common Stock delivered to you pursuant to this Award. In addition, if you are an individual with separate employment contracts (at any time during and/or after the Firm's _____ fiscal year), the Firm, in its sole discretion, may require you to provide for a reserve in an amount the Firm determines is advisable or necessary in connection with any actual, anticipated or potential tax consequences related to your separate employment contracts by requiring you to choose between remitting such amount (i) in cash (or through payroll deduction or otherwise) or (ii) in the form of proceeds from the Firm's executing a sale of shares of Common Stock delivered to you pursuant to this Award (or any other Outstanding awards granted under the Plan or any predecessor or successor plan thereto).

(b) Firm May Deliver Cash or Other Property Instead of Shares. In accordance with Section 1.3.2(i) of the Plan, in the sole discretion of the Committee, in lieu of all or any portion of the shares of Common Stock, the Firm may deliver cash, other securities, other awards under the Plan or other property, and all references in this Award Agreement to deliveries of shares of Common Stock will include such deliveries of cash, other securities, other awards under the Plan or other property.

(c) Amounts May Be Rounded to Avoid Fractional Shares. Restricted Shares subject to Transfer Restrictions may, in each case, be rounded to avoid fractional shares of Common Stock.

(d) You May Be Required to Become a Party to the Shareholders' Agreement. Your rights to your Restricted Shares are conditioned on your becoming a party to any shareholders' agreement to which other similarly situated employees (*e.g.*, employees with a similar title or position) of the Firm are required to be a party.

(e) Firm May Affix Legends and Place Stop Orders on Restricted Shares. GS Inc. may affix to Certificates representing shares of Common Stock any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under a separate agreement). GS Inc. may advise the transfer agent to place a stop order against any legended shares of Common Stock.

(f) You Agree to Certain Consents, Terms and Conditions. By accepting this Award you understand and agree that:

(i) You Agree to Certain Consents as a Condition to the Award. You have expressly consented to all of the items listed in Section 3.3.3(d) of the Plan, including the Firm's supplying to any third-party recordkeeper of the Plan or other person such personal information of yours as the Committee deems advisable to administer the Plan, and you agree to provide any additional consents that the Committee determines to be necessary or advisable;

(ii) You Are Subject to the Firm's Policies, Rules and Procedures. You are subject to the Firm's policies in effect from time to time concerning trading in shares of Common Stock and hedging or pledging shares of Common Stock and equity-based compensation or other awards (including, without limitation, the Firm's "Policies With Respect to Transactions Involving GS Shares, Equity Awards and GS Options by Persons Affiliated with GS Inc." or any successor policies), and confidential or proprietary information, and you will effect sales of shares of Common Stock in accordance with such rules and procedures as may be adopted from time to time (which may include, without limitation, restrictions relating to the timing of sale requests, the manner in which sales are executed, pricing method, consolidation or aggregation of orders and volume limits determined by the Firm);

(iii) You Are Responsible for Costs Associated with Your Award. You will be responsible for all brokerage costs and other fees or expenses associated with your Restricted Shares, including those related to the sale of shares of Common Stock;

(iv) You Will Be Deemed to Represent Your Compliance with All the Terms of Your Award if You Sell Shares. You will be deemed to have represented and certified that you have complied with all of the terms of the Plan and this Award Agreement when you request the sale of shares of Common Stock following the release of Transfer Restrictions;

(v) Firm May Deliver Your Award into an Escrow Account. The Firm may establish and maintain an escrow account on such terms (which may include your executing any documents related to, and your paying for any costs associated with, such account) as it may deem necessary or appropriate, and the delivery of shares of Common Stock (including Restricted Shares) or the payment of cash or other property may initially be made into and held in that escrow account until such time as the Committee has received such documentation as it may have requested or until the Committee has determined that any other conditions or restrictions on delivery of shares of Common Stock, cash or other property required by this Award Agreement have been satisfied;

(vi) You May Be Required to Certify Compliance with Award Terms; You Are Responsible for Providing the Firm with Updated Address and Contact Information After Your Departure from the Firm. If your Employment terminates while you continue to hold Restricted Shares, from time to time, you may be required to provide certifications of your compliance with all of the terms of the Plan and this Award Agreement as described in Paragraph 8(c)(iv). You understand and agree that (A) your address on file with the Firm at the time any certification is required will be deemed to be your current address, (B) it is your responsibility to inform the Firm of any changes to your address to ensure timely receipt of the certification materials, (C) you are responsible for contacting the Firm to obtain such certification materials if not received and (D) your failure to return properly completed certification materials by the specified deadline (which includes your failure to timely return the completed certification because you did not provide the Firm with updated contact information) will result in the forfeiture of all of your Restricted Shares and subject previously delivered amounts to repayment under Paragraph 8(c)(iv);

(vii) You Authorize the Firm to Register, in Its or Its Designee's Name, Any Restricted Shares and Sell, Assign or Transfer any Forfeited Restricted Shares. You are granting to the Firm the full power and authority to register any Restricted Shares in its or its designee's name and authorizing the Firm or its designee to sell, assign or transfer any Restricted Shares if forfeited by you. This Award, if held in escrow, will not be delivered to you but will be held by an escrow agent for your benefit. If an escrow agent is used, such escrow agent will also hold the Restricted Shares for the benefit of the Firm for the purpose of perfecting its security interest;

(viii) You Must Comply with Applicable Deadlines and Procedures to Appeal Determinations Made by the Committee, the SIP Committee or SIP Administrators. In order to appeal a determination by the Committee, the SIP Committee, the SIP Administrators, or any of their delegates or designees, you must submit a written request for the appeal within 180 days after receipt of any such determination. You must exhaust all administrative remedies before seeking to resolve a dispute through arbitration pursuant to Paragraph 15 and Section 3.17 of the Plan; and

(ix) You Agree that Covered Persons Will Not Have Liability. In addition to and without limiting the generality of the provisions of Section 1.3.5 of the Plan, neither the Firm nor any Covered Person will have any liability to you or any other person for any action taken or omitted in respect of this or any other Award.

13. **Non-transferability**. Except as otherwise may be provided in this Paragraph 13 or as otherwise may be provided by the Committee, the limitations on transferability set forth in Section 3.5 of the Plan will apply to this Award. Any purported transfer or assignment in violation of the provisions of this Paragraph 13 or Section 3.5 of the Plan will be void. The Committee may adopt procedures pursuant to which some or all recipients of Restricted Shares may transfer some or all of their Restricted Shares (which will continue to be subject to Transfer Restrictions until the Transferability Date) through a gift for no consideration to any immediate family member, a trust or other estate planning vehicle approved by the Committee or SIP Committee in which the recipient and/or the recipient's immediate family members in the aggregate have 100% of the beneficial interest.

14. **Right of Offset**. The obligation to pay dividends or to remove the Transfer Restrictions under this Award Agreement is subject to Section 3.4 of the Plan, which provides for the Firm's right to offset against such obligation any outstanding amounts you owe to the Firm and any amounts the Committee deems appropriate pursuant to any tax equalization policy or agreement.

ARBITRATION, CHOICE OF FORUM AND GOVERNING LAW

15. Arbitration; Choice of Forum

(a) BY ACCEPTING THIS AWARD, YOU ARE INDICATING THAT YOU UNDERSTAND AND AGREE THAT THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN SECTION 3.17 OF THE PLAN WILL APPLY TO THIS AWARD. THESE PROVISIONS, WHICH ARE EXPRESSLY INCORPORATED HEREIN BY REFERENCE, PROVIDE AMONG OTHER THINGS THAT ANY DISPUTE, CONTROVERSY OR CLAIM BETWEEN THE FIRM AND YOU ARISING OUT OF OR RELATING TO OR CONCERNING THE PLAN OR THIS AWARD AGREEMENT WILL BE FINALLY SETTLED BY ARBITRATION IN NEW YORK CITY, PURSUANT TO THE TERMS MORE FULLY SET FORTH IN SECTION 3.17 OF THE PLAN.

(b) To the fullest extent permitted by applicable law, no arbitrator will have the authority to consider class, collective or representative claims, to order consolidation or to join different claimants or grant relief other than on an individual basis to the individual claimant involved.

(c) Notwithstanding any applicable forum rules to the contrary, to the extent there is a question of enforceability of this Award Agreement arising from a challenge to the arbitrator's jurisdiction or to the arbitrability of a claim, it will be decided by a court and not an arbitrator.

(d) All references to the New York Stock Exchange in Section 3.17 of the Plan will be read as references to the Financial Industry Regulatory Authority.

(e) The Federal Arbitration Act governs interpretation and enforcement of all arbitration provisions under the Plan and this Award Agreement, and all arbitration proceedings thereunder.

(f) Nothing in this Award Agreement creates a substantive right to bring a claim under U.S. Federal, state, or local employment laws.

16. **Governing Law.** THIS AWARD WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

COMMITTEE AUTHORITY, AMENDMENT AND CONSTRUCTION

17. **Committee Authority.** The Committee has the authority to determine, in its sole discretion, that any event triggering forfeiture or repayment of your Award will not apply, to limit the forfeitures and repayments that result under Paragraphs 8 and 9 and to remove Transfer Restrictions before the Transferability Date. In addition, the Committee, in its sole discretion, may determine whether Paragraph 10 will apply upon a termination of Employment.

18. **Amendment.** The Committee reserves the right at any time to amend the terms of this Award Agreement, and the Board may amend the Plan in any respect; *provided* that, notwithstanding the foregoing and Sections 1.3.2(f), 1.3.2(h) and 3.1 of the Plan, no such amendment will materially adversely affect your rights and obligations under this Award Agreement without your consent; and *provided further* that the Committee expressly reserves its rights to amend the Award Agreement and the Plan as described in Sections 1.3.2(h)(1), (2) and (4) of the Plan. A modification that impacts the tax consequences of this Award will not be an amendment that materially adversely affects your rights and obligations under this Award Agreement. Any amendment of this Award Agreement will be in writing.

19. **Construction, Headings.** Unless the context requires otherwise, (a) words describing the singular number include the plural and vice versa, (b) words denoting any gender include all genders and (c) the words “include,” “includes” and “including” will be deemed to be followed by the words “without limitation.” The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof. References in this Award Agreement to any specific Plan provision will not be construed as limiting the applicability of any other Plan provision.

IN WITNESS WHEREOF, GS Inc. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

THE GOLDMAN SACHS GROUP, INC.

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CODE STAFF FORFEITURE AND REPAYMENT APPENDIX

This Code Staff Appendix supplements Paragraph 8 and sets forth additional events that result in forfeiture of up to all of your Restricted Shares and may require repayment to the Firm of up to all other amounts previously delivered or paid to you under your Award in accordance with Paragraph 9. As with the events described in Paragraph 8, more than one event may apply, in no case will the occurrence of one event limit the forfeiture and repayment obligations as a result of the occurrence of any other event and the Firm reserves the right to (a) suspend release of Transfer Restrictions, (b) deliver any Restricted Shares into an escrow account in accordance with Paragraph 12(f)(v) or (c) apply Transfer Restrictions to any Restricted Shares in connection with any investigation of whether any of the events that result in forfeiture under this Code Staff Appendix have occurred.

With respect to the events described in Paragraphs (b) through (e) of this Appendix, the Committee will consider certain factors to determine whether and what portion of your Award will terminate, including the reason for the “Loss Event” (as defined below) or “Risk Event” (as defined below) and the extent to which: (1) you participated in the Loss Event or Risk Event, (2) your compensation for the Firm’s _____ fiscal year may or may not have been adjusted to take into account the risk associated with the Loss Event, Risk Event, your “Serious Misconduct” (as defined below) or the Serious Misconduct of a “Supervised Employee” (as defined below) and (3) your compensation may be adjusted for the year in which the Loss Event, Risk Event, your Serious Misconduct or a Supervised Employee’s Serious Misconduct is discovered.

(a) You Associate With a Material Covered Enterprise Prior to [_____]. If you “Associate With a Material Covered Enterprise” (as defined below) on or after the date the restrictions on Association With a Covered Enterprise lapse (as described in Paragraph 8(a) of the Award Agreement) and before the earlier of _____ or a Qualifying Termination After a Change in Control, your rights to all of your Outstanding Restricted Shares will terminate and those Restricted Shares will be cancelled.

(i) “**Associate With a Material Covered Enterprise**” means that you (A) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any “Material Covered Enterprise” (as defined below) or (B) associate in any capacity (including association as an officer, employee, partner, director, consultant, agent or advisor) with any Material Covered Enterprise. Associate With a Material Covered Enterprise may include, as determined in the discretion of either the Committee or the SIP Committee, (A) becoming the subject of any publicly available announcement or report of a pending or future association with a Material Covered Enterprise and (B) unpaid associations, including an association in contemplation of future employment. The term “Association With a Material Covered Enterprise” has its correlative meaning.

(ii) The restriction described above on any Association With a Material Covered Enterprise will not apply if (A) the Firm characterizes your Employment termination as “involuntary” or by “mutual agreement” and (B) you execute a general waiver and release of claims and an agreement to pay any associated tax liability, in each case, in the form the Firm prescribes.

(iii) “**Material Covered Enterprise**” means a Covered Enterprise that the Firm determines, in its sole discretion, to be material.

(b) A Loss Event Occurs Prior to the [] Date. If a Loss Event occurs prior to the _____ Date, then your rights to the following Outstanding Restricted Shares will terminate and those Restricted Shares will be cancelled:

(X) for all Loss Events identified before the _____ Date, up to one-third (1/3) of your Restricted Shares in the aggregate;

(Y) for all Loss Events identified after the _____ Date but before the _____ Date, up to one-third (1/3) of your Restricted Shares in the aggregate; and

(Z) for all Loss Events identified after the _____ Date but before the _____ Date, up to one-third (1/3) of your Restricted Shares in the aggregate.

(i) A “**Loss Event**” means (A) an annual pre-tax loss at GS Inc. or (B) annual negative revenues in one or more reporting segments as disclosed in the Firm’s Form 10-K other than the Investing & Lending segment, or annual negative revenues in the Investing & Lending segment of \$5 billion or more, *provided* in either case that you are employed in a business within such reporting segment.

(c) A Risk Event Occurs Prior to []. If a Risk Event occurs prior to _____, (i) your rights in respect of all or a portion of your Restricted Shares will terminate and those Restricted Shares will be cancelled and (ii) you will be obligated immediately upon demand therefor to pay the Firm an amount not in excess of the greater of the Fair Market Value of the Restricted Shares (plus any dividend payments) delivered in respect of the Award (without reduction for any amount applied to satisfy tax withholding or other obligations) determined as of (A) the date the Risk Event occurred and (B) the date that the repayment request is made.

(i) A “**Risk Event**” means there occurs a loss of 5% or more of firmwide total capital from a reportable operational risk event determined in accordance with the firmwide Reporting Operational Risk Events Policy.

(d) You Engage in Serious Misconduct Prior to []. If you engage in Serious Misconduct during the period beginning on the applicable Transferability Date through _____, you will be obligated immediately upon demand therefor to pay the Firm an amount not in excess of the greater of the Fair Market Value of the Restricted Shares (plus any dividend payments) delivered in respect of the Award (without reduction for any amount applied to satisfy tax withholding or other obligations) determined as of (i) the date the Serious Misconduct occurred and (ii) the date that the repayment request is made.

(i) “**Serious Misconduct**” means that you engage in conduct that the Firm reasonably considers, in its sole discretion, to be misconduct sufficient to justify summary termination of employment under English law.

(e) A Supervised Employee Engages in Serious Misconduct. If the Committee determines that it is appropriate to hold you accountable in whole or in part for Serious Misconduct related to compliance, control or risk that occurred during the Firm’s _____ fiscal year by a Supervised Employee, your rights in respect of all or a portion of your Restricted Shares will terminate and those Restricted Shares will be cancelled.

(i) “**Supervised Employee**” means an individual with respect to whom the Committee determines you had supervisory responsibility as a result of direct or indirect reporting lines or your management responsibility for an office, division or business.

Notwithstanding any provision in the Plan, this Award Agreement or any other agreement or arrangement you may have with the Firm, the parties agree that to the extent that there is any dispute arising out of or relating to the payment required by Paragraphs (c) and (d) of this Appendix (including your refusal to remit payment) the parties will submit to arbitration in accordance with Paragraph 15 of this Award Agreement and Section 3.17 of the Plan as the sole means of resolution of such dispute (including the recovery by the Firm of the payment amount).

SHAREHOLDERS' AGREEMENT APPENDIX

Treatment of _____ Year-End Restricted Shares under the Amended and Restated Shareholders' Agreement (the "Shareholders' Agreement"). Certain capitalized terms used in this Appendix are used with the meaning assigned to them in the Shareholders' Agreement, as noted below.

- With respect to all Restricted Shares that are awarded under the _____ Year-End Award, an event triggering the recalculation of the Covered Person's Covered Shares (as each term is defined in the Shareholders' Agreement) shall be deemed to occur with respect to one-third of such Restricted Shares on each of the _____ Date, the _____ Date, and the _____ Date (each such date being referred to as a "Trigger Date").
- As of each such Trigger Date, such Covered Person's Covered Shares shall be increased by:
 - the gross number of Restricted Shares for such Trigger Date (determined before any deductions, including any deductions for withholding taxes, fees or commissions), minus
 - such gross number multiplied by the Specified Tax Rate (as defined in the Shareholders' Agreement) that would apply if the Covered Person had received, on or around the Trigger Date, a delivery of RSU Shares underlying RSUs instead of receiving a grant of Restricted Shares.
- Until a Trigger Date, the Covered Person shall not be deemed to be the Sole Beneficial Owner (as defined in the Shareholders' Agreement) of the Restricted Shares relating to such Trigger Date (and therefore until such Trigger Date such Shares shall not be counted toward the satisfaction of the Transfer Restrictions (as defined in the Shareholders' Agreement)).

DEFINITIONS APPENDIX

The following capitalized terms are used in this Award Agreement with the following meanings:

(a) “409A Deferred Compensation” means a “deferral of compensation” or “deferred compensation” as those terms are defined in the regulations under Section 409A.

(b) “Associate With a Covered Enterprise” means that you (i) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any Covered Enterprise or (ii) associate in any capacity (including association as an officer, employee, partner, director, consultant, agent or advisor) with any Covered Enterprise. Associate With a Covered Enterprise may include, as determined in the discretion of either the Committee or the SIP Committee, (i) becoming the subject of any publicly available announcement or report of a pending or future association with a Covered Enterprise and (ii) unpaid associations, including an association in contemplation of future employment. “Association With a Covered Enterprise” will have its correlative meaning.

(c) “Covered Enterprise” means an existing or planned business enterprise that competes with the Firm (which, for this purpose means offering products or services that are the same as or similar to those offered by the Firm (“Firm Products or Services”), or reasonably may be expected to do so. The enterprises covered by this definition include enterprises that offer Firm Products or Services directly, as well as those that do so indirectly by ownership or control (e.g., by owning, being owned by, or being under common ownership with an enterprise that offers Firm Products or Services). An enterprise will be treated as providing Firm Products or Services if, solely by way of example, it provides products or services associated with investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than you or your family members), private banking, commercial banking, merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading. A Competitive Enterprise is a Covered Enterprise. **An enterprise that offers, or may reasonably be expected to offer, Firm Products or Services is a Covered Enterprise irrespective of whether the enterprise is a customer, client or counterparty of the Firm, and, because the Firm is a global enterprise, irrespective of where the Covered Enterprise is physically located.**

(d) “Failed to Consider Risk” means that you participated in the structuring or marketing of any product or service, or participated on behalf of the Firm or any of its clients in the purchase or sale of any security or other property, in any case without appropriate consideration of the risk to the Firm or the broader financial system as a whole (for example, where you have improperly analyzed such risk or where you have failed sufficiently to raise concerns about such risk) and, as a result of such action or omission, the Committee determines there has been, or reasonably could be expected to be, a material adverse impact on the Firm, your business unit or the broader financial system.

(e) “[_____] Date” means the first trading day in a Window Period in _____ (or if there is no trading day in a Window Period that occurs in _____ on or before _____, another date in _____ that is selected by the Committee or the SIP Committee) and includes the 30 Business Days after such date.

(f) “Qualifying Termination After a Change in Control” means that the Firm terminates your Employment other than for Cause or you terminate your Employment for Good Reason, in each case, within 18 months following a Change in Control.

(g) “Section 83(b) Election” means an election filed with the Internal Revenue Service, electing under Section 83(b) of the Code to be taxed currently on the fair market value of the Restricted Shares on the Date of Grant.

(h) “Selected Firm Personnel” means any individual who is or in the three months preceding the conduct prohibited by Paragraphs 8(b)(i) and (ii) was (i) a Firm employee or consultant with whom you personally worked while employed by the Firm, (ii) a Firm employee or consultant who, at any time during the year preceding the date of the termination of your Employment, worked in the same division in which you worked or (iii) an Advisory Director, a Managing Director or a Senior Advisor of the Firm.

The following capitalized terms are used in this Award Agreement with the meanings that are assigned to them in the Plan.

(a) “Account” means any brokerage account, custody account or similar account, as approved or required by GS Inc. from time to time, into which shares of Common Stock, cash or other property in respect of an Award are delivered.

(b) “Award Agreement” means the written document or documents by which each Award is evidenced, including any Award Statement.

(c) “Award Statement” means a written statement that reflects certain Award terms.

(d) “Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in New York City are authorized or obligated by Federal law or executive order to be closed.

(e) “Cause” means (i) the Grantee’s conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge, or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations, (ii) the Grantee’s engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act), (iii) the Grantee’s willful failure to perform the Grantee’s duties to the Firm, (iv) the Grantee’s violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Firm is a member, (v) the Grantee’s violation of any Firm policy concerning hedging or pledging or confidential or proprietary information, or the Grantee’s material violation of any other Firm policy as in effect from time to time, (vi) the Grantee’s engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Firm or (vii) the Grantee’s engaging in any conduct detrimental to the Firm. The determination as to whether Cause has occurred shall be made by the Committee in its sole discretion and, in such case, the Committee also may, but shall not be required to, specify the date such Cause occurred (including by determining that a prior termination of Employment was for Cause). Any rights the Firm may have hereunder and in any Award Agreement in respect of the events giving rise to Cause shall be in addition to the rights the Firm may have under any other agreement with a Grantee or at law or in equity.

(f) “Change in Control” means the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving GS Inc. (a “Reorganization”) or sale or other disposition of all or substantially all of GS Inc.’s assets to an entity that is not an affiliate of GS Inc. (a “Sale”), that in each case requires the approval of GS Inc.’s shareholders under the law of GS Inc.’s jurisdiction of organization, whether for such Reorganization or Sale (or the issuance of securities of GS

Inc. in such Reorganization or Sale), unless immediately following such Reorganization or Sale, either: (i) at least 50% of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of (A) the entity resulting from such Reorganization, or the entity which has acquired all or substantially all of the assets of GS Inc. in a Sale (in either case, the “Surviving Entity”), or (B) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, as such Rule is in effect on the date of the adoption of the 1999 SIP) of 50% or more of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the Surviving Entity (the “Parent Entity”) is represented by GS Inc.’s securities (the “GS Inc. Securities”) that were outstanding immediately prior to such Reorganization or Sale (or, if applicable, is represented by shares into which such GS Inc. Securities were converted pursuant to such Reorganization or Sale) or (ii) at least 50% of the members of the board of directors (or similar officials in the case of an entity other than a corporation) of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) following the consummation of the Reorganization or Sale were, at the time of the Board’s approval of the execution of the initial agreement providing for such Reorganization or Sale, individuals (the “Incumbent Directors”) who either (A) were members of the Board on the Effective Date or (B) became directors subsequent to the Effective Date and whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of GS Inc.’s proxy statement in which such persons are named as nominees for director).

(g) “Client” means any client or prospective client of the Firm to whom the Grantee provided services, or for whom the Grantee transacted business, or whose identity became known to the Grantee in connection with the Grantee’s relationship with or employment by the Firm.

(h) “Committee” means the committee appointed by the Board to administer the Plan pursuant to Section 1.3, and, to the extent the Board determines it is appropriate for the compensation realized from Awards under the Plan to be considered “performance based” compensation under Section 162(m) of the Code, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is an “outside director” within the meaning of Code Section 162(m), and which, to the extent the Board determines it is appropriate for Awards under the Plan to qualify for the exemption available under Rule 16b-3(d)(1) or Rule 16b-3(e) promulgated under the Exchange Act, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is a “non-employee director” within the meaning of Rule 16b-3. Unless otherwise determined by the Board, the Committee shall be the Compensation Committee of the Board.

(i) “Common Stock” means common stock of GS Inc., par value \$0.01 per share.

(j) “Competitive Enterprise” means an existing or planned business enterprise that (i) engages, or may reasonably be expected to engage, in any activity, (ii) owns or controls, or may reasonably be expected to own or control, a significant interest in or (iii) is, or may reasonably be expected to be, owned by, or a significant interest in which is, or may reasonably be expected to be, owned or controlled by, any entity that engages in any activity that, in any case, competes or will compete anywhere with any activity in which the Firm is engaged. The activities covered by this definition include, without limitation, financial services such as investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than the Grantee and members of the Grantee’s family), merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading.

(k) “Conflicted Employment” means the Grantee’s employment at any U.S. Federal, state or local government, any non-U.S. government, any supranational or international organization, any self-

regulatory organization, or any agency or instrumentality of any such government or organization, or any other employer determined by the Committee, if, as a result of such employment, the Grantee's continued holding of any Outstanding Award would result in an actual or perceived conflict of interest.

(l) "Covered Person" means a member of the Board or the Committee or any employee of the Firm.

(m) "Date of Grant" means the date specified in the Grantee's Award Agreement as the date of grant of the Award.

(n) "Dividend Equivalent Right" means a dividend equivalent right granted under the Plan, which represents an unfunded and unsecured promise to pay to the Grantee amounts equal to all or any portion of the regular cash dividends that would be paid on shares of Common Stock covered by an Award if such shares had been delivered pursuant to an Award.

(o) "Employment" means the Grantee's performance of services for the Firm, as determined by the Committee. The terms "employ" and "employed" shall have their correlative meanings. The Committee in its sole discretion may determine (i) whether and when a Grantee's leave of absence results in a termination of Employment (for this purpose, unless the Committee determines otherwise, a Grantee shall be treated as terminating Employment with the Firm upon the occurrence of an Extended Absence), (ii) whether and when a change in a Grantee's association with the Firm results in a termination of Employment and (iii) the impact, if any, of any such leave of absence or change in association on Awards theretofore made. Unless expressly provided otherwise, any references in the Plan or any Award Agreement to a Grantee's Employment being terminated shall include both voluntary and involuntary terminations.

(p) "Extended Absence" means the Grantee's inability to perform for six (6) continuous months, due to illness, injury or pregnancy-related complications, substantially all the essential duties of the Grantee's occupation, as determined by the Committee.

(q) "Fair Market Value" means, with respect to a share of Common Stock on any day, the fair market value as determined in accordance with a valuation methodology approved by the Committee.

(r) "Firm" means GS Inc. and its subsidiaries and affiliates.

(s) "Good Reason" means, in connection with a termination of employment by a Grantee following a Change in Control, (a) as determined by the Committee, a materially adverse alteration in the Grantee's position or in the nature or status of the Grantee's responsibilities from those in effect immediately prior to the Change in Control or (b) the Firm's requiring the Grantee's principal place of Employment to be located more than seventy-five (75) miles from the location where the Grantee is principally Employed at the time of the Change in Control (except for required travel on the Firm's business to an extent substantially consistent with the Grantee's customary business travel obligations in the ordinary course of business prior to the Change in Control).

(t) "Grantee" means a person who receives an Award.

(u) "GS Inc." means The Goldman Sachs Group, Inc., and any successor thereto.

(v) "Outstanding" means any Award to the extent it has not been forfeited, cancelled, terminated, exercised or with respect to which the shares of Common Stock underlying the Award have not been previously delivered or other payments made.

(w) “Restricted Share” means a share of Common Stock delivered under the Plan that is subject to Transfer Restrictions, forfeiture provisions and/or other terms and conditions specified in the Plan and in the Award Agreement or other Applicable Award Agreement. All references to Restricted Shares include “Shares at Risk.”

(x) “Retirement” means termination of the Grantee’s Employment (other than for Cause) on or after the Date of Grant at a time when (i) (A) the sum of the Grantee’s age plus years of service with the Firm (as determined by the Committee in its sole discretion) equals or exceeds 60 and (B) the Grantee has completed at least 10 years of service with the Firm (as determined by the Committee in its sole discretion) or, if earlier, (ii) (A) the Grantee has attained age 50 and (B) the Grantee has completed at least five years of service with the Firm (as determined by the Committee in its sole discretion).

(y) “RSU” means a restricted stock unit Award granted under the Plan, which represents an unfunded and unsecured promise to deliver shares of Common Stock in accordance with the terms of the RSU Award Agreement.

(z) “RSU Shares” means shares of Common Stock that underlie an RSU.

(aa) “Section 409A” means Section 409A of the Code, including any amendments or successor provisions to that Section and any regulations and other administrative guidance thereunder, in each case as they, from time to time, may be amended or interpreted through further administrative guidance.

(bb) “SIP Administrator” means each person designated by the Committee as a “SIP Administrator” with the authority to perform day-to-day administrative functions for the Plan.

(cc) “SIP Committee” means the persons who have been delegated certain authority under the Plan by the Committee.

(dd) “Solicit” means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

(ee) “Transfer Restrictions” means restrictions that prohibit the sale, exchange, transfer, assignment, pledge, hypothecation, fractionalization, hedge or other disposal (including through the use of any cash-settled instrument), whether voluntarily or involuntarily by the Grantee, of an Award or any shares of Common Stock, cash or other property delivered in respect of an Award.

(ff) “Transferability Date” means the date Transfer Restrictions on a Restricted Share will be released. Within 30 Business Days after the applicable Transferability Date, GS Inc. shall take, or shall cause to be taken, such steps as may be necessary to remove Transfer Restrictions.

(gg) “Vested” means, with respect to an Award, the portion of the Award that is not subject to a condition that the Grantee remain actively employed by the Firm in order for the Award to remain Outstanding. The fact that an Award becomes Vested shall not mean or otherwise indicate that the Grantee has an unconditional or nonforfeitable right to such Award, and such Award shall remain subject to such terms, conditions and forfeiture provisions as may be provided for in the Plan or in the Award Agreement.

(hh) “Vesting Date” means each date specified in the Grantee’s Award Agreement as a date on which part or all of an Award becomes Vested.

(ii) "Window Period" means a period designated by the Firm during which all employees of the Firm are permitted to purchase or sell shares of Common Stock (*provided* that, if the Grantee is a member of a designated group of employees who are subject to different restrictions, the Window Period may be a period designated by the Firm during which an employee of the Firm in such designated group is permitted to purchase or sell shares of Common Stock).

THE GOLDMAN SACHS GROUP, INC.
[] YEAR-END SHORT-TERM RESTRICTED STOCK AWARD

This Award Agreement, together with The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) (the “Plan”), governs your award of _____ year-end Short-Term Restricted Shares (your “Award”). You should read carefully this entire Award Agreement, which includes the Award Statement and any attached Appendix.

ACCEPTANCE

1. **You Must Decide Whether to Accept this Award Agreement.** To be eligible to receive your Award, you must by the date specified (a) open and activate an Account and (b) agree to all the terms of your Award by executing the related signature card in accordance with its instructions. By executing the signature card, you confirm your agreement to all of the terms of this Award Agreement, including the arbitration and choice of forum provisions in Paragraph 14. Within 30 days of the Date of Grant, you must make a Section 83(b) Election, which will result in your recognition of taxable income on the Date of Grant equal to the fair market value of the Restricted Shares on the Date of Grant, but will not affect the removal of the Transfer Restrictions.

DOCUMENTS THAT GOVERN YOUR AWARD; DEFINITIONS

2. **The Plan.** Your Award is granted under the Plan, and the Plan’s terms apply to, and are a part of, this Award Agreement.
3. **Your Award Statement.** The Award Statement delivered to you contains some of your Award’s specific terms. For example, it contains the number of Short-Term Restricted Shares awarded to you and any applicable Transferability Dates.
4. **Definitions.** Capitalized terms are defined in the Definitions Appendix, which also includes terms that are defined in the Plan.

VESTING OF YOUR RESTRICTED SHARES

5. **Vesting.** All of your Short-Term Restricted Shares are Vested. When a Restricted Share is Vested, it means **only** that your continued active Employment is not required for that portion of Restricted Shares to become fully transferrable without risk of forfeiture. **Vesting does not mean you have a non-forfeitable right to the Vested portion of your Award. The terms of this Award Agreement (including the Transfer Restrictions) continue to apply to Vested Short-Term Restricted Shares, and you can still forfeit Vested Short-Term Restricted Shares.**

TRANSFER RESTRICTIONS

6. **Transfer Restrictions.** Short-Term Restricted Shares will be subject to Transfer Restrictions until the Transferability Date. Any purported sale, exchange, transfer, assignment, pledge, hypothecation, fractionalization, hedge or other disposition in violation of the Transfer Restrictions will be void. Within 30 Business Days after the Transferability Date listed on your Award Statement (or any other date on which the Transfer Restrictions are to be removed), GS Inc. will remove the Transfer Restrictions. The Committee or the SIP Committee may select multiple dates within such 30 Business-Day-period on which to remove Transfer Restrictions for all or a portion of the Restricted Shares with the same Transferability Date listed on the Award Statement, and all such dates will be treated as a single Transferability Date for purposes of this Award.

DIVIDENDS

7. **Dividends.** You will be entitled to receive on a current basis any regular cash dividend paid in respect of your Short-Term Restricted Shares.

FORFEITURE OF YOUR AWARD

8. **How You May Forfeit Your Award.** This Paragraph 8 sets forth the events that result in forfeiture of up to all of your Short-Term Restricted Shares and may require repayment to the Firm of up to all other amounts previously delivered or paid to you under your Award in accordance with Paragraph 9. More than one event may apply, and in no case will the occurrence of one event limit the forfeiture and repayment obligations as a result of the occurrence of any other event. In addition, the Firm reserves the right to (a) suspend release of Transfer Restrictions, (b) deliver any Short-Term Restricted Shares into an escrow account in accordance with Paragraph 11(f)(v) or (c) apply Transfer Restrictions to any Short-Term Restricted Shares in connection with any investigation of whether any of the events that result in forfeiture under the Plan or this Paragraph 8 have occurred. Paragraph 10 (relating to certain circumstances under which release of Transfer Restrictions may be accelerated) provides for exceptions to one or more provisions of this Paragraph 8. The Code Staff Forfeiture and Repayment Appendix supplements this Paragraph 8 and sets forth additional events that result in forfeiture of up to all of your Short-Term Restricted Shares and may require repayment to the Firm as described in Paragraph 9 and the Appendix.

(a) **Short-Term Restricted Shares Forfeited upon Certain Events.** If any of the following occurs, your rights to all of your Outstanding Short-Term Restricted Shares will terminate and those Restricted Shares will be cancelled, in each case, as may be further described below:

(i) **You Failed to Consider Risk.** You Failed to Consider Risk during the Firm's _____ fiscal year.

(ii) **Your Conduct Constitutes Cause.** Any event that constitutes Cause (including, for the avoidance of doubt, "Serious Misconduct" as defined in the Code Staff Forfeiture and Repayment Appendix) has occurred before the Transferability Date.

(iii) **You Do Not Meet Your Obligations to the Firm.** The Committee determines that, before the Transferability Date, you failed to meet, in any respect, any obligation under any agreement with the Firm, or any agreement entered into in connection with your Employment or this Award, including the Firm's notice period requirement applicable to you, any offer letter, employment agreement or any shareholders' agreement relating to the Firm. Your failure to pay or reimburse the Firm, on demand, for any amount you owe to the Firm will constitute (A) failure to meet an obligation you have under an agreement, regardless of whether such obligation arises under a written agreement, and/or (B) a material violation of Firm policy constituting Cause.

(iv) **You Do Not Provide Timely Certifications or Comply with Your Certifications.** You fail to certify to GS Inc. that you have complied with all of the terms of the Plan and this Award Agreement, or the Committee determines that you have failed to comply with a term of the Plan or this Award Agreement to which you have certified compliance.

(v) **You Do Not Follow Dispute Resolution/Arbitration Procedures.** You attempt to have any dispute under the Plan or this Award Agreement resolved in any manner that is not provided for by Paragraph 14 or Section 3.17 of the Plan.

(vi) You Bring an Action that Results in a Determination that Any Award Agreement Term Is Invalid. As a result of any action brought by you, it is determined that any term of this Award Agreement is invalid.

(vii) You Receive Compensation in Respect of Your Award from Another Employer. Your Employment terminates for any reason or you otherwise are no longer actively employed with the Firm and another entity grants you cash, equity or other property (whether vested or unvested) to replace, substitute for or otherwise in respect of any Outstanding Short-Term Restricted Shares; *provided, however*, that your rights will only be terminated in respect of the Short-Term Restricted Shares that are replaced, substituted for or otherwise considered by such other entity in making its grant.

REPAYMENT OF YOUR AWARD

9. When You May Be Required to Repay Your Award. If the Committee determines that any term of this Award was not satisfied, you will be required, immediately upon demand therefor, to repay to the Firm the following:

(a) Any Short-Term Restricted Shares for which the terms (including the terms for the release of Transfer Restrictions) were not satisfied, in accordance with Section 2.5.3 of the Plan.

(b) Any dividends paid in respect of any Short-Term Restricted Shares that are cancelled or required to be repaid.

(c) Any amount applied to satisfy tax withholding or other obligations with respect to any Short-Term Restricted Shares or dividend payments that are forfeited or required to be repaid.

EXCEPTIONS TO THE TRANSFERABILITY DATE

10. Accelerated Release of Transfer Restrictions in the Event of a Qualifying Termination After a Change in Control, Conflicted Employment or Death. In the event of your Qualifying Termination After a Change in Control, Conflicted Employment or death, each as described below, then your Outstanding Award will be treated as described in this Paragraph 10, and, except as set forth in Paragraph 10(a), all other terms of this Award Agreement, including the other forfeiture and repayment events in Paragraphs 8 and 9, continue to apply.

(a) You Have a Qualifying Termination After a Change in Control. If your Employment terminates when you meet the requirements of a Qualifying Termination After a Change in Control, any Transfer Restrictions will cease to apply. In addition, the forfeiture events in Paragraph 8 will not apply to your Award.

(b) You Are Determined to Have Accepted Conflicted Employment.

(i) Generally. If your Employment terminates solely because you resign to accept Conflicted Employment, as soon as practicable after the Committee has received satisfactory documentation relating to your Conflicted Employment, any Transfer Restrictions will cease to apply. In addition, if, following your termination of Employment, you notify the Firm and provide the Committee with satisfactory documentation that you are accepting Conflicted Employment, any Transfer Restrictions will cease to apply.

(ii) You May Have to Take Other Steps to Address Conflicts of Interest. The Committee retains the authority to exercise its rights under the Award Agreement or the Plan (including Section 1.3.2 of the Plan) to take or require you to take other steps it determines in its sole discretion to be necessary or appropriate to cure an actual or perceived conflict of interest (which may include a determination that the accelerated release of Transfer Restrictions described in Paragraph 10(b)(i) will not apply because such actions are not necessary or appropriate to cure an actual or perceived conflict of interest).

(c) Death. If you die, any Transfer Restrictions will cease to apply as soon as practicable after the date of death and after such documentation as may be requested by the Committee is provided to the Committee.

OTHER TERMS, CONDITIONS AND AGREEMENTS

11. Additional Terms, Conditions and Agreements.

(a) You Must Satisfy Applicable Tax Withholding Requirements. Removal of the Transfer Restrictions is conditioned on your satisfaction of any applicable withholding taxes in accordance with Section 3.2 of the Plan (which includes the Firm deducting or withholding amounts from any payment or distribution to you). In addition, to the extent permitted by applicable law, the Firm, in its sole discretion, may require you to provide amounts equal to all or a portion of any Federal, state, local, foreign or other tax obligations imposed on you or the Firm in connection with the grant of this Award by requiring you to choose between remitting the amount (i) in cash (or through payroll deduction or otherwise), (ii) in the form of proceeds from the Firm's executing a sale of shares of Common Stock delivered to you under this Award or (iii) shares of Common Stock delivered to you pursuant to this Award. In addition, if you are an individual with separate employment contracts (at any time during and/or after the Firm's _____ fiscal year), the Firm, in its sole discretion, may require you to provide for a reserve in an amount the Firm determines is advisable or necessary in connection with any actual, anticipated or potential tax consequences related to your separate employment contracts by requiring you to choose between remitting such amount (i) in cash (or through payroll deduction or otherwise) or (ii) in the form of proceeds from the Firm's executing a sale of shares of Common Stock delivered to you pursuant to this Award (or any other Outstanding awards granted under the Plan or any predecessor or successor plan thereto).

(b) Firm May Deliver Cash or Other Property Instead of Shares. In accordance with Section 1.3.2(i) of the Plan, in the sole discretion of the Committee, in lieu of all or any portion of the shares of Common Stock, the Firm may deliver cash, other securities, other awards under the Plan or other property, and all references in this Award Agreement to deliveries of shares of Common Stock will include such deliveries of cash, other securities, other awards under the Plan or other property.

(c) Amounts May Be Rounded to Avoid Fractional Shares. Short-Term Restricted Shares subject to Transfer Restrictions may, in each case, be rounded to avoid fractional shares of Common Stock.

(d) You May Be Required to Become a Party to the Shareholders' Agreement. Your rights to your Short-Term Restricted Shares are conditioned on your becoming a party to any

shareholders' agreement to which other similarly situated employees (e.g., employees with a similar title or position) of the Firm are required to be a party. If you are party to the Amended and Restated Shareholders' Agreement (the "Shareholders' Agreement"), Short-Term Restricted Shares will be subject to the Shareholders' Agreement, but those Restricted Shares will not be considered "Covered Shares" for purposes of Section 2.1(a) thereof. Until the Transferability Date, you will not be deemed to be the Sole Beneficial Owner (as defined in the Shareholders' Agreement) of the Short-Term Restricted Shares (and therefore such Short-Term Restricted Shares will not be counted toward the satisfaction of the Transfer Restrictions (as defined in the Shareholders' Agreement) until the Transferability Date).

(e) Firm May Affix Legends and Place Stop Orders on Short-Term Restricted Shares. GS Inc. may affix to Certificates representing shares of Common Stock any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under a separate agreement). GS Inc. may advise the transfer agent to place a stop order against any legended shares of Common Stock.

(f) You Agree to Certain Consents, Terms and Conditions. By accepting this Award you understand and agree that:

(i) You Agree to Certain Consents as a Condition to the Award. You have expressly consented to all of the items listed in Section 3.3.3(d) of the Plan, including the Firm's supplying to any third-party recordkeeper of the Plan or other person such personal information of yours as the Committee deems advisable to administer the Plan, and you agree to provide any additional consents that the Committee determines to be necessary or advisable;

(ii) You Are Subject to the Firm's Policies, Rules and Procedures. You are subject to the Firm's policies in effect from time to time concerning trading in shares of Common Stock and hedging or pledging shares of Common Stock and equity-based compensation or other awards (including, without limitation, the Firm's "Policies With Respect to Transactions Involving GS Shares, Equity Awards and GS Options by Persons Affiliated with GS Inc." or any successor policies), and confidential or proprietary information, and you will effect sales of shares of Common Stock in accordance with such rules and procedures as may be adopted from time to time (which may include, without limitation, restrictions relating to the timing of sale requests, the manner in which sales are executed, pricing method, consolidation or aggregation of orders and volume limits determined by the Firm);

(iii) You Are Responsible for Costs Associated with Your Award. You will be responsible for all brokerage costs and other fees or expenses associated with your Short-Term Restricted Shares, including those related to the sale of shares of Common Stock;

(iv) You Will Be Deemed to Represent Your Compliance with All the Terms of Your Award if You Sell Shares. You will be deemed to have represented and certified that you have complied with all of the terms of the Plan and this Award Agreement when you request the sale of shares of Common Stock following the release of Transfer Restrictions;

(v) Firm May Deliver Your Award into an Escrow Account. The Firm may establish and maintain an escrow account on such terms (which may include your executing any documents related to, and your paying for any costs associated with, such account) as it may deem necessary or appropriate, and the delivery of shares of Common Stock (including Short-Term Restricted Shares) or the payment of cash or other property may initially be made into and held in that escrow account until such time as the Committee has received such documentation as

it may have requested or until the Committee has determined that any other conditions or restrictions on delivery of shares of Common Stock, cash or other property required by this Award Agreement have been satisfied;

(vi) You May Be Required to Certify Compliance with Award Terms; You Are Responsible for Providing the Firm with Updated Address and Contact Information After Your Departure from the Firm. If your Employment terminates while you continue to hold Short-Term Restricted Shares, from time to time, you may be required to provide certifications of your compliance with all of the terms of the Plan and this Award Agreement as described in Paragraph 8(a)(iv). You understand and agree that (A) your address on file with the Firm at the time any certification is required will be deemed to be your current address, (B) it is your responsibility to inform the Firm of any changes to your address to ensure timely receipt of the certification materials, (C) you are responsible for contacting the Firm to obtain such certification materials if not received and (D) your failure to return properly completed certification materials by the specified deadline (which includes your failure to timely return the completed certification because you did not provide the Firm with updated contact information) will result in the forfeiture of all of your Short-Term Restricted Shares and subject previously delivered amounts to repayment under Paragraph 8(a)(iv);

(vii) You Authorize the Firm to Register, in Its or Its Designee's Name, Any Restricted Shares and Sell, Assign or Transfer any Forfeited Short-Term Restricted Shares. You are granting to the Firm the full power and authority to register any Short-Term Restricted Shares in its or its designee's name and authorizing the Firm or its designee to sell, assign or transfer any Short-Term Restricted Shares if forfeited by you. This Award, if held in escrow, will not be delivered to you but will be held by an escrow agent for your benefit. If an escrow agent is used, such escrow agent will also hold the Short-Term Restricted Shares for the benefit of the Firm for the purpose of perfecting its security interest;

(viii) You Must Comply with Applicable Deadlines and Procedures to Appeal Determinations Made by the Committee, the SIP Committee or SIP Administrators. In order to appeal a determination by the Committee, the SIP Committee, the SIP Administrators, or any of their delegates or designees, you must submit a written request for the appeal within 180 days after receipt of any such determination. You must exhaust all administrative remedies before seeking to resolve a dispute through arbitration pursuant to Paragraph 14 and Section 3.17 of the Plan; and

(ix) You Agree that Covered Persons Will Not Have Liability. In addition to and without limiting the generality of the provisions of Section 1.3.5 of the Plan, neither the Firm nor any Covered Person will have any liability to you or any other person for any action taken or omitted in respect of this or any other Award.

12. **Non-transferability.** Except as otherwise may be provided in this Paragraph 12 or as otherwise may be provided by the Committee, the limitations on transferability set forth in Section 3.5 of the Plan will apply to this Award. Any purported transfer or assignment in violation of the provisions of this Paragraph 12 or Section 3.5 of the Plan will be void. The Committee may adopt procedures pursuant to which some or all recipients of Restricted Shares may transfer some or all of their Restricted Shares (which will continue to be subject to Transfer Restrictions until the Transferability Date) through a gift for no consideration to any immediate family member, a trust or other estate planning vehicle approved by the Committee or SIP Committee in which the recipient and/or the recipient's immediate family members in the aggregate have 100% of the beneficial interest.

13. **Right of Offset.** The obligation to pay dividends or to remove the Transfer Restrictions under this Award Agreement is subject to Section 3.4 of the Plan, which provides for the Firm's right to offset against such obligation any outstanding amounts you owe to the Firm and any amounts the Committee deems appropriate pursuant to any tax equalization policy or agreement.

ARBITRATION, CHOICE OF FORUM AND GOVERNING LAW

14. **Arbitration; Choice of Forum.**

(a) **BY ACCEPTING THIS AWARD, YOU ARE INDICATING THAT YOU UNDERSTAND AND AGREE THAT THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN SECTION 3.17 OF THE PLAN WILL APPLY TO THIS AWARD. THESE PROVISIONS, WHICH ARE EXPRESSLY INCORPORATED HEREIN BY REFERENCE, PROVIDE AMONG OTHER THINGS THAT ANY DISPUTE, CONTROVERSY OR CLAIM BETWEEN THE FIRM AND YOU ARISING OUT OF OR RELATING TO OR CONCERNING THE PLAN OR THIS AWARD AGREEMENT WILL BE FINALLY SETTLED BY ARBITRATION IN NEW YORK CITY, PURSUANT TO THE TERMS MORE FULLY SET FORTH IN SECTION 3.17 OF THE PLAN.**

(b) To the fullest extent permitted by applicable law, no arbitrator will have the authority to consider class, collective or representative claims, to order consolidation or to join different claimants or grant relief other than on an individual basis to the individual claimant involved.

(c) Notwithstanding any applicable forum rules to the contrary, to the extent there is a question of enforceability of this Award Agreement arising from a challenge to the arbitrator's jurisdiction or to the arbitrability of a claim, it will be decided by a court and not an arbitrator.

(d) All references to the New York Stock Exchange in Section 3.17 of the Plan will be read as references to the Financial Industry Regulatory Authority.

(e) The Federal Arbitration Act governs interpretation and enforcement of all arbitration provisions under the Plan and this Award Agreement, and all arbitration proceedings thereunder.

(f) Nothing in this Award Agreement creates a substantive right to bring a claim under U.S. Federal, state, or local employment laws.

15. **Governing Law. THIS AWARD WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.**

COMMITTEE AUTHORITY, AMENDMENT AND CONSTRUCTION

16. **Committee Authority.** The Committee has the authority to determine, in its sole discretion, that any event triggering forfeiture or repayment of your Award will not apply, to limit the forfeitures and repayments that result under Paragraphs 8 and 9 and to remove Transfer Restrictions before the Transferability Date.

17. **Amendment.** The Committee reserves the right at any time to amend the terms of this Award Agreement, and the Board may amend the Plan in any respect; *provided* that, notwithstanding the foregoing and Sections 1.3.2(f), 1.3.2(h) and 3.1 of the Plan, no such amendment will materially

adversely affect your rights and obligations under this Award Agreement without your consent; and *provided further* that the Committee expressly reserves its rights to amend the Award Agreement and the Plan as described in Sections 1.3.2(h)(1), (2) and (4) of the Plan. A modification that impacts the tax consequences of this Award will not be an amendment that materially adversely affects your rights and obligations under this Award Agreement. Any amendment of this Award Agreement will be in writing.

18. **Construction, Headings.** Unless the context requires otherwise, (a) words describing the singular number include the plural and vice versa, (b) words denoting any gender include all genders and (c) the words “include,” “includes” and “including” will be deemed to be followed by the words “without limitation.” The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof. References in this Award Agreement to any specific Plan provision will not be construed as limiting the applicability of any other Plan provision.

IN WITNESS WHEREOF, GS Inc. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

THE GOLDMAN SACHS GROUP, INC.

CODE STAFF FORFEITURE AND REPAYMENT APPENDIX

This Code Staff Appendix supplements Paragraph 8 and sets forth additional events that result in forfeiture of up to all of your Short-Term Restricted Shares and may require repayment to the Firm of up to all other amounts previously delivered or paid to you under your Award in accordance with Paragraph 9. As with the events described in Paragraph 8, more than one event may apply, in no case will the occurrence of one event limit the forfeiture and repayment obligations as a result of the occurrence of any other event and the Firm reserves the right to (a) suspend release of Short-Term Transfer Restrictions, (b) deliver any Short-Term Restricted Shares into an escrow account in accordance with Paragraph 11(f)(v) or (c) apply Transfer Restrictions to any Short-Term Restricted Shares in connection with any investigation of whether any of the events that result in forfeiture under this Code Staff Appendix have occurred.

With respect to the events described in Paragraphs (a) and (b) of this Appendix, the Committee will consider certain factors to determine whether and what portion of your Award will terminate, including the reason for the “Risk Event” (as defined below) and the extent to which: (1) you participated in the Risk Event, (2) your compensation for the Firm’s _____ fiscal year may or may not have been adjusted to take into account the risk associated with the Risk Event or your “Serious Misconduct” (as defined below) and (3) your compensation may be adjusted for the year in which the Risk Event or your Serious Misconduct.

(a) A Risk Event Occurs Prior to [_____]. If a Risk Event occurs prior to _____, (i) your rights in respect of all or a portion of your Short-Term Restricted Shares will terminate and those Short-Term Restricted Shares will be cancelled and (ii) you will be obligated immediately upon demand therefor to pay the Firm an amount not in excess of the greater of the Fair Market Value of the Short-Term Restricted Shares (plus any dividend payments) delivered in respect of the Award (without reduction for any amount applied to satisfy tax withholding or other obligations) determined as of (A) the date the Risk Event occurred and (B) the date that the repayment request is made.

(i) A “**Risk Event**” means there occurs a loss of 5% or more of firmwide total capital from a reportable operational risk event determined in accordance with the firmwide Reporting Operational Risk Events Policy.

(b) You Engage in Serious Misconduct Prior to [_____]. If you engage in Serious Misconduct during the period beginning on the applicable Transferability Date through _____, you will be obligated immediately upon demand therefor to pay the Firm an amount not in excess of the greater of the Fair Market Value of the Short-Term Restricted Shares (plus any dividend payments) delivered in respect of the Award (without reduction for any amount applied to satisfy tax withholding or other obligations) determined as of (i) the date the Serious Misconduct occurred and (ii) the date that the repayment request is made.

(i) “**Serious Misconduct**” means that you engage in conduct that the Firm reasonably considers, in its sole discretion, to be misconduct sufficient to justify summary termination of employment under English law.

Notwithstanding any provision in the Plan, this Award Agreement or any other agreement or arrangement you may have with the Firm, the parties agree that to the extent that there is any dispute arising out of or relating to the payment required by Paragraphs (a) and (b) of this Appendix (including your refusal to remit payment) the parties will submit to arbitration in accordance with Paragraph 14 of this Award Agreement and Section 3.17 of the Plan as the sole means of resolution of such dispute (including the recovery by the Firm of the payment amount).

DEFINITIONS APPENDIX

The following capitalized terms are used in this Award Agreement with the following meanings:

(a) “409A Deferred Compensation” means a “deferral of compensation” or “deferred compensation” as those terms are defined in the regulations under Section 409A.

(b) “Failed to Consider Risk” means that you participated in the structuring or marketing of any product or service, or participated on behalf of the Firm or any of its clients in the purchase or sale of any security or other property, in any case without appropriate consideration of the risk to the Firm or the broader financial system as a whole (for example, where you have improperly analyzed such risk or where you have failed sufficiently to raise concerns about such risk) and, as a result of such action or omission, the Committee determines there has been, or reasonably could be expected to be, a material adverse impact on the Firm, your business unit or the broader financial system.

(c) “Qualifying Termination After a Change in Control” means that the Firm terminates your Employment other than for Cause or you terminate your Employment for Good Reason, in each case, within 18 months following a Change in Control.

(d) “Section 83(b) Election” means an election filed with the Internal Revenue Service, electing under Section 83(b) of the Code to be taxed currently on the fair market value of the Restricted Shares on the Date of Grant.

The following capitalized terms are used in this Award Agreement with the meanings that are assigned to them in the Plan.

(a) “Account” means any brokerage account, custody account or similar account, as approved or required by GS Inc. from time to time, into which shares of Common Stock, cash or other property in respect of an Award are delivered.

(b) “Award Agreement” means the written document or documents by which each Award is evidenced, including any Award Statement.

(c) “Award Statement” means a written statement that reflects certain Award terms.

(d) “Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in New York City are authorized or obligated by Federal law or executive order to be closed.

(e) “Cause” means (i) the Grantee’s conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge, or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations, (ii) the Grantee’s engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act), (iii) the Grantee’s willful failure to perform the Grantee’s duties to the Firm, (iv) the Grantee’s violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Firm is a member, (v) the Grantee’s violation of any Firm policy concerning hedging or pledging or confidential or proprietary information, or the Grantee’s material violation of any other Firm policy as in effect from time to time, (vi) the Grantee’s engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation

or business interests of the Firm or (vii) the Grantee's engaging in any conduct detrimental to the Firm. The determination as to whether Cause has occurred shall be made by the Committee in its sole discretion and, in such case, the Committee also may, but shall not be required to, specify the date such Cause occurred (including by determining that a prior termination of Employment was for Cause). Any rights the Firm may have hereunder and in any Award Agreement in respect of the events giving rise to Cause shall be in addition to the rights the Firm may have under any other agreement with a Grantee or at law or in equity.

(f) "Change in Control" means the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving GS Inc. (a "Reorganization") or sale or other disposition of all or substantially all of GS Inc.'s assets to an entity that is not an affiliate of GS Inc. (a "Sale"), that in each case requires the approval of GS Inc.'s shareholders under the law of GS Inc.'s jurisdiction of organization, whether for such Reorganization or Sale (or the issuance of securities of GS Inc. in such Reorganization or Sale), unless immediately following such Reorganization or Sale, either: (i) at least 50% of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of (A) the entity resulting from such Reorganization, or the entity which has acquired all or substantially all of the assets of GS Inc. in a Sale (in either case, the "Surviving Entity"), or (B) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, as such Rule is in effect on the date of the adoption of the 1999 SIP) of 50% or more of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the Surviving Entity (the "Parent Entity") is represented by GS Inc.'s securities (the "GS Inc. Securities") that were outstanding immediately prior to such Reorganization or Sale (or, if applicable, is represented by shares into which such GS Inc. Securities were converted pursuant to such Reorganization or Sale) or (ii) at least 50% of the members of the board of directors (or similar officials in the case of an entity other than a corporation) of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) following the consummation of the Reorganization or Sale were, at the time of the Board's approval of the execution of the initial agreement providing for such Reorganization or Sale, individuals (the "Incumbent Directors") who either (A) were members of the Board on the Effective Date or (B) became directors subsequent to the Effective Date and whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of GS Inc.'s proxy statement in which such persons are named as nominees for director).

(g) "Client" means any client or prospective client of the Firm to whom the Grantee provided services, or for whom the Grantee transacted business, or whose identity became known to the Grantee in connection with the Grantee's relationship with or employment by the Firm.

(h) "Committee" means the committee appointed by the Board to administer the Plan pursuant to Section 1.3, and, to the extent the Board determines it is appropriate for the compensation realized from Awards under the Plan to be considered "performance based" compensation under Section 162(m) of the Code, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is an "outside director" within the meaning of Code Section 162(m), and which, to the extent the Board determines it is appropriate for Awards under the Plan to qualify for the exemption available under Rule 16b-3(d)(1) or Rule 16b-3(e) promulgated under the Exchange Act, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is a "non-employee director" within the meaning of Rule 16b-3. Unless otherwise determined by the Board, the Committee shall be the Compensation Committee of the Board.

(i) "Common Stock" means common stock of GS Inc., par value \$0.01 per share.

(j) “Competitive Enterprise” means an existing or planned business enterprise that (i) engages, or may reasonably be expected to engage, in any activity, (ii) owns or controls, or may reasonably be expected to own or control, a significant interest in or (iii) is, or may reasonably be expected to be, owned by, or a significant interest in which is, or may reasonably be expected to be, owned or controlled by, any entity that engages in any activity that, in any case, competes or will compete anywhere with any activity in which the Firm is engaged. The activities covered by this definition include, without limitation, financial services such as investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than the Grantee and members of the Grantee’s family), merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading.

(k) “Conflicted Employment” means the Grantee’s employment at any U.S. Federal, state or local government, any non-U.S. government, any supranational or international organization, any self-regulatory organization, or any agency or instrumentality of any such government or organization, or any other employer determined by the Committee, if, as a result of such employment, the Grantee’s continued holding of any Outstanding Award would result in an actual or perceived conflict of interest.

(l) “Covered Person” means a member of the Board or the Committee or any employee of the Firm.

(m) “Date of Grant” means the date specified in the Grantee’s Award Agreement as the date of grant of the Award.

(n) “Dividend Equivalent Right” means a dividend equivalent right granted under the Plan, which represents an unfunded and unsecured promise to pay to the Grantee amounts equal to all or any portion of the regular cash dividends that would be paid on shares of Common Stock covered by an Award if such shares had been delivered pursuant to an Award.

(o) “Employment” means the Grantee’s performance of services for the Firm, as determined by the Committee. The terms “employ” and “employed” shall have their correlative meanings. The Committee in its sole discretion may determine (i) whether and when a Grantee’s leave of absence results in a termination of Employment (for this purpose, unless the Committee determines otherwise, a Grantee shall be treated as terminating Employment with the Firm upon the occurrence of an Extended Absence), (ii) whether and when a change in a Grantee’s association with the Firm results in a termination of Employment and (iii) the impact, if any, of any such leave of absence or change in association on Awards theretofore made. Unless expressly provided otherwise, any references in the Plan or any Award Agreement to a Grantee’s Employment being terminated shall include both voluntary and involuntary terminations.

(p) “Extended Absence” means the Grantee’s inability to perform for six (6) continuous months, due to illness, injury or pregnancy-related complications, substantially all the essential duties of the Grantee’s occupation, as determined by the Committee.

(q) “Fair Market Value” means, with respect to a share of Common Stock on any day, the fair market value as determined in accordance with a valuation methodology approved by the Committee.

(r) “Firm” means GS Inc. and its subsidiaries and affiliates.

(s) “Good Reason” means, in connection with a termination of employment by a Grantee following a Change in Control, (a) as determined by the Committee, a materially adverse alteration in the

Grantee's position or in the nature or status of the Grantee's responsibilities from those in effect immediately prior to the Change in Control or (b) the Firm's requiring the Grantee's principal place of Employment to be located more than seventy-five (75) miles from the location where the Grantee is principally Employed at the time of the Change in Control (except for required travel on the Firm's business to an extent substantially consistent with the Grantee's customary business travel obligations in the ordinary course of business prior to the Change in Control).

(t) "Grantee" means a person who receives an Award.

(u) "GS Inc." means The Goldman Sachs Group, Inc., and any successor thereto.

(v) "Outstanding" means any Award to the extent it has not been forfeited, cancelled, terminated, exercised or with respect to which the shares of Common Stock underlying the Award have not been previously delivered or other payments made.

(w) "Restricted Share" means a share of Common Stock delivered under the Plan that is subject to Transfer Restrictions, forfeiture provisions and/or other terms and conditions specified in the Plan and in the Award Agreement or other Applicable Award Agreement. All references to Restricted Shares include "Shares at Risk."

(x) "Retirement" means termination of the Grantee's Employment (other than for Cause) on or after the Date of Grant at a time when (i) (A) the sum of the Grantee's age plus years of service with the Firm (as determined by the Committee in its sole discretion) equals or exceeds 60 and (B) the Grantee has completed at least 10 years of service with the Firm (as determined by the Committee in its sole discretion) or, if earlier, (ii) (A) the Grantee has attained age 50 and (B) the Grantee has completed at least five years of service with the Firm (as determined by the Committee in its sole discretion).

(y) "Section 409A" means Section 409A of the Code, including any amendments or successor provisions to that Section and any regulations and other administrative guidance thereunder, in each case as they, from time to time, may be amended or interpreted through further administrative guidance.

(z) "SIP Administrator" means each person designated by the Committee as a "SIP Administrator" with the authority to perform day-to-day administrative functions for the Plan.

(aa) "SIP Committee" means the persons who have been delegated certain authority under the Plan by the Committee.

(bb) "Solicit" means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

(cc) "Transfer Restrictions" means restrictions that prohibit the sale, exchange, transfer, assignment, pledge, hypothecation, fractionalization, hedge or other disposal (including through the use of any cash-settled instrument), whether voluntarily or involuntarily by the Grantee, of an Award or any shares of Common Stock, cash or other property delivered in respect of an Award.

(dd) "Transferability Date" means the date Transfer Restrictions on a Restricted Share will be released. Within 30 Business Days after the applicable Transferability Date, GS Inc. shall take, or shall cause to be taken, such steps as may be necessary to remove Transfer Restrictions.

(ee) “Vested” means, with respect to an Award, the portion of the Award that is not subject to a condition that the Grantee remain actively employed by the Firm in order for the Award to remain Outstanding. The fact that an Award becomes Vested shall not mean or otherwise indicate that the Grantee has an unconditional or nonforfeitable right to such Award, and such Award shall remain subject to such terms, conditions and forfeiture provisions as may be provided for in the Plan or in the Award Agreement.

(ff) “Vesting Date” means each date specified in the Grantee’s Award Agreement as a date on which part or all of an Award becomes Vested.

(gg) “Window Period” means a period designated by the Firm during which all employees of the Firm are permitted to purchase or sell shares of Common Stock (*provided* that, if the Grantee is a member of a designated group of employees who are subject to different restrictions, the Window Period may be a period designated by the Firm during which an employee of the Firm in such designated group is permitted to purchase or sell shares of Common Stock).

THE GOLDMAN SACHS GROUP, INC.
[] FIXED ALLOWANCE RSU AWARD

This Award Agreement, together with The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) (the “Plan”), governs your _____ Fixed Allowance award of RSUs (your “Award”). You should read carefully this entire Award Agreement, which includes the Award Statement and any attached Appendix.

ACCEPTANCE

1. **You Must Decide Whether to Accept this Award Agreement.** To be eligible to receive your Award, you must by the date specified (a) open and activate an Account and (b) agree to all the terms of your Award by executing the related signature card in accordance with its instructions. By executing the signature card, you confirm your agreement to all of the terms of this Award Agreement, including the arbitration and choice of forum provisions in Paragraph 13.

DOCUMENTS THAT GOVERN YOUR AWARD; DEFINITIONS

2. **The Plan.** Your Award is granted under the Plan, and the Plan’s terms apply to, and are a part of, this Award Agreement.
3. **Your Award Statement.** The Award Statement delivered to you contains some of your Award’s specific terms. For example, it contains the number of Fixed Allowance RSUs awarded to you and any applicable Delivery Dates and Transferability Dates.
4. **Definitions.** Capitalized terms are defined in the Definitions Appendix, which also includes terms that are defined in the Plan.

VESTING OF YOUR FIXED ALLOWANCE RSUS

5. **Vesting.** All of your Fixed Allowance RSUs are Vested. When a Fixed Allowance RSU is Vested, it means that your continued active Employment is not required for delivery of that portion of RSU Shares. **The terms of this Award Agreement (including conditions to delivery and any applicable Transfer Restrictions) continue to apply to Vested Fixed Allowance RSUs.**

DELIVERY OF YOUR RSU SHARES

6. **Delivery.** Reasonably promptly (but no more than 30 Business Days) after each Delivery Date listed on your Award Statement, RSU Shares (less applicable withholding as described in Paragraph 10(a)) will be delivered (by book entry credit to your Account) in respect of the amount of Outstanding Fixed Allowance RSUs listed next to that date. The Committee or the SIP Committee may select multiple dates within the 30-Business-Day period following the Delivery Date to deliver RSU Shares in respect of all or a portion of the Fixed Allowance RSUs with the same Delivery Date listed on the Award Statement, and all such dates will be treated as a single Delivery Date for purposes of this Award. Until such delivery, you have only the rights of a general unsecured creditor, and no rights as a shareholder of GS Inc. Without limiting the Committee’s authority under Section 1.3.2(h) of the Plan, the Firm may accelerate any Delivery Date by up to 30 days.

TRANSFER RESTRICTIONS FOLLOWING DELIVERY

7. **Transfer Restrictions and Shares at Risk.** Fifty percent of the RSU Shares that are delivered on any date, before tax withholding (or, if the applicable tax withholding rate is greater than 50%, all RSU Shares delivered after tax withholding), will be Shares at Risk. This means that if, for example, on a Delivery Date, you are scheduled to receive delivery of 1,000 RSU Shares, and you are subject to a 40% withholding rate, then (a) 400 RSU Shares will be withheld for taxes, (b) 500 RSU Shares delivered to you will be Shares at Risk and (c) 100 RSU Shares delivered to you will not be subject to Transfer Restrictions. Any purported sale, exchange, transfer, assignment, pledge, hypothecation, fractionalization, hedge or other disposition in violation of the Transfer Restrictions on Shares at Risk will be void. Within 30 Business Days after the Transferability Date listed on your Award Statement (or any other date on which the Transfer Restrictions are to be removed), GS Inc. will remove the Transfer Restrictions. The Committee or the SIP Committee may select multiple dates within such 30-Business-Day period on which to remove Transfer Restrictions for all or a portion of the Shares at Risk with the same Transferability Date listed on the Award Statement, and all such dates will be treated as a single Transferability Date for purposes of this Award.

DIVIDENDS

8. **Dividend Equivalent Rights and Dividends.** Each Fixed Allowance RSU includes a Dividend Equivalent Right, which entitles you to receive an amount (less applicable withholding), at or after the time of distribution of any regular cash dividend paid by GS Inc. in respect of a share of Common Stock, equal to any regular cash dividend payment that would have been made in respect of an RSU Share underlying your Outstanding Fixed Allowance RSUs for any record date that occurs on or after the Date of Grant. In addition, you will be entitled to receive on a current basis any regular cash dividend paid in respect of your Shares at Risk.

EXCEPTIONS TO DELIVERY AND/OR TRANSFERABILITY DATES

9. **Accelerated Delivery and/or Release of Transfer Restrictions in the Event of a Qualifying Termination After a Change in Control, Conflicted Employment or Death.** In the event of your Qualifying Termination After a Change in Control, Conflicted Employment or death, each as described below, your Outstanding Award will be treated as described in this Paragraph 9.

(a) **You Have a Qualifying Termination After a Change in Control.** If your Employment terminates when you meet the requirements of a Qualifying Termination After a Change in Control, the RSU Shares underlying your Outstanding Fixed Allowance RSUs will be delivered, and any Transfer Restrictions will cease to apply.

(b) **You Are Determined to Have Accepted Conflicted Employment.**

(i) **Generally.** If your Employment terminates solely because you resign to accept Conflicted Employment, as soon as practicable after the Committee has received satisfactory documentation relating to your Conflicted Employment, (A) RSU Shares will be delivered in respect of your Outstanding Fixed Allowance RSUs (including in the form of cash as described in Paragraph 10(b)) and (B) any Transfer Restrictions will cease to apply. In addition, if, following your termination of Employment, you notify the Firm and provide the Committee with satisfactory documentation that you are accepting Conflicted Employment, (A) RSU Shares will be delivered in respect of your Outstanding Fixed Allowance RSUs (including in the form of cash as described in Paragraph 10(b)) and (B) any Transfer Restrictions will cease to apply.

(ii) You May Have to Take Other Steps to Address Conflicts of Interest. The Committee retains the authority to exercise its rights under the Award Agreement or the Plan (including Section 1.3.2 of the Plan) to take or require you to take other steps it determines in its sole discretion to be necessary or appropriate to cure an actual or perceived conflict of interest (which may include a determination that the accelerated delivery and/or release of Transfer Restrictions described in Paragraph 9(b)(i) will not apply because such actions are not necessary or appropriate to cure an actual or perceived conflict of interest).

(c) Death. If you die, the RSU Shares underlying your Outstanding Fixed Allowance RSUs will be delivered to the representative of your estate and any Transfer Restrictions will cease to apply as soon as practicable after the date of death and after such documentation as may be requested by the Committee is provided to the Committee.

OTHER TERMS, CONDITIONS AND AGREEMENTS

10. Additional Terms, Conditions and Agreements.

(a) You Must Satisfy Applicable Tax Withholding Requirements. Delivery of RSU Shares is conditioned on your satisfaction of any applicable withholding taxes in accordance with Section 3.2 of the Plan (which includes the Firm deducting or withholding amounts from any payment or distribution to you). In addition, to the extent permitted by applicable law, the Firm, in its sole discretion, may require you to provide amounts equal to all or a portion of any Federal, state, local, foreign or other tax obligations imposed on you or the Firm in connection with the grant or delivery of this Award by requiring you to choose between remitting the amount (i) in cash (or through payroll deduction or otherwise) or (ii) in the form of proceeds from the Firm's executing a sale of RSU Shares delivered to you under this Award. In addition, if you are an individual with separate employment contracts (at any time during and/or after the Firm's _____ fiscal year), the Firm, in its sole discretion, may require you to provide for a reserve in an amount the Firm determines is advisable or necessary in connection with any actual, anticipated or potential tax consequences related to your separate employment contracts by requiring you to choose between remitting such amount (i) in cash (or through payroll deduction or otherwise) or (ii) in the form of proceeds from the Firm's executing a sale of shares of Common Stock delivered to you pursuant to this Award (or any other Outstanding awards granted under the Plan or any predecessor or successor plan thereto). In no event, however, does this Paragraph 10(a) give you any discretion to determine or affect the timing of the delivery of RSU Shares or the timing of payment of tax obligations.

(b) Firm May Deliver Cash or Other Property Instead of RSU Shares. In accordance with Section 1.3.2(i) of the Plan, in the sole discretion of the Committee, in lieu of all or any portion of the RSU Shares, the Firm may deliver cash, other securities, other awards under the Plan or other property, and all references in this Award Agreement to deliveries of RSU Shares will include such deliveries of cash, other securities, other awards under the Plan or other property.

(c) Amounts May Be Rounded to Avoid Fractional Shares. RSU Shares that become deliverable on a Delivery Date and RSU Shares subject to Transfer Restrictions may, in each case, be rounded to avoid fractional Shares.

(d) You May Be Required to Become a Party to the Shareholders' Agreement. Your rights to your Fixed Allowance RSUs are conditioned on your becoming a party to any shareholders' agreement to which other similarly situated employees (*e.g.*, employees with a

similar title or position) of the Firm are required to be a party. If you are a party to the Amended and Restated Shareholders' Agreement, RSU Shares will be subject to the Amended and Restated Shareholders' Agreement, but RSU Shares delivered in respect of Fixed Allowance RSUs will not be "Covered Shares" for purposes of Section 2.1(a) thereof.

(e) Firm May Affix Legends and Place Stop Orders on Restricted RSU Shares. GS Inc. may affix to Certificates representing RSU Shares any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under a separate agreement). GS Inc. may advise the transfer agent to place a stop order against any legended RSU Shares.

(f) You Agree to Certain Consents, Terms and Conditions. By accepting this Award you understand and agree that:

(i) You Agree to Certain Consents as a Condition to the Award. You have expressly consented to all of the items listed in Section 3.3.3(d) of the Plan, including the Firm's supplying to any third-party recordkeeper of the Plan or other person such personal information of yours as the Committee deems advisable to administer the Plan, and you agree to provide any additional consents that the Committee determines to be necessary or advisable;

(ii) You Are Subject to the Firm's Policies, Rules and Procedures. You are subject to the Firm's policies in effect from time to time concerning trading in RSU Shares and hedging or pledging RSU Shares and equity-based compensation or other awards (including, without limitation, the Firm's "Policies With Respect to Transactions Involving GS Shares, Equity Awards and GS Options by Persons Affiliated with GS Inc." or any successor policies), and confidential or proprietary information, and you will effect sales of RSU Shares in accordance with such rules and procedures as may be adopted from time to time (which may include, without limitation, restrictions relating to the timing of sale requests, the manner in which sales are executed, pricing method, consolidation or aggregation of orders and volume limits determined by the Firm);

(iii) You Are Responsible for Costs Associated with Your Award. You will be responsible for all brokerage costs and other fees or expenses associated with your Fixed Allowance RSUs, including those related to the sale of RSU Shares;

(iv) You Will Be Deemed to Represent Your Compliance with All the Terms of Your Award if You Accept Delivery of, or Sell, RSU Shares. You will be deemed to have represented and certified that you have complied with all of the terms of the Plan and this Award Agreement when you accept delivery of RSU Shares, receive payment in respect of Dividend Equivalent Rights and request the sale of RSU Shares following the release of Transfer Restrictions;

(v) Firm May Deliver Your Award into an Escrow Account. The Firm may establish and maintain an escrow account on such terms (which may include your executing any documents related to, and your paying for any costs associated with, such account) as it may deem necessary or appropriate, and the delivery of RSU Shares (including Shares at Risk) or the payment of cash or other property may initially be made into and held in that escrow account until such time as the Committee has received such documentation as it may have requested or until the Committee has determined that any other conditions or restrictions on delivery of RSU Shares, cash or other property required by this Award Agreement have been satisfied;

(vi) You Must Comply with Applicable Deadlines and Procedures to Appeal Determinations Made by the Committee, the SIP Committee or SIP Administrators. In order to appeal a determination by the Committee, the SIP Committee, the SIP Administrators, or any of their delegates or designees, you must submit a written request for the appeal within 180 days after receipt of any such determination. You must exhaust all administrative remedies before seeking to resolve a dispute through arbitration pursuant to Paragraph 13 and Section 3.17 of the Plan.

(vii) You Agree that Covered Persons Will Not Have Liability. In addition to and without limiting the generality of the provisions of Section 1.3.5 of the Plan, neither the Firm nor any Covered Person will have any liability to you or any other person for any action taken or omitted in respect of this or any other Award

11. **Non-transferability.** Except as otherwise may be provided in this Paragraph 11 or as otherwise may be provided by the Committee, the limitations on transferability set forth in Section 3.5 of the Plan will apply to this Award. Any purported transfer or assignment in violation of the provisions of this Paragraph 11 or Section 3.5 of the Plan will be void. The Committee may adopt procedures pursuant to which some or all recipients of Fixed Allowance RSUs may transfer some or all of their Fixed Allowance RSUs and/or Shares at Risk (which will continue to be subject to Transfer Restrictions until the Transferability Date) through a gift for no consideration to any immediate family member, a trust or other estate planning vehicle approved by the Committee or SIP Committee in which the recipient and/or the recipient's immediate family members in the aggregate have 100% of the beneficial interest.

12. **Right of Offset.** Except as provided in Paragraph 15(h), the obligation to deliver RSU Shares, to pay dividends or payments under Dividend Equivalent Rights or to remove the Transfer Restrictions under this Award Agreement is subject to Section 3.4 of the Plan, which provides for the Firm's right to offset against such obligation any outstanding amounts you owe to the Firm and any amounts the Committee deems appropriate pursuant to any tax equalization policy or agreement.

ARBITRATION, CHOICE OF FORUM AND GOVERNING LAW

13. Arbitration; Choice of Forum.

(a) BY ACCEPTING THIS AWARD, YOU ARE INDICATING THAT YOU UNDERSTAND AND AGREE THAT THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN SECTION 3.17 OF THE PLAN WILL APPLY TO THIS AWARD. THESE PROVISIONS, WHICH ARE EXPRESSLY INCORPORATED HEREIN BY REFERENCE, PROVIDE AMONG OTHER THINGS THAT ANY DISPUTE, CONTROVERSY OR CLAIM BETWEEN THE FIRM AND YOU ARISING OUT OF OR RELATING TO OR CONCERNING THE PLAN OR THIS AWARD AGREEMENT WILL BE FINALLY SETTLED BY ARBITRATION IN NEW YORK CITY, PURSUANT TO THE TERMS MORE FULLY SET FORTH IN SECTION 3.17 OF THE PLAN.

(b) To the fullest extent permitted by applicable law, no arbitrator will have the authority to consider class, collective or representative claims, to order consolidation or to join different claimants or grant relief other than on an individual basis to the individual claimant involved.

(c) Notwithstanding any applicable forum rules to the contrary, to the extent there is a question of enforceability of this Award Agreement arising from a challenge to the arbitrator's jurisdiction or to the arbitrability of a claim, it will be decided by a court and not an arbitrator.

(d) All references to the New York Stock Exchange in Section 3.17 of the Plan will be read as references to the Financial Industry Regulatory Authority.

(e) The Federal Arbitration Act governs interpretation and enforcement of all arbitration provisions under the Plan and this Award Agreement, and all arbitration proceedings thereunder.

(f) Nothing in this Award Agreement creates a substantive right to bring a claim under U.S. Federal, state, or local employment laws.

14. Governing Law. THIS AWARD WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

CERTAIN TAX PROVISIONS

15. Compliance of Award Agreement and Plan with Section 409A. The provisions of this Paragraph 15 apply to you only if you are a U.S. taxpayer.

(a) This Award Agreement and the Plan provisions that apply to this Award are intended and will be construed to comply with Section 409A (including the requirements applicable to, or the conditions for exemption from treatment as, 409A Deferred Compensation), whether by reason of short-term deferral treatment or other exceptions or provisions. The Committee will have full authority to give effect to this intent. To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of the Plan (including Sections 1.3.2 and 2.1 thereof) and this Award Agreement, the provisions of this Award Agreement will govern, and in the case of any conflict or potential inconsistency between this Paragraph 15 and the other provisions of this Award Agreement, this Paragraph 15 will govern.

(b) Delivery of RSU Shares will not be delayed beyond the date on which all applicable conditions or restrictions on delivery of RSU Shares required by this Agreement (including those specified in Paragraphs 6, 7, 9(c) and 10 and the consents and other items specified in Section 3.3 of the Plan) are satisfied. To the extent that any portion of this Award is intended to satisfy the requirements for short-term deferral treatment under Section 409A, delivery for such portion will occur by the March 15 coinciding with the last day of the applicable "short-term deferral" period described in Reg. 1.409A-1(b)(4) in order for the delivery of RSU Shares to be within the short-term deferral exception unless, in order to permit all applicable conditions or restrictions on delivery to be satisfied, the Committee elects, pursuant to Reg. 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted in accordance with Section 409A, to delay delivery of RSU Shares to a later date within the same calendar year or to such later date as may be permitted under Section 409A, including Reg. 1.409A-2(b)(7) (in conjunction with Section 3.21.3 of the Plan pertaining to Code Section 162(m)) and Reg. 1.409A-3(d). For the avoidance of doubt, if the Award includes a "series of installment payments" as described in Reg. 1.409A-2(b)(2)(iii), your right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment.

(c) Notwithstanding the provisions of Paragraph 10(b) and Section 1.3.2(i) of the Plan, to the extent necessary to comply with Section 409A, any securities, other Awards or other property that the Firm may deliver in respect of your Fixed Allowance RSUs will not have the effect of deferring delivery or payment, income inclusion, or a substantial risk of forfeiture,

beyond the date on which such delivery, payment or inclusion would occur or such risk of forfeiture would lapse, with respect to the RSU Shares that would otherwise have been deliverable (unless the Committee elects a later date for this purpose pursuant to Reg. 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted under Section 409A, including and to the extent applicable, the subsequent election provisions of Section 409A(a)(4)(C) of the Code and Reg. 1.409A-2(b)).

(d) Notwithstanding the timing provisions of Paragraph 9(c), the delivery of RSU Shares referred to therein will be made after the date of death and during the calendar year that includes the date of death (or on such later date as may be permitted under Section 409A).

(e) The timing of delivery or payment pursuant to Paragraph 9(a) will occur on the earlier of (i) the Delivery Date or (ii) a date that is within the calendar year in which the termination of Employment occurs; *provided, however*, that, if you are a "specified employee" (as defined by the Firm in accordance with Section 409A(a)(2)(i)(B) of the Code), delivery will occur on the earlier of the Delivery Date or (to the extent required to avoid the imposition of additional tax under Section 409A) the date that is six months after your termination of Employment (or, if the latter date is not during a Window Period, the first trading day of the next Window Period). For purposes of Paragraph 9(a), references in this Award Agreement to termination of Employment mean a termination of Employment from the Firm (as defined by the Firm) which is also a separation from service (as defined by the Firm in accordance with Section 409A).

(f) Notwithstanding any provision of Paragraph 8 or Section 2.8.2 of the Plan to the contrary, the Dividend Equivalent Rights with respect to each of your Outstanding Fixed Allowance RSUs will be paid to you within the calendar year that includes the date of distribution of any corresponding regular cash dividends paid by GS Inc. in respect of a share of Common Stock the record date for which occurs on or after the Date of Grant. The payment will be in an amount (less applicable withholding) equal to such regular dividend payment as would have been made in respect of the RSU Shares underlying such Outstanding Fixed Allowance RSUs.

(g) The timing of delivery or payment referred to in Paragraph 9(b)(i) will be the earlier of (i) the Delivery Date or (ii) a date that is within the calendar year in which the Committee receives satisfactory documentation relating to your Conflicted Employment, *provided* that such delivery or payment will be made, and any Committee action referred to in Paragraph 9(b)(ii) will be taken, only at such time as, and if and to the extent that it, as reasonably determined by the Firm, would not result in the imposition of any additional tax to you under Section 409A.

(h) Paragraph 12 and Section 3.4 of the Plan will not apply to Awards that are 409A Deferred Compensation except to the extent permitted under Section 409A.

(i) Delivery of RSU Shares in respect of any Award may be made, if and to the extent elected by the Committee, later than the Delivery Date or other date or period specified hereinabove (but, in the case of any Award that constitutes 409A Deferred Compensation, only to the extent that the later delivery is permitted under Section 409A).

(j) You understand and agree that you are solely responsible for the payment of any taxes and penalties due pursuant to Section 409A, but in no event will you be permitted to designate, directly or indirectly, the taxable year of the delivery.

AMENDMENT AND CONSTRUCTION

16. **Amendment.** The Committee reserves the right at any time to amend the terms of this Award Agreement, and the Board may amend the Plan in any respect; *provided* that, notwithstanding the foregoing and Sections 1.3.2(f), 1.3.2(h) and 3.1 of the Plan, no such amendment will materially adversely affect your rights and obligations under this Award Agreement without your consent; and *provided further* that the Committee expressly reserves its rights to amend the Award Agreement and the Plan as described in Sections 1.3.2(h)(1), (2) and (4) of the Plan. A modification that impacts the tax consequences of this Award or the timing of delivery of RSU Shares will not be an amendment that materially adversely affects your rights and obligations under this Award Agreement. Any amendment of this Award Agreement will be in writing.

17. **Construction, Headings.** Unless the context requires otherwise, (a) words describing the singular number include the plural and vice versa, (b) words denoting any gender include all genders and (c) the words “include,” “includes” and “including” will be deemed to be followed by the words “without limitation.” The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof. References in this Award Agreement to any specific Plan provision will not be construed as limiting the applicability of any other Plan provision.

IN WITNESS WHEREOF, GS Inc. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

THE GOLDMAN SACHS GROUP, INC.

DEFINITIONS APPENDIX

The following capitalized terms are used in this Award Agreement with the following meanings:

(a) “409A Deferred Compensation” means a “deferral of compensation” or “deferred compensation” as those terms are defined in the regulations under Section 409A.

(b) “Qualifying Termination After a Change in Control” means that the Firm terminates your Employment other than for Cause or you terminate your Employment for Good Reason, in each case, within 18 months following a Change in Control.

(c) “Shares at Risk” means RSU Shares subject to Transfer Restrictions.

The following capitalized terms are used in this Award Agreement with the meanings that are assigned to them in the Plan.

(a) “Account” means any brokerage account, custody account or similar account, as approved or required by GS Inc. from time to time, into which shares of Common Stock, cash or other property in respect of an Award are delivered.

(b) “Award Agreement” means the written document or documents by which each Award is evidenced, including any Award Statement.

(c) “Award Statement” means a written statement that reflects certain Award terms.

(d) “Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in New York City are authorized or obligated by Federal law or executive order to be closed.

(e) “Cause” means (i) the Grantee’s conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge, or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations, (ii) the Grantee’s engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act), (iii) the Grantee’s willful failure to perform the Grantee’s duties to the Firm, (iv) the Grantee’s violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Firm is a member, (v) the Grantee’s violation of any Firm policy concerning hedging or pledging or confidential or proprietary information, or the Grantee’s material violation of any other Firm policy as in effect from time to time, (vi) the Grantee’s engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Firm or (vii) the Grantee’s engaging in any conduct detrimental to the Firm. The determination as to whether Cause has occurred shall be made by the Committee in its sole discretion and, in such case, the Committee also may, but shall not be required to, specify the date such Cause occurred (including by determining that a prior termination of Employment was for Cause). Any rights the Firm may have hereunder and in any Award Agreement in respect of the events giving rise to Cause shall be in addition to the rights the Firm may have under any other agreement with a Grantee or at law or in equity.

(f) “Change in Control” means the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving GS Inc. (a “Reorganization”) or sale or other disposition of all or substantially all of GS Inc.’s assets to an entity that is not an affiliate of GS Inc. (a “Sale”), that in each case requires the approval of GS Inc.’s shareholders under the law of GS Inc.’s jurisdiction of organization, whether for such Reorganization or Sale (or the issuance of securities of GS Inc. in such Reorganization or Sale), unless immediately following such Reorganization or Sale, either: (i) at least 50% of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of (A) the entity resulting from such Reorganization, or the entity which has acquired all or substantially all of the assets of GS Inc. in a Sale (in either case, the “Surviving Entity”), or (B) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, as such Rule is in effect on the date of the adoption of the 1999 SIP) of 50% or more of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the Surviving Entity (the “Parent Entity”) is represented by GS Inc.’s securities (the “GS Inc. Securities”) that were outstanding immediately prior to such Reorganization or Sale (or, if applicable, is represented by shares into which such GS Inc. Securities were converted pursuant to such Reorganization or Sale) or (ii) at least 50% of the members of the board of directors (or similar officials in the case of an entity other than a corporation) of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) following the consummation of the Reorganization or Sale were, at the time of the Board’s approval of the execution of the initial agreement providing for such Reorganization or Sale, individuals (the “Incumbent Directors”) who either (A) were members of the Board on the Effective Date or (B) became directors subsequent to the Effective Date and whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of GS Inc.’s proxy statement in which such persons are named as nominees for director).

(g) “Committee” means the committee appointed by the Board to administer the Plan pursuant to Section 1.3, and, to the extent the Board determines it is appropriate for the compensation realized from Awards under the Plan to be considered “performance based” compensation under Section 162(m) of the Code, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is an “outside director” within the meaning of Code Section 162(m), and which, to the extent the Board determines it is appropriate for Awards under the Plan to qualify for the exemption available under Rule 16b-3(d)(1) or Rule 16b-3(e) promulgated under the Exchange Act, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is a “non-employee director” within the meaning of Rule 16b-3. Unless otherwise determined by the Board, the Committee shall be the Compensation Committee of the Board.

(h) “Common Stock” means common stock of GS Inc., par value \$0.01 per share.

(i) “Conflicted Employment” means the Grantee’s employment at any U.S. Federal, state or local government, any non-U.S. government, any supranational or international organization, any self-regulatory organization, or any agency or instrumentality of any such government or organization, or any other employer determined by the Committee, if, as a result of such employment, the Grantee’s continued holding of any Outstanding Award would result in an actual or perceived conflict of interest.

(j) “Covered Person” means a member of the Board or the Committee or any employee of the Firm.

(k) “Date of Grant” means the date specified in the Grantee’s Award Agreement as the date of grant of the Award.

(l) “Delivery Date” means each date specified in the Grantee’s Award Agreement as a delivery date, provided, unless the Committee determines otherwise, such date is during a Window Period or, if such date is not during a Window Period, the first trading day of the first Window Period beginning after such date.

(m) “Dividend Equivalent Right” means a dividend equivalent right granted under the Plan, which represents an unfunded and unsecured promise to pay to the Grantee amounts equal to all or any portion of the regular cash dividends that would be paid on shares of Common Stock covered by an Award if such shares had been delivered pursuant to an Award.

(n) “Employment” means the Grantee’s performance of services for the Firm, as determined by the Committee. The terms “employ” and “employed” shall have their correlative meanings. The Committee in its sole discretion may determine (i) whether and when a Grantee’s leave of absence results in a termination of Employment (for this purpose, unless the Committee determines otherwise, a Grantee shall be treated as terminating Employment with the Firm upon the occurrence of an Extended Absence), (ii) whether and when a change in a Grantee’s association with the Firm results in a termination of Employment and (iii) the impact, if any, of any such leave of absence or change in association on Awards theretofore made. Unless expressly provided otherwise, any references in the Plan or any Award Agreement to a Grantee’s Employment being terminated shall include both voluntary and involuntary terminations.

(o) “Firm” means GS Inc. and its subsidiaries and affiliates.

(p) “Good Reason” means, in connection with a termination of employment by a Grantee following a Change in Control, (a) as determined by the Committee, a materially adverse alteration in the Grantee’s position or in the nature or status of the Grantee’s responsibilities from those in effect immediately prior to the Change in Control or (b) the Firm’s requiring the Grantee’s principal place of Employment to be located more than seventy-five (75) miles from the location where the Grantee is principally Employed at the time of the Change in Control (except for required travel on the Firm’s business to an extent substantially consistent with the Grantee’s customary business travel obligations in the ordinary course of business prior to the Change in Control).

(q) “Grantee” means a person who receives an Award.

(r) “GS Inc.” means The Goldman Sachs Group, Inc., and any successor thereto.

(s) “Outstanding” means any Award to the extent it has not been forfeited, cancelled, terminated, exercised or with respect to which the shares of Common Stock underlying the Award have not been previously delivered or other payments made.

(t) “RSU” means a restricted stock unit Award granted under the Plan, which represents an unfunded and unsecured promise to deliver shares of Common Stock in accordance with the terms of the RSU Award Agreement.

(u) “RSU Shares” means shares of Common Stock that underlie an RSU.

(v) “Section 409A” means Section 409A of the Code, including any amendments or successor provisions to that Section and any regulations and other administrative guidance thereunder, in each case as they, from time to time, may be amended or interpreted through further administrative guidance.

(w) “SIP Administrator” means each person designated by the Committee as a “SIP Administrator” with the authority to perform day-to-day administrative functions for the Plan.

(x) “SIP Committee” means the persons who have been delegated certain authority under the Plan by the Committee.

(y) “Transfer Restrictions” means restrictions that prohibit the sale, exchange, transfer, assignment, pledge, hypothecation, fractionalization, hedge or other disposal (including through the use of any cash-settled instrument), whether voluntarily or involuntarily by the Grantee, of an Award or any shares of Common Stock, cash or other property delivered in respect of an Award.

(z) “Transferability Date” means the date Transfer Restrictions on a Restricted Share will be released. Within 30 Business Days after the applicable Transferability Date, GS Inc. shall take, or shall cause to be taken, such steps as may be necessary to remove Transfer Restrictions.

(aa) “Vested” means, with respect to an Award, the portion of the Award that is not subject to a condition that the Grantee remain actively employed by the Firm in order for the Award to remain Outstanding. The fact that an Award becomes Vested shall not mean or otherwise indicate that the Grantee has an unconditional or nonforfeitable right to such Award, and such Award shall remain subject to such terms, conditions and forfeiture provisions as may be provided for in the Plan or in the Award Agreement.

(bb) “Window Period” means a period designated by the Firm during which all employees of the Firm are permitted to purchase or sell shares of Common Stock (provided that, if the Grantee is a member of a designated group of employees who are subject to different restrictions, the Window Period may be a period designated by the Firm during which an employee of the Firm in such designated group is permitted to purchase or sell shares of Common Stock).

| _____ | **FIXED ALLOWANCE DEFERRED CASH AWARD**

This Award Agreement governs your _____ Fixed Allowance deferred cash award (your "**Award**"), granted to you effective _____ (the "**Award Date**"). You should read carefully this entire Award Agreement, which includes the Award Statement and any attached Appendix.

ACCEPTANCE

1. **You Must Decide Whether to Accept this Award Agreement.** To be eligible to receive your Award, you must by the date specified agree to all the terms of your Award by executing this Award Agreement and returning the executed signature page in accordance with its instructions. By executing this Award Agreement, you confirm your agreement to all of the terms of this Award Agreement, including the arbitration and choice of forum provisions in Paragraph 13.

DOCUMENTS THAT GOVERN YOUR AWARD; DEFINITIONS

2. **Your Award Statement.** The Award Statement delivered to you contains some of your Award's specific terms. For example, it contains the amount of your Award (the "Award Amount").

3. **Definitions.** Capitalized terms that are not defined in the body of this Award Agreement are defined in the Definitions Appendix, which also includes terms that are defined in The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) (the "Plan").

4. **The Goldman Sachs Amended and Restated Stock Incentive Plan (2015).** Certain provisions of the Plan apply to this Award. Any reference to a Plan provision in this Award Agreement means that such provision applies to this Award and that such provision is expressly incorporated by reference into this Award Agreement. Any references to "Grantee" in the Plan shall be deemed to refer to you, any references to an "Award" shall be deemed to refer to this Award of deferred cash, any references to "shares of Common Stock" shall be deemed to refer to the Award Amount and any references to "delivery" shall be deemed to refer to payment.

AWARD

5. **Award.** This Award constitutes an unfunded and unsecured promise to pay (or cause to be paid) to you in cash, subject to the terms and conditions of this Award Agreement, the Award Amount, plus applicable earnings as described in Paragraph 8, on the date or dates provided in this Award Agreement.

VESTING OF YOUR AWARD

6. **Vesting.** Your Award is Vested. When an Award is Vested, it means that your continued active Employment is not required for payment of that portion of your Award. **The terms of this Award Agreement (including conditions to payment) continue to apply to your Vested Award.**

PAYMENT OF YOUR AWARD AMOUNT; EARNINGS

7. **Payment of the Award Amount.** The Award Amount (less applicable withholding as described in Paragraph 10(a)) will be paid to you in three substantially equal installments in each of _____, _____ and _____ (each such date, a "**Payment Date**"). Until such payment, you have only the rights of a general unsecured creditor of the Firm. The Firm may accelerate any Payment Date by up to 30 days.

8. **Earnings.** During the period between the Date of Grant and the last applicable Payment Date (or such earlier date as you may receive payment of all amounts due to you under the Award), any unpaid portion of the Award Amount will be credited with earnings on the last day of the calendar year that immediately precedes the Payment Date at a rate of _____, *provided, however*, in the event you receive payment on a date earlier than the applicable Payment Date, any unpaid portion of the Award Amount will be credited with the pro-rata portion of such earnings (based upon the number of days in the calendar year in which such payment occurs, or such other method as may be determined by the Firm). Such credited earnings (less applicable withholding as described in Paragraph 10 (a)) will be paid to you on each Payment Date in accordance with Paragraph 7 above.

EXCEPTIONS TO PAYMENT DATES

9. **Accelerated Payment in the Event of a Qualifying Termination After a Change in Control, Conflicted Employment or Death.** In the event of your Qualifying Termination After a Change in Control, Conflicted Employment or death, each as described below, your Outstanding Award will be treated as described in this Paragraph 9.

(a) **You Have a Qualifying Termination After a Change in Control.** If your Employment terminates when you meet the requirements of a Qualifying Termination After a Change in Control, an amount equal to any unpaid portion of your Award will be paid to you.

(b) **You Are Determined to Have Accepted Conflicted Employment.**

(i) **Generally.** If your Employment terminates solely because you resign to accept Conflicted Employment, as soon as practicable after the Firm has received satisfactory documentation relating to your Conflicted Employment, an amount equal to any unpaid portion of your Award will be paid to you. In addition, if, following your termination of Employment, you notify the Firm and provide the Firm with satisfactory documentation that you are accepting Conflicted Employment, an amount equal to any unpaid portion of your Award will be paid to you.

(ii) **You May Have to Take Other Steps to Address Conflicts of Interest.** The Firm retains the authority to exercise its rights under the Award Agreement to take or require you to take other steps it determines in its sole discretion to be necessary or appropriate to cure an actual or perceived conflict of interest (which may include a determination that the accelerated payment described in Paragraph 9(b)(i) will not apply because such action is not necessary or appropriate to cure an actual or perceived conflict of interest).

(c) **Death.** If you die, an amount equal to any unpaid portion of your Award will be paid to the representative of your estate as soon as practicable after the date of death and after such documentation as may be requested by the Firm is provided to the Firm.

OTHER TERMS, CONDITIONS AND AGREEMENTS

10. Additional Terms, Conditions and Agreements.

(a) You Must Satisfy Applicable Tax Withholding Requirements. Payment of your Award is conditioned on your satisfaction of any applicable withholding taxes in any manner described in Section 3.2 of the Plan (which includes the Firm deducting or withholding amounts from any payment to you). To the extent permitted by applicable law, the Firm, in its sole discretion, also may require you to provide amounts equal to all or a portion of any Federal, state, local, foreign or other tax obligations imposed on you or the Firm in connection with the grant or payment of this Award by requiring you to remit such amount in cash (or through payroll deduction or otherwise). In addition, if you are an individual with separate employment contracts (at any time during and/or after the Firm's _____ fiscal year), the Firm, in its sole discretion, may require you to provide for a reserve in an amount the Firm determines is advisable or necessary in connection with any actual, anticipated or potential tax consequences related to your separate employment contracts by requiring you to remit such amount in cash (or through payroll deduction or otherwise). In no event, however, does this Paragraph 10(a) give you any discretion to determine or affect the timing of the payment of the Award or the timing of payment of tax obligations.

(b) You Agree to Certain Consents, Terms and Conditions. By accepting this Award you understand and agree that:

(i) You Agree to Certain Consents as a Condition to the Award. You have expressly consented to all of the items listed in Section 3.3.3(d) of the Plan, including the Firm's supplying to any third-party recordkeeper of the Award or other person such personal information of yours as the Firm deems advisable to administer the Award, and you agree to provide any additional consents that the Firm determines to be necessary or advisable;

(ii) You Are Subject to the Firm's Policies, Rules and Procedures. You are subject to the Firm's policies in effect from time to time concerning confidential or proprietary information;

(iii) You Will Be Deemed to Represent Your Compliance with All the Terms of Your Award if You Accept Payment. You will be deemed to have represented and certified that you have complied with all of the terms of this Award Agreement when you accept payment of your Award;

(iv) Firm May Deliver Your Award into an Escrow Account. The Firm may establish and maintain an escrow account on such terms (which may include your executing any documents related to, and your paying for any costs associated with, such account) as it may deem necessary or appropriate, and the payment of your Award may initially be made into and held in that escrow account until such time as the Firm has received such documentation as it may have requested or until the Firm has determined that any other conditions or restrictions on payment required by this Award Agreement have been satisfied;

(v) You Must Comply with Applicable Deadlines and Procedures to Appeal Determinations Made by the Firm. In order to appeal a determination by the Firm, or any of its delegates or designees, you must submit a written request for the appeal within 180 days after receipt of any such determination. You must exhaust all administrative remedies before seeking to resolve a dispute through arbitration pursuant to Paragraph 13 and Section 3.17 of the Plan.

(vi) You Agree that any Covered Person Shall Not Have Liability. In addition to and without limiting the generality of the provisions of Section 1.3.5 of the Plan, neither the Firm nor any Covered Person will have any liability to you or any other person for any action taken or omitted in respect of this or any other Award.

11. **Non-transferability**. Unless otherwise determined by the Firm, none of your rights under this Award shall be permitted to be sold, exchanged, transferred, assigned, pledged, hypothecated, fractionalized or otherwise disposed of, whether voluntarily or involuntarily, and any purported sale, exchange, transfer, assignment, pledge, hypothecation, fractionalization or other disposition in violation of this Paragraph shall be void.

12. **Right of Offset**. Except as provided in Paragraph 15(f), the obligation to make any payment under this Award Agreement is subject to Section 3.4 of the Plan, which provides for the Firm's right to offset against such obligation any outstanding amounts you owe to the Firm and any amounts the Firm deems appropriate pursuant to any tax equalization policy or agreement.

ARBITRATION, CHOICE OF FORUM AND GOVERNING LAW

13. Arbitration; Choice of Forum

(a) BY ACCEPTING THIS AWARD, YOU ARE INDICATING THAT YOU UNDERSTAND AND AGREE THAT THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN SECTION 3.17 OF THE PLAN ARE EXPRESSLY INCORPORATED HEREIN BY REFERENCE AND WILL APPLY TO THIS AWARD. THESE PROVISIONS, WHICH ARE EXPRESSLY INCORPORATED HEREIN BY REFERENCE, PROVIDE AMONG OTHER THINGS THAT ANY DISPUTE, CONTROVERSY OR CLAIM BETWEEN THE FIRM AND YOU ARISING OUT OF OR RELATING TO OR CONCERNING THE PLAN OR THIS AWARD AGREEMENT WILL BE FINALLY SETTLED BY ARBITRATION IN NEW YORK CITY, PURSUANT TO THE TERMS MORE FULLY SET FORTH IN SECTION 3.17 OF THE PLAN.

(b) To the fullest extent permitted by applicable law, no arbitrator will have the authority to consider class, collective or representative claims, to order consolidation or to join different claimants or grant relief other than on an individual basis to the individual claimant involved.

(c) Notwithstanding any applicable forum rules to the contrary, to the extent there is a question of enforceability of this Award Agreement arising from a challenge to the arbitrator's jurisdiction or to the arbitrability of a claim, it will be decided by a court and not an arbitrator.

(d) All references to the New York Stock Exchange in Section 3.17 of the Plan will be read as references to the Financial Industry Regulatory Authority.

(e) The Federal Arbitration Act governs interpretation and enforcement of all arbitration provisions under the Plan and this Award Agreement, and all arbitration proceedings thereunder.

(f) Nothing in this Award Agreement creates a substantive right to bring a claim under U.S. Federal, state, or local employment laws.

14. **Governing Law.** THIS AWARD WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

CERTAIN TAX PROVISIONS

15. **Compliance of Award Agreement and Plan with Section 409A.** The provisions of this Paragraph 16 apply to you only if you are a U.S. taxpayer.

(a) This Award Agreement is intended and will be construed to comply with Section 409A (including the requirements applicable to, or the conditions for exemption from treatment as, 409A Deferred Compensation), whether by reason of short-term deferral treatment or other exceptions or provisions. The Firm will have full authority to give effect to this intent. To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of this Paragraph 15 and the other provisions of this Award Agreement, this Paragraph 15 will govern.

(b) Payment of the Award will not be delayed beyond the date on which all applicable conditions or restrictions on payment required by this Agreement are satisfied. To the extent that any portion of this Award is intended to satisfy the requirements for short-term deferral treatment under Section 409A, payment for such portion will occur by the March 15 coinciding with the last day of the applicable "short-term deferral" period described in Reg. 1.409A-1(b)(4) in order for the payment of the Award to be within the short-term deferral exception unless, in order to permit all applicable conditions or restrictions on payment to be satisfied, the Firm elects, pursuant to Reg. 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted in accordance with Section 409A, to delay payment to a later date within the same calendar year or to such later date as may be permitted under Section 409A, including Reg. 1.409A-2(b)(7) (in conjunction with Section 3.21.3 of the Plan pertaining to Code Section 162(m)) and Reg. 1.409A-3(d). For the avoidance of doubt, if the Award includes a "series of installment payments" as described in Reg. 1.409A-2(b)(2)(iii), your right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment.

(c) Notwithstanding the timing provisions of Paragraph 9(c), the payment of the Award referred to therein will be made after the date of death and during the calendar year that includes the date of death (or on such later date as may be permitted under Section 409A).

(d) The timing of payment pursuant to Paragraph 9(a) will occur on the earlier of (i) the Payment Date or (ii) a date that is within the calendar year in which the termination of Employment occurs; *provided, however*, that, if you are a "specified employee" (as defined by the Firm in accordance with Section 409A(a)(2)(i)(B) of the Code), payment will occur on the earlier of the Payment Date or (to the extent required to avoid the imposition of additional tax under Section 409A) the date that is six months after your termination of Employment. For purposes of Paragraph 9(a), references in this Award Agreement to termination of Employment mean a termination of Employment from the Firm (as defined by the Firm) which is also a separation from service (as defined by the Firm in accordance with Section 409A).

(e) The timing of payment referred to in Paragraph 9(b)(i) will be the earlier of (i) the Payment Date or (ii) a date that is within the calendar year in which the Firm receives satisfactory documentation relating to your Conflicted Employment, *provided* that such payment will be made, and any Firm action referred to in Paragraph 9(b)(ii) will be taken, only at such time as, and if and to the extent that it, as reasonably determined by the Firm, would not result in the imposition of any additional tax to you under Section 409A.

(f) Paragraph 12 and Section 3.4 of the Plan will not apply to Awards that are 409A Deferred Compensation except to the extent permitted under Section 409A.

(g) Payment of the Award may be made, if and to the extent elected by the Firm, later than the Payment Date or other date or period specified hereinabove (but, in the case of any Award that constitutes 409A Deferred Compensation, only to the extent that the later payment is permitted under Section 409A).

(h) You understand and agree that you are solely responsible for the payment of any taxes and penalties due pursuant to Section 409A, but in no event will you be permitted to designate, directly or indirectly, the taxable year of the payment.

AMENDMENT AND CONSTRUCTION

16. **Amendment.** The Firm reserves the right at any time to amend the terms of this Award Agreement; *provided* that, no such amendment will materially adversely affect your rights and obligations under this Award Agreement without your consent; and *provided further* that the Firm expressly reserves its rights to amend the Award Agreement as described in Sections 1.3.2(h)(1), (2) and (4) of the Plan. A modification that impacts the tax consequences of this Award or the timing of payment of the Award will not be an amendment that materially adversely affects your rights and obligations under this Award Agreement. Any amendment of this Award Agreement will be in writing.

17. **Construction, Headings.** Unless the context requires otherwise, (a) words describing the singular number include the plural and vice versa, (b) words denoting any gender include all genders and (c) the words “include,” “includes” and “including” will be deemed to be followed by the words “without limitation.” The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof. References in this Award Agreement to any specific Plan provision will not be construed as limiting the applicability of any other Plan provision.

18. **Actions of the Firm.** Any right, responsibility, act or omission that is reserved to the Firm hereunder or to the Committee in the provisions of the Plan that apply to this Award, may be taken by the Board of Directors of The Goldman Sachs Group, Inc. (the “Board”), the Compensation Committee of the Board, the individuals who from time to time constitute the administrative committee of the SIP (the “SIP Committee”) or such other person or persons as the Board, the Compensation Committee or the members of the SIP Committee may designate, and each such person shall have the powers with respect to this Award as described in Section 1.3.2 of the Plan, and may take actions in the manner described in Section 1.3.3 of the Plan.

IN WITNESS WHEREOF, [_____] has caused this _____ Fixed Allowance Deferred Cash Award Agreement to be duly executed and delivered as of the Award Date.

[_____]

DEFINITIONS APPENDIX

The following capitalized terms are used in this Award Agreement with the following meanings:

(a) “409A Deferred Compensation” means a “deferral of compensation” or “deferred compensation” as those terms are defined in the regulations under Section 409A.

(b) “Qualifying Termination After a Change in Control” means that the Firm terminates your Employment other than for Cause or you terminate your Employment for Good Reason, in each case, within 18 months following a Change in Control.

The following capitalized terms are used in this Award Agreement with the meanings that are assigned to them in The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) (the “Plan”), as modified by Paragraph 4.

(a) “Award Agreement” means the written document or documents by which each Award is evidenced, including any Award Statement.

(b) “Award Statement” means a written statement that reflects certain Award terms.

(c) “Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in New York City are authorized or obligated by Federal law or executive order to be closed.

(d) “Cause” means (i) the Grantee’s conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge, or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations, (ii) the Grantee’s engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act), (iii) the Grantee’s willful failure to perform the Grantee’s duties to the Firm, (iv) the Grantee’s violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Firm is a member, (v) the Grantee’s violation of any Firm policy concerning hedging or pledging or confidential or proprietary information, or the Grantee’s material violation of any other Firm policy as in effect from time to time, (vi) the Grantee’s engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Firm or (vii) the Grantee’s engaging in any conduct detrimental to the Firm. The determination as to whether Cause has occurred shall be made by the Committee in its sole discretion and, in such case, the Committee also may, but shall not be required to, specify the date such Cause occurred (including by determining that a prior termination of Employment was for Cause). Any rights the Firm may have hereunder and in any Award Agreement in respect of the events giving rise to Cause shall be in addition to the rights the Firm may have under any other agreement with a Grantee or at law or in equity.

(e) “Change in Control” means the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving GS Inc. (a “Reorganization”) or sale or other disposition of all or substantially all of GS Inc.’s assets to an entity that is not an affiliate of GS Inc. (a “Sale”), that in each case requires the approval of GS Inc.’s shareholders under the law of GS Inc.’s jurisdiction of organization, whether for such Reorganization or Sale (or the issuance of securities of GS Inc. in such Reorganization or Sale), unless immediately following such Reorganization or Sale, either: (i) at least 50% of the total voting power (in respect of the election of directors, or similar officials in the

case of an entity other than a corporation) of (A) the entity resulting from such Reorganization, or the entity which has acquired all or substantially all of the assets of GS Inc. in a Sale (in either case, the “Surviving Entity”), or (B) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, as such Rule is in effect on the date of the adoption of the 1999 SIP) of 50% or more of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the Surviving Entity (the “Parent Entity”) is represented by GS Inc.’s securities (the “GS Inc. Securities”) that were outstanding immediately prior to such Reorganization or Sale (or, if applicable, is represented by shares into which such GS Inc. Securities were converted pursuant to such Reorganization or Sale) or (ii) at least 50% of the members of the board of directors (or similar officials in the case of an entity other than a corporation) of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) following the consummation of the Reorganization or Sale were, at the time of the Board’s approval of the execution of the initial agreement providing for such Reorganization or Sale, individuals (the “Incumbent Directors”) who either (A) were members of the Board on the Effective Date or (B) became directors subsequent to the Effective Date and whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of GS Inc.’s proxy statement in which such persons are named as nominees for director).

(f) “Committee” means the committee appointed by the Board to administer the Plan pursuant to Section 1.3, and, to the extent the Board determines it is appropriate for the compensation realized from Awards under the Plan to be considered “performance based” compensation under Section 162(m) of the Code, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is an “outside director” within the meaning of Code Section 162(m), and which, to the extent the Board determines it is appropriate for Awards under the Plan to qualify for the exemption available under Rule 16b-3(d)(1) or Rule 16b-3(e) promulgated under the Exchange Act, shall be a committee or subcommittee of the Board composed of two or more members, each of whom is a “non-employee director” within the meaning of Rule 16b-3. Unless otherwise determined by the Board, the Committee shall be the Compensation Committee of the Board.

(g) “Common Stock” means common stock of GS Inc., par value \$0.01 per share.

(h) “Conflicted Employment” means the Grantee’s employment at any U.S. Federal, state or local government, any non-U.S. government, any supranational or international organization, any self-regulatory organization, or any agency or instrumentality of any such government or organization, or any other employer determined by the Committee, if, as a result of such employment, the Grantee’s continued holding of any Outstanding Award would result in an actual or perceived conflict of interest.

(i) “Covered Person” means a member of the Board or the Committee or any employee of the Firm.

(j) “Date of Grant” means the date specified in the Grantee’s Award Agreement as the date of grant of the Award.

(k) “Employment” means the Grantee’s performance of services for the Firm, as determined by the Committee. The terms “employ” and “employed” shall have their correlative meanings. The Committee in its sole discretion may determine (i) whether and when a Grantee’s leave of absence results in a termination of Employment (for this purpose, unless the Committee determines otherwise, a Grantee shall be treated as terminating Employment with the Firm upon the occurrence of an Extended Absence), (ii) whether and when a change in a Grantee’s association with the Firm results in a termination of Employment and (iii) the impact, if any, of any such leave of absence or change in association on Awards theretofore made. Unless expressly provided otherwise, any references in the Plan or any Award Agreement to a Grantee’s Employment being terminated shall include both voluntary and involuntary terminations.

(l) “Firm” means GS Inc. and its subsidiaries and affiliates.

(m) “Good Reason” means, in connection with a termination of employment by a Grantee following a Change in Control, (a) as determined by the Committee, a materially adverse alteration in the Grantee’s position or in the nature or status of the Grantee’s responsibilities from those in effect immediately prior to the Change in Control or (b) the Firm’s requiring the Grantee’s principal place of Employment to be located more than seventy-five (75) miles from the location where the Grantee is principally Employed at the time of the Change in Control (except for required travel on the Firm’s business to an extent substantially consistent with the Grantee’s customary business travel obligations in the ordinary course of business prior to the Change in Control).

(n) “Grantee” means a person who receives an Award.

(o) “GS Inc.” means The Goldman Sachs Group, Inc., and any successor thereto.

(p) “Outstanding” means any Award to the extent it has not been forfeited, cancelled, terminated, exercised or with respect to which the shares of Common Stock underlying the Award have not been previously delivered or other payments made.

(q) “Section 409A” means Section 409A of the Code, including any amendments or successor provisions to that Section and any regulations and other administrative guidance thereunder, in each case as they, from time to time, may be amended or interpreted through further administrative guidance.

(r) “Vested” means, with respect to an Award, the portion of the Award that is not subject to a condition that the Grantee remain actively employed by the Firm in order for the Award to remain Outstanding. The fact that an Award becomes Vested shall not mean or otherwise indicate that the Grantee has an unconditional or nonforfeitable right to such Award, and such Award shall remain subject to such terms, conditions and forfeiture provisions as may be provided for in the Plan or in the Award Agreement.

THE GOLDMAN SACHS GROUP, INC.
[] YEAR-END PERFORMANCE-BASED RSU AWARD

This Award Agreement governs your award of performance-based RSUs (your “Award” or “PSUs”) granted under The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) (the “Plan”) in accordance with The Goldman Sachs Long-Term Performance Incentive Plan (the “LTIP”). You should read carefully this entire Award Agreement, which includes the Award Statement and any attached Appendix.

ACCEPTANCE

1. **You Must Decide Whether to Accept this Award Agreement.** To be eligible to receive your Award, you must by the date specified agree to all the terms of your Award by executing the related signature card in accordance with its instructions. By executing the signature card, you confirm your agreement to all of the terms of this Award Agreement, including the arbitration and choice of forum provisions in Paragraph 15.

DOCUMENTS THAT GOVERN YOUR AWARD; DEFINITIONS

2. **The Plan and LTIP.** Your Award is granted under the Plan in accordance with the LTIP, and the terms of both apply to, and are a part of, this Award Agreement. In the event of a conflict between the terms of the LTIP and the Plan, the terms of the Plan will control.

3. **Your Award Statement.** The Award Statement delivered to you contains some of your Award’s specific terms. For example, it contains the number of PSUs subject to this Award, the Performance Periods and the Performance Goal applicable to your Award. The number of PSUs on your Award Statement is not necessarily the number of PSUs in respect of which the Payment Amount will be paid, but is merely the basis for determining the amount (if any) that will be paid to you.

4. **Definitions.** Capitalized terms are defined in the Award Statement or the Definitions Appendix, which also includes terms that are defined in the LTIP and the Plan.

VESTING OF YOUR PSUS

5. **Vesting.** Your PSUs are Vested. When a PSU is Vested, it means **only** that your continued active Employment is not required for payment in respect of that PSU. **Vesting does not mean you have a non-forfeitable right to the Vested portion of your Award. The terms of this Award Agreement (including conditions to payment and satisfaction of the Performance Goal) continue to apply to your Award, and failure to meet such terms may result in the termination of this Award (as a result of which no payment in respect of such Vested PSUs would be made).**

PERFORMANCE GOALS

6. **Performance.** The Payment Amount is dependent, and may vary based, on achievement of the Performance Goal over the Performance Period. On the Determination Date, the Firm will determine whether or not, and to what extent, the Performance Goal for that Performance Period has been satisfied. All your rights with respect to the Payment Amount (and any Dividend Equivalent Payments) are dependent on the extent to which the Performance Goal is achieved, and any rights to payment in respect of your Outstanding PSUs immediately will terminate and no Payment Amount will be paid in respect of such PSUs upon the Committee’s determination, in its sole discretion, that the Performance Goal has not been satisfied to the extent necessary to result in payment in respect of the PSUs.

PAYMENT AMOUNT

7. **Payment.** Subject to satisfaction of the terms of this Award, including satisfaction of the Performance Goal, on the Payment Date, you will receive payment (less applicable withholding as described in Paragraph 12(a)) of the Payment Amount and any Dividend Equivalent Payments as further described in your Award Statement. Until such payment, you have only the rights of a general unsecured creditor and you do not have any rights as a shareholder of GS Inc. with respect to either the PSUs or the Payment Amount. Without limiting the Committee's authority under Section 2(b) of the LTIP, the Firm may accelerate any Payment Date by up to 30 days.

DIVIDEND EQUIVALENT RIGHTS

8. **Dividend Equivalent Rights.** To the extent described in your Award Statement, each PSU will include a Dividend Equivalent Right, which will be subject to the provisions of Section 2.8 of the Plan. Accordingly, for each of your Outstanding PSUs with respect to which payment is made under the Payment Amount, you will be entitled to payments under Dividend Equivalent Rights equal to any regular cash dividend paid by GS Inc. in respect of a Share the record date for which occurs on or after the Date of Grant. The payment to you of amounts under Dividend Equivalent Rights (less applicable withholding as described in Paragraph 12(a)) is conditioned upon the payment under the Payment Amount in respect of the PSUs to which such Dividend Equivalent Rights relate, and you will have no right to receive any Dividend Equivalent Payments relating to PSUs for which you do not receive payment under the Payment Amount (including, without limitation, due to a failure to satisfy the Performance Goal). Dividend Equivalent Payments will be paid on the Payment Date.

FORFEITURE OF YOUR AWARD

9. **How You May Forfeit Your Award.** This Paragraph 9 sets forth the events that result in forfeiture of up to all of your PSUs and may require repayment to the Firm of up to all amounts previously paid to you under your PSUs in accordance with Paragraph 10. More than one event may apply, and in no case will the occurrence of one event limit the forfeiture and repayment obligations as a result of the occurrence of any other event. In addition, the Firm reserves the right to (i) suspend payment of the Payment Amount and any Dividend Equivalent Payments or (ii) make payment into an escrow account in accordance with Paragraph 12(c)(iv). If any of the following occurs, your rights to all of your Outstanding PSUs will terminate, and no Payment Amount will be paid in respect thereof, as may be further described below:

(a) You Associate With a Covered Enterprise. You Associate With a Covered Enterprise during the Performance Period.

(b) You Solicit Clients or Employees, Interfere with Client or Employee Relationships or Participate in the Hiring of Employees. Before the Payment Date, either:

(i) you, in any manner, directly or indirectly, (A) Solicit any Client to transact business with a Covered Enterprise or to reduce or refrain from doing any business with the Firm, (B) interfere with or damage (or attempt to interfere with or damage) any relationship between the Firm and any Client, (C) Solicit any person who is an employee of the Firm to resign from the Firm or to apply for or accept employment with any Covered Enterprise or (D) on behalf of yourself or any person or Covered Enterprise hire, or participate in the hiring of, any Selected Firm Personnel or identify, or participate in the identification of, Selected Firm Personnel for potential hiring, whether as an employee or consultant or otherwise, or

(ii) Selected Firm Personnel are Solicited, hired or accepted into partnership, membership or similar status (A) by a Covered Enterprise that you form, that bears your name, in which you are a partner, member or have similar status, or in which you possess or control greater than a de minimis equity ownership, voting or profit participation or (B) by any Covered Enterprise where you have, or are intended to have, direct or indirect managerial or supervisory responsibility for such Selected Firm Personnel.

(c) You Failed to Consider Risk. You Failed to Consider Risk during the Firm's _____ fiscal year.

(d) Your Conduct Constitutes Cause. Any event that constitutes Cause has occurred before the Payment Date.

(e) You Do Not Meet Your Obligations to the Firm. The Committee determines that, before the Payment Date, you failed to meet, in any respect, any obligation under any agreement with the Firm, or any agreement entered into in connection with your Employment or this Award, including the Firm's notice period requirement applicable to you, any offer letter, employment agreement or any shareholders' agreement relating to the Firm. Your failure to pay or reimburse the Firm, on demand, for any amount you owe to the Firm will constitute (A) failure to meet an obligation you have under an agreement, regardless of whether such obligation arises under a written agreement, and/or (B) a material violation of Firm policy constituting Cause.

(f) You Do Not Provide Timely Certifications or Comply with Your Certifications. You fail to certify to GS Inc. that you have complied with all of the terms of the LTIP, the Plan and this Award Agreement, or the Committee determines that you have failed to comply with a term of the LTIP, the Plan or this Award Agreement to which you have certified compliance.

(g) You Do Not Follow Dispute Resolution/Arbitration Procedures. You attempt to have any dispute under the LTIP, the Plan or this Award Agreement resolved in any manner that is not provided for by Paragraph 15, Section 3.17 of the Plan or Section 6(h) of the LTIP.

(h) You Bring an Action that Results in a Determination that Any Award Agreement Term Is Invalid. As a result of any action brought by you, it is determined that any term of this Award Agreement is invalid.

(i) You Receive Compensation in Respect of Your Award from Another Employer. Your Employment terminates for any reason or you otherwise are no longer actively employed with the Firm and another entity grants you cash, equity or other property (whether vested or unvested) to replace, substitute for or otherwise in respect of your Outstanding PSUs.

(j) GS Inc. Fails to Maintain the Minimum Tier 1 Capital Ratio. Before the Payment Date, GS Inc. fails to maintain the required "Minimum Tier 1 Capital Ratio" as defined under Federal Reserve Board Regulations applicable to GS Inc. for a period of 90 consecutive business days.

(k) GS Inc. Is Determined to Be in Default. Before the Payment Date, the Board of Governors of the Federal Reserve or the FDIC makes a written recommendation under Title II (Orderly Liquidation Authority) of the Dodd-Frank Wall Street Reform and Consumer Protection Act for the appointment of the FDIC as a receiver of GS Inc. based on a determination that GS Inc. is "in default" or "in danger of default."

(l) Accounting Restatement Required Under Sarbanes-Oxley. GS Inc. is required to prepare an accounting restatement due to GS Inc.'s material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws described in Section 304(a) of Sarbanes-Oxley; *provided, however*, that your rights with respect to the PSUs will only be terminated to the same extent that would be required under Section 304 of Sarbanes-Oxley had you been a "chief executive officer" or "chief financial officer" of GS Inc. (regardless of whether you actually hold such position at the relevant time).

REPAYMENT OF YOUR AWARD

10. When You May Be Required to Repay Your Award.

(a) Repayment Generally. If the Committee determines that any term of this Award was not satisfied, you will be required, immediately upon demand therefor, to repay to the Firm the following:

(i) Any Payment Amount for which the terms (including the terms for payment) of the related PSUs were not satisfied, in accordance with Section 2.6.3 of the Plan.

(ii) Any Dividend Equivalent Payments for which the terms were not satisfied (including any such payments made in respect of PSUs that are forfeited or any Payment Amount that is subject to repayment), in accordance with Section 2.8.4 of the Plan.

(iii) Any amount applied to satisfy tax withholding or other obligations with respect to any PSU, Payment Amount or Dividend Equivalent Payments that are forfeited or required to be repaid.

(b) Repayment Upon Materially Inaccurate Financial Statements. If any payment is made under this Award Agreement based on materially inaccurate financial statements (which includes, but is not limited to, statements of earnings, revenues or gains) or other materially inaccurate performance criteria, you will be obligated to repay to the Firm, immediately upon demand therefor, any excess amount paid, as determined by the Committee in its sole discretion.

(c) Repayment Upon Accounting Restatement Required Under Sarbanes-Oxley. If an event described in Paragraph 9(b)(l) (relating to a requirement under Sarbanes-Oxley that GS Inc. prepare an accounting restatement) occurs, any Payment Amount, Dividend Equivalent Payments, cash or other property delivered, paid or withheld in respect of this Award will be subject to repayment as described in Paragraph 10(a) to the same extent that would be required under Section 304 of Sarbanes-Oxley had you been a "chief executive officer" or "chief financial officer" of GS Inc. (regardless of whether you actually hold such position at the relevant time).

TERMINATIONS OF EMPLOYMENT

11. Termination of Employment.

(a) Employment Termination Generally. Unless the Committee determines otherwise, if your Employment terminates for any reason or you are otherwise no longer actively Employed with the Firm (which includes off-premises notice periods, "garden leaves," pay in lieu of notice or any other similar status), the Performance Goal applicable to your Outstanding PSUs will continue to apply and the determination of the Payment Amount will continue to be subject to whether or not, and to what extent, the Performance Goal has been achieved, in each case, as provided in Paragraph 6. All other terms of this Award Agreement, including the forfeiture and repayment events in Paragraphs 9 and 10, continue to apply.

(b) Death. If you die before the Payment Date, the representative of your estate will, on the relevant Payment Date, be paid the Payment Amount and Dividend Equivalent Payments that would have otherwise been payable pursuant to Paragraph 6, after such documentation as may be requested by the Committee is provided to the Committee. All other terms of this Award Agreement, including the forfeiture and repayment events in Paragraphs 9 and 10, continue to apply.

(c) Restrictions on Association with a Covered Enterprise Cease to Apply After an Involuntary or Mutual Agreement Termination. Paragraph 9(a) (relating to forfeiture if you Associate With a Covered Enterprise) will not apply if (i) your Employment terminates and the Firm characterizes your Employment termination as “involuntary” or by “mutual agreement” and (ii) you execute a general waiver and release of claims and an agreement to pay any associated tax liability, in each case, in the form the Firm prescribes. No Employment termination that you initiate, including any purported “constructive termination,” a “termination for good reason” or similar concepts, can be “involuntary” or by “mutual agreement.” All other terms of this Award Agreement, including the other forfeiture and repayment events in Paragraphs 9 and 10, continue to apply.

OTHER TERMS, CONDITIONS AND AGREEMENTS

12. Additional Terms, Conditions and Agreements.

(a) You Must Satisfy Applicable Tax Withholding Requirements. The payment of your Award is conditioned on your satisfaction of any applicable withholding taxes in accordance with Section 6(k) of the LTIP and Section 3.2 of the Plan (which includes the Firm deducting or withholding amounts from any payment or distribution to you). To the extent permitted by applicable law, the Firm, in its sole discretion, may require you to provide amounts equal to all or a portion of any Federal, state, local, foreign or other tax obligations imposed on you or the Firm in connection with the grant or payment of this Award by requiring you to remit such amount in cash (or through payroll deduction or otherwise). In addition, if you are an individual with separate employment contracts (at any time on or after the Date of Grant), the Firm, in its sole discretion, may require you to provide for a reserve in an amount the Firm determines is advisable or necessary in connection with any actual, anticipated or potential tax consequences related to your separate employment contracts by requiring you to remit such amount in cash (or through payroll deduction or otherwise). In no event, however, does this Paragraph 12(a) give you any discretion to determine or affect the timing of payment of the Payment Amount or the timing of payment of tax obligations.

(b) You Agree to Certain Consents, Terms and Conditions. By accepting this Award you understand and agree that:

(i) You Agree to Certain Consents as a Condition to the Award. You have expressly consented to all of the items listed in Section 6(c)(ii) of the LTIP and Section 3.3.3(d) of the Plan, including the Firm’s supplying to any third-party recordkeeper of the LTIP or the Plan or other person such personal information of yours as the Committee deems advisable to administer the LTIP or the Plan, and you agree to provide any additional consents that the Committee determines to be necessary or advisable;

(ii) You Are Subject to the Firm’s Policies, Rules and Procedures. You are subject to the Firm’s policies in effect from time to time concerning trading in Shares and hedging or pledging Shares and equity-based compensation or other awards (including, without limitation, the Firm’s “Policies With Respect to Transactions Involving GS Shares, Equity Awards and GS Options by Persons Affiliated with GS Inc.” or any successor policies), and confidential or proprietary information;

(iii) You Will Be Deemed to Represent Your Compliance with All the Terms of Your Award if You Accept Payment. You will be deemed to have represented and certified that you have complied with all of the terms of the LTIP, the Plan and this Award Agreement when you accept payment in respect of your Award;

(iv) Firm May Make Payments into an Escrow Account. The Firm may establish and maintain an escrow account on such terms (which may include your executing any documents related to, and your paying for any costs associated with, such account) as it may deem necessary or appropriate, and the Payment Amount and any Dividend Equivalent Payments may initially be paid into and held in that escrow account until such time as the Committee has received such documentation as it may have requested or until the Committee has determined that any other conditions or restrictions on payment required by this Award Agreement have been satisfied;

(v) You May Be Required to Certify Compliance with Award Terms; You Are Responsible for Providing the Firm with Updated Address and Contact Information After Your Departure from the Firm. If your Employment terminates while you continue to hold PSUs, from time to time, you may be required to provide certifications of your compliance with all of the terms of the LTIP, the Plan and this Award Agreement as described in Paragraph 9(f). You understand and agree that (A) your address on file with the Firm at the time any certification is required will be deemed to be your current address, (B) it is your responsibility to inform the Firm of any changes to your address to ensure timely receipt of the certification materials, (C) you are responsible for contacting the Firm to obtain such certification materials if not received and (D) your failure to return properly completed certification materials by the specified deadline (which includes your failure to timely return the completed certification because you did not provide the Firm with updated contact information) will result in the forfeiture of all of your PSUs and subject previously delivered amounts to repayment under Paragraph 9 (f).

(vi) You Must Comply with Applicable Deadlines and Procedures to Appeal Determinations Made by the Committee. In order to appeal a determination by the Committee, the SIP Committee, the SIP Administrators, or any of their delegates or designees, you must submit a written request for the appeal within 180 days after receipt of any such determination. You must exhaust all administrative remedies before seeking to resolve a dispute through arbitration pursuant to Paragraph 15, Section 6(h) of the LTIP and Section 3.17 of the Plan; and

(vii) You Agree that Covered Persons Will Not Have Liability. In addition to and without limiting the generality of the provisions of Section 2(e) of the LTIP and Section 1.3.5 of the Plan, neither the Firm nor any Covered Person will have any liability to you or any other person for any action taken or omitted in respect of this or any other Award.

13. **Non-transferability.** Except as otherwise may be provided in this Paragraph 13 or as otherwise may be provided by the Committee, the limitations on transferability set forth in Section 6(b) of the LTIP and Section 3.5 of the Plan will apply to this Award. Any purported transfer or assignment in violation of the provisions of this Paragraph 13, Section 6(b) of the LTIP or Section 3.5 of the Plan will be void. The Committee may adopt procedures pursuant to which some or all recipients of PSUs may transfer some or all of their PSUs through a gift for no consideration to any immediate family member, a trust or other estate planning vehicle approved by the Committee in which the recipient and/or the recipient's immediate family members in the aggregate have 100% of the beneficial interest.

14. **Right of Offset.** Except as provided in Paragraph 17(d), the obligation to pay the Payment Amount or Dividend Equivalent Payments under this Award Agreement is subject to Section 6(l) of the LTIP and Section 3.4 of the Plan, which provide for the Firm's right to offset against such obligation any outstanding amounts you owe to the Firm and any amounts the Committee deems appropriate pursuant to any tax equalization policy or agreement.

ARBITRATION, CHOICE OF FORUM AND GOVERNING LAW

15. Arbitration; Choice of Forum.

(a) BY ACCEPTING THIS AWARD, YOU ARE INDICATING THAT YOU UNDERSTAND AND AGREE THAT THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN SECTION 6(h) OF THE LTIP AND SECTION 3.17 OF THE PLAN WILL APPLY TO THIS AWARD. THESE PROVISIONS, WHICH ARE EXPRESSLY INCORPORATED HEREIN BY REFERENCE, PROVIDE AMONG OTHER THINGS THAT ANY DISPUTE, CONTROVERSY OR CLAIM BETWEEN THE FIRM AND YOU ARISING OUT OF OR RELATING TO OR CONCERNING THE LTIP, THE PLAN OR THIS AWARD AGREEMENT WILL BE FINALLY SETTLED BY ARBITRATION IN NEW YORK CITY, PURSUANT TO THE TERMS MORE FULLY SET FORTH IN SECTION 6(h) OF THE LTIP AND SECTION 3.17 OF THE PLAN.

(b) To the fullest extent permitted by applicable law, no arbitrator will have the authority to consider class, collective or representative claims, to order consolidation or to join different claimants or grant relief other than on an individual basis to the individual claimant involved.

(c) Notwithstanding any applicable forum rules to the contrary, to the extent there is a question of enforceability of this Award Agreement arising from a challenge to the arbitrator's jurisdiction or to the arbitrability of a claim, it will be decided by a court and not an arbitrator.

(d) All references to the New York Stock Exchange in Section 6(h) of the LTIP and Section 3.17 of the Plan will be read as references to the Financial Industry Regulatory Authority.

(e) The Federal Arbitration Act governs interpretation and enforcement of all arbitration provisions under the LTIP, the Plan and this Award Agreement, and all arbitration proceedings thereunder.

(f) Nothing in this Award Agreement creates a substantive right to bring a claim under U.S., Federal, state, or local employment laws.

16. Governing Law. THIS AWARD WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

CERTAIN TAX PROVISIONS

17. **Compliance of Award Agreement, the Plan and LTIP with Section 409A.** The provisions of this Paragraph 17 apply to you only if you are a U.S. taxpayer.

(a) This Award Agreement, the Plan and the LTIP provisions that apply to this Award are intended and will be construed to comply with Section 409A (including the requirements applicable to, or the conditions for exemption from treatment as, 409A Deferred Compensation), whether by reason of short-term deferral treatment or other exceptions or provisions. The Committee will have full authority to give effect to this intent. To the extent necessary to give effect to this intent, in the case of any conflict or

potential inconsistency between the provisions of the LTIP (including Section 2(b) thereof), the Plan (including Sections 1.3.2 and 2.1 thereof) and this Award Agreement, the provisions of this Award Agreement will govern, and in the case of any conflict or potential inconsistency between this Paragraph 17 and the other provisions of this Award Agreement, this Paragraph 17 will govern.

(b) Payment will not be delayed beyond the date on which all applicable conditions or restrictions on payment in respect of your PSUs required by this Award Agreement (including, those specified in Paragraph 11(c) (execution of waiver and release of claims agreement to pay associated tax liability) the consents and other items specified in Section 3.3 of the Plan and Section 6(c) of the LTIP) are satisfied. To the extent that any portion of this Award is intended to satisfy the requirements for short-term deferral treatment under Section 409A, payment for such portion will occur by the March 15 coinciding with the last day of the applicable "short-term deferral" period described in Reg. § 1.409A-1(b)(4) in order for payment to be within the short-term deferral exception unless, in order to permit all applicable conditions or restrictions on payment to be satisfied, the Committee elects, pursuant to Reg. § 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted in accordance with Section 409A, to delay payment to a later date within the same calendar year or to such later date as may be permitted under Section 409A, including, Reg. § 1.409A-2(b)(7) (in conjunction with Section 6(d) of the LTIP and Section 3.21.3 of the Plan pertaining to Code Section 162(m)) and Reg. § 1.409A-3(d). For the avoidance of doubt, if the Award includes a "series of installment payments" as described in Reg. § 1.409A-2(b)(2)(iii), your right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment.

(c) Notwithstanding the provisions of Section 1.3.2(i) of the Plan, to the extent necessary to comply with Section 409A, any payment that the Firm may make in respect of your PSUs will not have the effect of deferring payment, income inclusion, or a substantial risk of forfeiture, beyond the date on which such payment or inclusion would occur or such risk of forfeiture would lapse, with respect to the payment that would otherwise have been made (unless the Committee elects a later date for this purpose pursuant to Reg. § 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted under Section 409A, including and to the extent applicable, the subsequent election provisions of Section 409A(a)(4)(C) of the Code and Reg. 1.409A-2(b)).

(d) Paragraph 14, Section 6(l) of the LTIP and Section 3.4 of the Plan will not apply to Awards that are 409A Deferred Compensation except to the extent permitted under Section 409A.

(e) Payments in respect of any portion of the Award may be made, if and to the extent elected by the Committee, later than the relevant Payment Date or other date or period specified hereinabove (but, in the case of any Award that constitutes 409A Deferred Compensation, only to the extent that the later payment is permitted under Section 409A).

(f) You understand and agree that you are solely responsible for the payment of any taxes and penalties due pursuant to Section 409A, but in no event will you be permitted to designate, directly or indirectly, the taxable year of the payment.

18. Compliance of Award Agreement and LTIP with Section 162(m). If you are or become considered by GS Inc. to be one of its "covered employees" within the meaning of Section 162(m) of the Code, then you will be subject to Section 6(d) of the LTIP and Section 3.21.3 of the Plan, as a result of which payment of the Payment Amount and Dividend Equivalent Payments may be delayed. In addition, to the extent provided in your Award Statement and, to the extent that Section 409A is applicable to you, consistent with Reg § 1.409A-2(b), the Firm may delay any Payment Date.

COMMITTEE AUTHORITY, AMENDMENT AND CONSTRUCTION

19. **Committee Authority.** The Committee has the authority to determine, in its sole discretion, that any event triggering forfeiture or repayment of your Award will not apply and to limit the forfeitures and repayments that result under Paragraphs 9 and 10. In addition, the Committee, in its sole discretion, may determine whether Paragraph 11 (c) will apply upon a termination of Employment.

20. **Amendment.** The Committee reserves the right at any time to amend the terms of this Award Agreement, and the Board may amend the LTIP and the Plan in any respect; *provided that*, notwithstanding the foregoing and Sections 2(b)(vi), 2(b)(viii) and 6(a) of the LTIP and Sections 1.3.2(f), 1.3.2(h) and 3.1 of the Plan, no such amendment will materially adversely affect your rights and obligations under this Award Agreement without your consent; and *provided further* that the Committee expressly reserves its rights to amend the Award Agreement, the LTIP and the Plan as described in Section 2(b)(viii)(1) of the LTIP and Sections 1.3.2(h) (1), (2) and (4) of the Plan. A modification that impacts the tax consequences of this Award or the timing of payment will not be an amendment that materially adversely affects your rights and obligations under this Award Agreement. Any amendment of this Award Agreement will be in writing.

21. **Construction, Headings.** Unless the context requires otherwise, (i) words describing the singular number include the plural and vice versa, (ii) words denoting any gender include all genders and (iii) the words “include,” “includes” and “including” will be deemed to be followed by the words “without limitation.” The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof. References in this Award Agreement to any specific Plan or LTIP provision will not be construed as limiting the applicability of any other Plan or LTIP provision.

IN WITNESS WHEREOF, GS Inc. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

THE GOLDMAN SACHS GROUP, INC.

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DEFINITIONS APPENDIX

The following capitalized terms are used in this Award Agreement with the following meanings:

(a) “409A Deferred Compensation” means a “deferral of compensation” or “deferred compensation” as those terms are defined in the regulations under Section 409A.

(b) “Associate With a Covered Enterprise” means that you (i) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any Covered Enterprise or (ii) associate in any capacity (including association as an officer, employee, partner, director, consultant, agent or advisor) with any Covered Enterprise. Associate With a Covered Enterprise may include, as determined in the discretion of the Committee, (i) becoming the subject of any publicly available announcement or report of a pending or future association with a Covered Enterprise and (ii) unpaid associations, including an association in contemplation of future employment. “Association With a Covered Enterprise” will have its correlative meaning.

(c) “Covered Enterprise” means an existing or planned business enterprise that competes with the Firm (which, for this purpose means offering products or services that are the same as or similar to those offered by the Firm (“Firm Products or Services”)), or reasonably may be expected to do so. The enterprises covered by this definition include enterprises that offer Firm Products or Services directly, as well as those that do so indirectly by ownership or control (e.g., by owning, being owned by, or being under common ownership with an enterprise that offers Firm Products or Services). An enterprise will be treated as providing Firm Products or Services if, solely by way of example, it provides products or services associated with investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than you or your family members), private banking, commercial banking, merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading. A Competitive Enterprise is a Covered Enterprise. **An enterprise that offers, or may reasonably be expected to offer, Firm Products or Services is a Covered Enterprise irrespective of whether the enterprise is a customer, client or counterparty of the Firm, and, because the Firm is a global enterprise, irrespective of where the Covered Enterprise is physically located.**

(d) “Determination Date” means the date specified on your Award Statement as the date on which the Committee will determine whether or not, and to what extent, the Performance Goal was achieved for the Performance Period.

(e) “Dividend Equivalent Payments” means any payments made in respect of Dividend Equivalent Rights.

(f) “FDIC” means the Federal Deposit Insurance Corporation or any successor thereto.

(g) “Failed to Consider Risk” means that you participated in the structuring or marketing of any product or service, or participated on behalf of the Firm or any of its clients in the purchase or sale of any security or other property, in any case without appropriate consideration of the risk to the Firm or the broader financial system as a whole (for example, where you have improperly analyzed such risk or where you have failed sufficiently to raise concerns about such risk) and, as a result of such action or omission, the Committee determines there has been, or reasonably could be expected to be, a material adverse impact on the Firm, your business unit or the broader financial system.

(h) "Payment Amount" means an amount in cash (determined as described in the Award Statement) of a share of Common Stock.

(i) "Performance Goal" means the performance goal determined by the Committee that is specified on your Award Statement.

(j) "Performance Period" means the performance period determined by the Committee that is specified on your Award Statement.

(k) "Sarbanes Oxley" means the Sarbanes-Oxley Act of 2002, as amended.

(l) "Section 409A" means Section 409A of the Internal Revenue Code of 1986, including any amendments or successor provisions to that Section and any regulations and other administrative guidance thereunder, in each case as they, from time to time, may be amended or interpreted through further administrative guidance.

(m) "Selected Firm Personnel" means any individual who is or in the three months preceding the conduct prohibited by Paragraph 9(b) was (i) a Firm employee or consultant with whom you personally worked while employed by the Firm, (ii) a Firm employee or consultant who, at any time during the year preceding the date of the termination of your Employment, worked in the same division in which you worked or (iii) an Advisory Director, a Managing Director or a Senior Advisor of the Firm.

(n) "Share" means a share of Common Stock.

The following capitalized terms are used in this Award Agreement with the meanings that are assigned to them in the LTIP:

(a) "Board" means the Board of Directors of GS Inc.

(b) "Committee" means the committee appointed by the Board to administer the LTIP pursuant to Section 2(a) of the LTIP.

(c) "Covered Person" means a member of the Board or the Committee or any employee of the Firm.

(d) "Firm" means GS Inc. and its subsidiaries and affiliates.

(e) "GS Inc." means The Goldman Sachs Group, Inc., and any successor thereto.

The following capitalized terms are used in this Award Agreement with the meanings that are assigned to them in The Goldman Sachs Amended and Restated Stock Incentive Plan (2015):

(f) "Account" means any brokerage account, custody account or similar account, as approved or required by GS Inc. from time to time, into which shares of Common Stock, cash or other property in respect of an Award are delivered.

(g) "Award Agreement" means the written document or documents by which each Award is evidenced, including any Award Statement.

(h) "Award Statement" means a written statement that reflects certain Award terms.

(i) “Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in New York City are authorized or obligated by Federal law or executive order to be closed.

(j) “Cause” means (i) the Grantee’s conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge, or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations, (ii) the Grantee’s engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act), (iii) the Grantee’s willful failure to perform the Grantee’s duties to the Firm, (iv) the Grantee’s violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Firm is a member, (v) the Grantee’s violation of any Firm policy concerning hedging or pledging or confidential or proprietary information, or the Grantee’s material violation of any other Firm policy as in effect from time to time, (vi) the Grantee’s engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Firm or (vii) the Grantee’s engaging in any conduct detrimental to the Firm. The determination as to whether Cause has occurred shall be made by the Committee in its sole discretion and, in such case, the Committee also may, but shall not be required to, specify the date such Cause occurred (including by determining that a prior termination of Employment was for Cause). Any rights the Firm may have hereunder and in any Award Agreement in respect of the events giving rise to Cause shall be in addition to the rights the Firm may have under any other agreement with a Grantee or at law or in equity.

(k) “Client” means any client or prospective client of the Firm to whom the Grantee provided services, or for whom the Grantee transacted business, or whose identity became known to the Grantee in connection with the Grantee’s relationship with or employment by the Firm.

(l) “Common Stock” means common stock of GS Inc., par value \$0.01 per share.

(m) “Competitive Enterprise” means an existing or planned business enterprise that (i) engages, or may reasonably be expected to engage, in any activity, (ii) owns or controls, or may reasonably be expected to own or control, a significant interest in or (iii) is, or may reasonably be expected to be, owned by, or a significant interest in which is, or may reasonably be expected to be, owned or controlled by, any entity that engages in any activity that, in any case, competes or will compete anywhere with any activity in which the Firm is engaged. The activities covered by this definition include, without limitation, financial services such as investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than the Grantee and members of the Grantee’s family), merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading.

(n) “Date of Grant” means the date specified in the Grantee’s Award Agreement as the date of grant of the Award.

(o) “Dividend Equivalent Right” means a dividend equivalent right granted under the Plan, which represents an unfunded and unsecured promise to pay to the Grantee amounts equal to all or any portion of the regular cash dividends that would be paid on shares of Common Stock covered by an Award if such shares had been delivered pursuant to an Award.

(p) “Employment” means the Grantee’s performance of services for the Firm, as determined by the Committee. The terms “employ” and “employed” shall have their correlative meanings. The Committee in its sole discretion may determine (i) whether and when a Grantee’s leave of absence results in a termination of Employment (for this purpose, unless the Committee determines otherwise, a Grantee shall be treated as terminating Employment with the Firm upon the occurrence of an Extended Absence), (ii) whether and when a change in a Grantee’s association with the Firm results in a termination of Employment and (iii) the impact, if any, of any such leave of absence or change in association on Awards theretofore made. Unless expressly provided otherwise, any references in the Plan or any Award Agreement to a Grantee’s Employment being terminated shall include both voluntary and involuntary terminations.

(q) “Grantee” means a person who receives an Award.

(r) “Outstanding” means any Award to the extent it has not been forfeited, cancelled, terminated, exercised or with respect to which the shares of Common Stock underlying the Award have not been previously delivered or other payments made.

(s) “RSU” means a restricted stock unit Award granted under the Plan, which represents an unfunded and unsecured promise to deliver shares of Common Stock in accordance with the terms of the RSU Award Agreement.

(t) “Section 409A” means Section 409A of the Code, including any amendments or successor provisions to that Section and any regulations and other administrative guidance thereunder, in each case as they, from time to time, may be amended or interpreted through further administrative guidance.

(u) “SIP Administrator” means each person designated by the Committee as a “SIP Administrator” with the authority to perform day-to-day administrative functions for the Plan.

(v) “SIP Committee” means the persons who have been delegated certain authority under the Plan by the Committee.

(w) “Solicit” means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

(x) “Vested” means, with respect to an Award, the portion of the Award that is not subject to a condition that the Grantee remain actively employed by the Firm in order for the Award to remain Outstanding. The fact that an Award becomes Vested shall not mean or otherwise indicate that the Grantee has an unconditional or nonforfeitable right to such Award, and such Award shall remain subject to such terms, conditions and forfeiture provisions as may be provided for in the Plan or in the Award Agreement.

**THE GOLDMAN SACHS LONG-TERM PERFORMANCE INCENTIVE PLAN
PERFORMANCE-BASED CASH COMPENSATION AWARD**

This Award Agreement, together with The Goldman Sachs Long-Term Performance Incentive Plan (the “Plan”), governs your award of performance-based cash compensation (your “Award”). You should read carefully this entire Award Agreement, which includes the Award Statement and any attached Appendix.

ACCEPTANCE

1. You Must Decide Whether to Accept this Award Agreement. To be eligible to receive your Award, you must by the date specified agree to all the terms of your Award by executing the related signature card in accordance with its instructions. By executing the signature card, you confirm your agreement to all of the terms of this Award Agreement, including the arbitration and choice of forum provisions in Paragraph 16.

DOCUMENTS THAT GOVERN YOUR AWARD; DEFINITIONS

2. **The Plan.** Your Award is granted under the Plan, and the Plan’s terms apply to, and are a part of, this Award Agreement.

3. **Your Award Statement.** The Award Statement delivered to you contains some of your Award’s specific terms. For example, it contains the dollar amount of your Award (*i.e.*, the initial notional value), the Performance Periods and the Performance Goals applicable to your Award.

4. **Definitions.** Capitalized terms that are not defined in the body of this Award Agreement are defined in the Definitions Appendix, which also includes terms that are defined in the Plan or in The Goldman Sachs Amended and Restated Stock Incentive Plan (2015).

VESTING OF YOUR AWARD

5. **Vesting.** Your Award is Vested on the Date of Grant. When an Award is Vested, it means **only** that your continued active Employment is not required for payment of the Award. **Vesting does not mean you have a non-forfeitable right to the Vested portion of your Award. The terms of this Award Agreement (including conditions to payment and satisfaction of the Performance Goals) continue to apply to your Award, and you can still forfeit your Award.**

PERFORMANCE GOALS

6. **Performance.** Payment of this Award is dependent, and may vary based, on achievement of the performance goals (the “Performance Goals”) over the performance periods (“Performance Periods”), each as determined by the Committee. The Firm will notify you, following the end of the relevant Performance Period, whether or not the applicable Performance Goals for that Performance Period have been satisfied. All your rights with respect to any portion of this Award that is dependent on the satisfaction of a Performance Goal immediately will terminate upon the Committee’s determination, in its sole discretion, that such Performance Goal has not been satisfied. If and to the extent provided in your Award Statement, the Committee may amend, modify or extend any Performance Period and may amend or modify any Performance Goal with respect to any Performance Period; *provided, however*, that, without your consent, no such amendment, modification or, if applicable, extension is permitted on or after a Change in Control.

PAYMENT OF YOUR AWARD

7. **Payment.** Subject to satisfaction of the terms of this Award Agreement, including satisfaction of Performance Goals, reasonably promptly (but no more than 30 Business Days) after the Payment Date listed on your Award Statement, you will receive payment (less applicable withholding as described in Paragraph 13(a)) equal to the amount or percentage of your Award specified next to that Payment Date. Until such payment, you have only the rights of a general unsecured creditor. Without limiting the Committee's authority under Section 2(b) of the Plan, the Firm may accelerate any Payment Date by up to 30 days.

TERMINATION OF EMPLOYMENT; DEATH

8. **Termination of Employment.** Unless the Committee determines otherwise, if your Employment terminates for any reason or you are otherwise no longer actively employed with the Firm (which includes off-premises notice periods, "garden leaves," pay in lieu of notice or any other similar status), the amount and payment of your Award will remain subject to satisfaction of the applicable Performance Goals. All other terms of this Award Agreement, including the forfeiture and repayment events in Paragraphs 10 and 11, continue to apply. Notwithstanding the foregoing, if your Employment terminates for any reason on or prior to _____, the Committee may, in its sole discretion, adjust the initial notional value of your Award downward to a minimum of zero, based on factors it determines appropriate, including, without limitation, your individual performance.

9. **Death.** If you die, the representative of your estate will, on the relevant Payment Date, be paid the amount or percentage of your Award that would have otherwise been payable pursuant to Paragraph 7, after such documentation as may be requested by the Committee is provided to the Committee.

FORFEITURE OF YOUR AWARD

10. **How You May Forfeit Your Award.** This Paragraph 10 sets forth the events that result in forfeiture of up to all of your Award and may require repayment to the Firm of up to all other amounts previously paid to you under your Award in accordance with Paragraph 11. More than one event may apply, and in no case will the occurrence of one event limit the forfeiture and repayment obligations as a result of the occurrence of any other event. In addition, the Firm reserves the right to (i) suspend payment of your Award or (ii) make payment into an escrow account in accordance with Paragraph 13(b)(iii).

(a) Award Forfeited if You Associate With a Covered Enterprise. If you Associate With a Covered Enterprise before the end of the Performance Period, your rights to your Award will terminate, and no payment will be made in respect thereof.

(b) Award Forfeited if You Solicit Clients or Employees, Interfere with Client or Employee Relationships or Participate in the Hiring of Employees. If any of the following occurs, your rights to any unpaid portion of your Award will terminate, and no payment will be made in respect thereof:

(i) you, in any manner, directly or indirectly, (A) Solicit any Client to transact business with a Covered Enterprise or to reduce or refrain from doing any business with the Firm, (B) interfere with or damage (or attempt to interfere with or damage) any relationship between the Firm and any Client, (C) Solicit any person who is an employee of the Firm to resign from the Firm or to apply for or accept employment with any Covered Enterprise or (D) on behalf of yourself or any person or Covered Enterprise hire, or participate in the hiring of, any Selected Firm Personnel or identify, or participate in the identification of, Selected Firm Personnel for potential hiring, whether as an employee or consultant or otherwise, or

(ii) Selected Firm Personnel are Solicited, hired or accepted into partnership, membership or similar status (A) by a Covered Enterprise that you form, that bears your name, in which you are a partner, member or have similar status, or in which you possess or control greater than a *de minimis* equity ownership, voting or profit participation or (B) by any Covered Enterprise where you have, or are intended to have, direct or indirect managerial or supervisory responsibility for such Selected Firm Personnel.

(c) Award Forfeited Upon Certain Other Events. If any of the following occurs, your rights to your Award will terminate, and no payment will be made in respect thereof:

(i) You Failed to Consider Risk. The Committee determines that you Failed to Consider Risk during the Performance Period.

(ii) Your Conduct Constitutes Cause. Any event that constitutes Cause has occurred [(including, for the avoidance of doubt, Serious Misconduct)] before the Payment Date.

(iii) You Do Not Meet Your Obligations to the Firm. The Committee determines that, before the Payment Date, you failed to meet, in any respect, any obligation under any agreement with the Firm, or any agreement entered into in connection with your Employment or this Award, including the Firm's notice period requirement applicable to you, any offer letter, employment agreement or any shareholders' agreement relating to the Firm. Your failure to pay or reimburse the Firm, on demand, for any amount you owe to the Firm will constitute (A) failure to meet an obligation you have under an agreement, regardless of whether such obligation arises under a written agreement, and/or (B) a material violation of Firm policy constituting Cause.

(iv) You Do Not Provide Timely Certifications or Comply with Your Certifications. You fail to certify to GS Inc. that you have complied with all of the terms of the Plan and this Award Agreement, or the Committee determines that you have failed to comply with a term of the Plan or this Award Agreement to which you have certified compliance.

(v) You Do Not Follow Dispute Resolution/Arbitration Procedures. You attempt to have any dispute under the Plan or this Award Agreement resolved in any manner that is not provided for by Paragraph 16 or Section 6(h) of the Plan.

(vi) You Bring an Action that Results in a Determination that Any Award Agreement Term Is Invalid. As a result of any action brought by you, it is determined that any term of this Award Agreement is invalid.

(vii) You Receive Compensation in Respect of Your Award from Another Employer. Your Employment terminates for any reason or you otherwise are no longer actively employed with the Firm and another entity grants you cash, equity or other property (whether vested or unvested) to replace, substitute for or otherwise in respect of your Award; *provided, however*, that your rights will only be terminated in respect of the portion of the Award that is replaced, substituted for or otherwise considered by such other entity in making its grant.

(viii) GS Inc. fails to Maintain the Minimum Tier 1 Capital Ratio. Before the Payment Date, GS Inc. fails to maintain the required "Minimum Tier 1 Capital Ratio" as defined under Federal Reserve Board Regulations applicable to GS Inc. for a period of 90 consecutive business days.

(ix) GS Inc. is Determined to be in Default. Before the Payment Date, the Board of Governors of the Federal Reserve or the FDIC makes a written recommendation under Title II (Orderly Liquidation Authority) of the Dodd-Frank Wall Street Reform and Consumer Protection Act for the appointment of the FDIC as a receiver of GS Inc. based on a determination that GS Inc. is “in default” or “in danger of default.”

(x) Accounting Restatement Required Under Sarbanes-Oxley. GS Inc. is required to prepare an accounting restatement due to GS Inc.’s material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws described in Section 304(a) of Sarbanes-Oxley; *provided, however*, that your rights with respect to the Award will only be terminated to the same extent that would be required under Section 304 of Sarbanes-Oxley had you been a “chief executive officer” or “chief financial officer” of GS Inc. (regardless of whether you actually hold such position at the relevant time).

(xi) [A Loss Event Occurs. If prior to the end of the Performance Period there occurs (A) an annual pre-tax loss at GS Inc. or (B) annual negative revenues in one or more reporting segments as disclosed in the Firm’s Form 10-K other than the Investing & Lending segment, or annual negative revenues in the Investing & Lending segment of \$5 billion or more, provided in either case that you are employed in a business within such reporting segment (each, a “Loss Event”).]

(xii) [A Risk Event Occurs. Prior to the later of the last day of the Performance Period and _____, there occurs a loss of 5% or more of firmwide total capital from a reportable operational risk event determined in accordance with the firmwide Reporting Operational Risk Events Policy (a “Risk Event”).]

(xiii) [You Failed to Supervise. The Committee determines that you Failed to Supervise during the Performance Period.]

REPAYMENT OF YOUR AWARD

11. When You May Be Required to Repay Your Award.

(a) Repayment Generally. If the Committee determines that any term of this Award was not satisfied, you will be required, immediately upon demand therefor, to repay to the Firm any amounts paid to you under this Award (without reduction for any amount applied to satisfy tax withholding or other obligations in respect of such payment). In addition, if any payment is made under this Award Agreement based on materially inaccurate financial statements (which includes, but is not limited to, statements of earnings, revenues or gains) or other materially inaccurate performance criteria, you will be obligated to repay to the Firm, immediately upon demand therefor, any excess amount paid, as determined by the Committee in its sole discretion.

(b) Repayment Upon Accounting Restatement Required Under Sarbanes-Oxley. If an event described in Paragraph 10(c) (x) (relating to a requirement under Sarbanes-Oxley that GS Inc. prepare an accounting restatement) occurs, any amounts paid to you in respect of your Award will be subject to repayment in accordance with the first sentence of Paragraph 11(a), but only to the same extent that would be required under Section 304 of Sarbanes-Oxley had you been a “chief executive officer” or “chief financial officer” of GS Inc. (regardless of whether you actually hold such position at the relevant time).

(c) [Repayment if you Engage in Serious Misconduct]. If the Performance Period ends prior to _____ and you engage in Serious Misconduct during the period beginning on the last day of the Performance Period and ending on _____, then, in addition to Paragraph 10(c)(ii), any amounts paid to you in respect of your Award will be subject to repayment in accordance with the first sentence of Paragraph 11(a).]

(d) [Repayment if a Risk Event Occurs]. If the Performance Period ends prior to _____ and a Risk Event occurs during the period beginning on the last day of the Performance Period and ending on _____, then, in addition to Paragraph 10(c)(xii), any amounts paid to you in respect of your Award will be subject to repayment in accordance with the first sentence of Paragraph 11(a).]

EXCEPTIONS TO THE FORFEITURE OF YOUR AWARD

12. **Downsizing.** If (i) the Firm terminates your Employment solely by reason of a “downsizing” (and you have not engaged in conduct constituting Cause) and (ii) you execute a general waiver and release of claims and an agreement to pay any associated tax liability, in each case, in the form the Firm prescribes, then Paragraph 10(a) will not apply and your rights to your Award will not terminate if you Associate With a Covered Enterprise before the end of the Performance Period. All other terms of this Award Agreement, including the other forfeiture and repayment events in Paragraphs 10 and 11, continue to apply. Whether or not your Employment is terminated solely by reason of a “downsizing” will be determined by the Firm in its sole discretion.

OTHER TERMS, CONDITIONS AND AGREEMENTS

13. Additional Terms, Conditions and Agreements.

(a) You Must Satisfy Applicable Tax Withholding Requirements. The payment of your Award is conditioned on your satisfaction of any applicable withholding taxes in accordance with Section 6(k) of the Plan.

(b) You Agree to Certain Consents, Terms and Conditions. By accepting this Award you understand and agree that:

(i) You Agree to Certain Consents as a Condition to the Award. You have expressly consented to all of the items listed in Section 6(c)(ii) of the Plan, including the Firm’s supplying to any third-party recordkeeper of the Plan or other person such personal information of yours as the Committee deems advisable to administer the Plan, and you agree to provide any additional consents that the Committee determines to be necessary or advisable;

(ii) You Will Be Deemed to Represent Your Compliance with All the Terms of Your Award if You Accept Payment. You will be deemed to have represented and certified that you have complied with all of the terms of the Plan and this Award Agreement when you accept payment in respect of your Award;

(iii) Firm May Deliver Your Award into an Escrow Account. The Firm may establish and maintain an escrow account on such terms (which may include your executing any documents related to, and your paying for any costs associated with, such account) as it may deem necessary or appropriate, and the payment of cash or other property may initially be

delivered into and held in that escrow account until such time as the Committee has received such documentation as it may have requested or until the Committee has determined that any other conditions or restrictions on payment of cash or other property required by this Award Agreement have been satisfied;

(iv) You May Be Required to Certify Compliance with Award Terms; You Are Responsible for Providing the Firm with Updated Address and Contact Information After Your Departure from the Firm. If your Employment terminates while you continue to hold your Award, from time to time, you may be required to provide certifications of your compliance with all of the terms of the Plan and this Award Agreement as described in Paragraph 10(c)(iv). You understand and agree that (A) your address on file with the Firm at the time any certification is required will be deemed to be your current address, (B) it is your responsibility to inform the Firm of any changes to your address to ensure timely receipt of the certification materials, (C) you are responsible for contacting the Firm to obtain such certification materials if not received and (D) your failure to return properly completed certification materials by the specified deadline (which includes your failure to timely return the completed certification because you did not provide the Firm with updated contact information) will result in the forfeiture of all of your Award and subject previously delivered amounts to repayment under Paragraphs 10(c)(iv) and 11;

(v) You Must Comply with Applicable Deadlines and Procedures to Appeal Determinations Made by the Committee. In order to appeal a determination by the Committee, or any of its delegates or designees, you must submit a written request for the appeal within 180 days after receipt of any such determination. You must exhaust all administrative remedies before seeking to resolve a dispute through arbitration pursuant to Paragraph 16 and Section 6(h) of the Plan; [and]

(vi) You Agree that Covered Persons Will Not Have Liability. In addition to and without limiting the generality of the provisions of Section 2(e) of the Plan, neither the Firm nor any Covered Person will have any liability to you or any other person for any action taken or omitted in respect of this or any other Award[; and

(vii) You Will Seek Arbitration as the Sole Means of Resolution of a Dispute under Paragraphs 11(c) and 11(d). Notwithstanding any provision in the Plan, this Award Agreement or any other agreement or arrangement you may have with the Firm, you understand that to the extent that there is any dispute arising out of or relating to the payment required by Paragraphs 11(c) and 11(d) (including, in each case, your refusal to remit payment), the parties will submit to arbitration in accordance with Paragraph 16 of this Award Agreement and Section 6(h) of the Plan as the sole means of resolution of such dispute (including the recovery by the Firm of the repayment amount)].

14. **Non-transferability.** Except as otherwise may be provided in this Paragraph 14 or as otherwise may be provided by the Committee, the limitations on transferability set forth in Section 6(b) of the Plan will apply to this Award. Any purported transfer or assignment in violation of the provisions of this Paragraph 14 or Section 6(b) of the Plan will be void. The Committee may adopt procedures pursuant to which some or all recipients of Awards may (i) transfer some or all of their Award through a gift for no consideration to any immediate family member, a trust or other estate planning vehicle approved by the Committee in which the recipient and/or the recipient's immediate family members in the aggregate have 100% of the beneficial interest or (ii) specifically bequeath some or all of your Award under your will to an organization described in Sections 501(c)(3) and 2055(a) of the Code (or such other similar charitable organization as may be approved by the Committee).

15. **Right of Offset.** Except as provided in Paragraph 18(c), the obligation to make payments under this Award Agreement is subject to Section 6(l) of the Plan, which provides for the Firm's right to offset against such obligation any outstanding amounts you owe to the Firm and any amounts the Committee deems appropriate pursuant to any tax equalization policy or agreement.

ARBITRATION, CHOICE OF FORUM AND GOVERNING LAW

16. Arbitration; Choice of Forum.

(a) **BY ACCEPTING THIS AWARD, YOU ARE INDICATING THAT YOU UNDERSTAND AND AGREE THAT THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN SECTION 6(h) OF THE PLAN WILL APPLY TO THIS AWARD. THESE PROVISIONS, WHICH ARE EXPRESSLY INCORPORATED HEREIN BY REFERENCE, PROVIDE AMONG OTHER THINGS THAT ANY DISPUTE, CONTROVERSY OR CLAIM BETWEEN THE FIRM AND YOU ARISING OUT OF OR RELATING TO OR CONCERNING THE PLAN OR THIS AWARD AGREEMENT WILL BE FINALLY SETTLED BY ARBITRATION IN NEW YORK CITY, PURSUANT TO THE TERMS MORE FULLY SET FORTH IN SECTION 6(h) OF THE PLAN.**

(b) To the fullest extent permitted by applicable law, no arbitrator will have the authority to consider class, collective or representative claims, to order consolidation or to join different claimants or grant relief other than on an individual basis to the individual claimant involved.

(c) Notwithstanding any applicable forum rules to the contrary, to the extent there is a question of enforceability of this Award Agreement arising from a challenge to the arbitrator's jurisdiction or to the arbitrability of a claim, it will be decided by a court and not an arbitrator.

(d) All references to the New York Stock Exchange in Section 6(h) of the Plan will be read as references to the Financial Industry Regulatory Authority.

(e) The Federal Arbitration Act governs interpretation and enforcement of all arbitration provisions under the Plan and this Award Agreement, and all arbitration proceedings thereunder.

(f) Nothing in this Award Agreement creates a substantive right to bring a claim under U.S., Federal, state, or local employment laws.

17. Governing Law. THIS AWARD WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

CERTAIN TAX PROVISIONS

18. **Compliance of Award Agreement and Plan with Section 409A.** The provisions of this Paragraph 18 apply to you only if you are a U.S. taxpayer.

(a) This Award Agreement and the Plan provisions that apply to this Award are intended and will be construed to comply with Section 409A (including the requirements applicable to, or the conditions for exemption from treatment as, 409A Deferred Compensation), whether by reason of short-term deferral treatment or other exceptions or provisions. The Committee will have full authority to give effect to this intent. To the extent necessary to give

effect to this intent, in the case of any conflict or potential inconsistency between the provisions of the Plan (including Section 2 (b) thereof) and this Award Agreement, the provisions of this Award Agreement will govern, and in the case of any conflict or potential inconsistency between this Paragraph 18 and the other provisions of this Award Agreement, this Paragraph 18 will govern.

(b) No payment under this Award will be delayed beyond the date on which all applicable conditions or restrictions on such payment required by this Award Agreement are satisfied, and each payment will occur by the March 15 coinciding with the last day of the applicable "short-term deferral" period described in Reg. § 1.409A-1(b)(4) in order for the payment to be within the short-term deferral exception unless, in order to permit such conditions or restrictions to be satisfied, the Committee elects, pursuant to Reg. § 1.409A-1(b)(4)(i)(D) or otherwise as may be permitted in accordance with Section 409A, to delay payment to a later date within the same calendar year or to such later date as may be permitted under Section 409A, including, as described in Paragraph 19 below and Reg. § 1.409A-2(b)(7) (in conjunction with Section 6(d) of the Plan) and Reg. § 1.409A-3(d). For the avoidance of doubt, if the Award includes a "series of installment payments" as described in Reg. § 1.409A-2(b)(2)(iii), your right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment.

(c) Paragraph 15 and Section 6(l) of the Plan will not apply to Awards that are 409A Deferred Compensation except to the extent permitted under Section 409A.

(d) Payments in respect of any portion of the Award may be made, if and to the extent elected by the Committee, later than the relevant Payment Date or other date or period specified hereinabove (but, in the case of any Award that constitutes 409A Deferred Compensation, only to the extent that the later payment is permitted under Section 409A). Payments in respect of any portion of the Award may not be accelerated except to the limited extent permitted by Section 409A and in such cases in the sole discretion of the Committee (including, as set forth in Paragraph 7 and in the case of death or post-employment conflict with ethics laws or conflict of interest laws).

(e) You understand and agree that you are solely responsible for the payment of any taxes and penalties due pursuant to Section 409A, but in no event will you be permitted to designate, directly or indirectly, the taxable year of the payment.

19. Compliance of Award Agreement and Plan with Section 162(m). If you are or become considered by GS Inc. to be one of its "covered employees" within the meaning of Section 162(m), then you will be subject to Section 6(d) of the Plan, as a result of which payment may be delayed. In addition, to the extent provided in your Award Statement and, to the extent that Section 409A is applicable to you, consistent with Reg § 1.409A-2(b), the Firm may delay any Payment Date.

COMMITTEE AUTHORITY, AMENDMENT AND CONSTRUCTION

20. Committee Authority. The Committee has the authority to determine, in its sole discretion, that any event triggering forfeiture or repayment of your Award will not apply, to limit the forfeitures and repayments that result under Paragraphs 10 and 11. In addition, the Committee, in its sole discretion, may determine whether Paragraph 12 will apply upon a termination of Employment. [Without limiting any other provision of this Award Agreement, when determining whether and what portion of your Award will terminate under Paragraphs 10(c)(xi), (xii) and (xiii) and the amount subject to repayment under Paragraphs 11(c) and (d), the Committee will take into account such factors as it

determines relevant, including the reason for the Loss Event or Risk Event and the extent to which (i) you participated in the Loss Event or Risk Event, (ii) your compensation may have been adjusted to take into account the risk associated with the Loss Event, Risk Event, your Serious Misconduct or your Failure to Supervise and (iii) your compensation may be adjusted for the fiscal year in which the Loss Event, Risk Event, your Serious Misconduct or your Failure to Supervise is discovered.]

21. **Amendment.** The Committee reserves the right at any time to amend the terms of this Award Agreement, and the Board may amend the Plan in any respect; *provided that*, notwithstanding the foregoing and Sections 2(b)(vi), 2(b)(viii) and 6(a) of the Plan, no such amendment will reduce the amount of this Award or otherwise materially adversely affect your rights and obligations under this Award Agreement without your consent; and *provided further* that the Committee expressly reserves its rights to amend, modify or extend any Performance Period, amend or modify any Performance Goal or delay any Payment Date as described in Paragraphs 6 and 19, respectively, or otherwise to amend the Award Agreement and the Plan as described in Section 2(b)(viii)(1) of the Plan. A modification that impacts the tax consequences of this Award or the timing of payment will not be an amendment that materially adversely affects your rights and obligations under this Award Agreement. Any amendment of this Award Agreement will be in writing.

22. **Construction, Headings.** Unless the context requires otherwise, (i) words describing the singular number include the plural and vice versa, (ii) words denoting any gender include all genders and (iii) the words “include,” “includes” and “including” will be deemed to be followed by the words “without limitation.” The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof. References in this Award Agreement to any specific Plan provision will not be construed as limiting the applicability of any other Plan provision.

IN WITNESS WHEREOF, GS Inc. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

THE GOLDMAN SACHS GROUP, INC.

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DEFINITIONS APPENDIX

The following capitalized terms are used in this Award Agreement with the following meanings:

(a) “409A Deferred Compensation” means a “deferral of compensation” or “deferred compensation” as those terms are defined in the regulations under Section 409A.

(b) “Associate With a Covered Enterprise” means that you (i) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any Covered Enterprise or (ii) associate in any capacity (including association as an officer, employee, partner, director, consultant, agent or advisor) with any Covered Enterprise. Associate With a Covered Enterprise may include, as determined in the discretion of the Committee, (i) becoming the subject of any publicly available announcement or report of a pending or future association with a Covered Enterprise and (ii) unpaid associations, including an association in contemplation of future employment.

(c) “Award Statement” means a written statement that reflects certain Award terms.

(d) A “Covered Enterprise” means an existing or planned business enterprise that competes with the Firm (which, for this purpose means offering products or services that are the same as or similar to those offered by the Firm (“Firm Products or Services”)), or reasonably may be expected to do so. The enterprises covered by this definition include enterprises that offer Firm Products or Services directly, as well as those that do so indirectly by ownership or control (e.g., by owning, being owned by, or being under common ownership with an enterprise that offers Firm Products or Services). An enterprise will be treated as providing Firm Products or Services if, solely by way of example, it provides products or services associated with investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than you or your family members), private banking, commercial banking, merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading. A Competitive Enterprise is a Covered Enterprise. **An enterprise that offers, or may reasonably be expected to offer, Firm Products or Services is a Covered Enterprise irrespective of whether the enterprise is a customer, client or counterparty of the Firm, and, because the Firm is a global enterprise, irrespective of where the Covered Enterprise is physically located.**

(e) “Date of Grant” means the date specified in the Grantee’s Award Agreement as the date of grant of the Award.

(f) “FDIC” means the Federal Deposit Insurance Corporation or any successor thereto.

(g) “Failed to Consider Risk” means that you participated in the structuring or marketing of any product or service, or participated on behalf of the Firm or any of its clients in the purchase or sale of any security or other property, in any case without appropriate consideration of the risk to the Firm or the broader financial system as a whole (for example, where you have improperly analyzed such risk or where you have failed sufficiently to raise concerns about such risk) and, as a result of such action or omission, the Committee determines there has been, or reasonably could be expected to be, a material adverse impact on the Firm, your business unit or the broader financial system.

(h) [“Failed to Supervise” means that you are held accountable in whole or in part for a Supervised Employee’s Serious Misconduct related to compliance, control or risk that occurred during the Performance Period.]

(i) “Sarbanes Oxley” means the Sarbanes-Oxley Act of 2002, as amended.

(j) “Section 162(m)” means Section 162(m) of the Internal Revenue Code of 1986, as amended.

(k) “Section 409A” means Section 409A of the Internal Revenue Code of 1986, as amended, including any amendments or successor provisions to that Section and any regulations and other administrative guidance thereunder, in each case as they, from time to time, may be amended or interpreted through further administrative guidance.

(l) “Selected Firm Personnel” means any individual who is or in the three months preceding the conduct prohibited by Paragraph 10(b) was (i) a Firm employee or consultant with whom you personally worked while employed by the Firm, (ii) a Firm employee or consultant who, at any time during the year preceding the date of the termination of your Employment, worked in the same division in which you worked or (iii) an Advisory Director, a Managing Director or a Senior Advisor of the Firm.

(m) [“Serious Misconduct” means conduct that the Firm reasonably considers, in its sole discretion, to be misconduct sufficient to justify summary termination of employment under English law.]

(n) [“Supervised Employee” means an individual with respect to whom the Committee determines you had supervisory responsibility as a result of direct or indirect reporting lines or your management responsibility for an office, division or business.]

The following capitalized terms are used in this Award Agreement with the meanings that are assigned to them in the Plan:

(a) “Board” means the Board of Directors of GS Inc.

(b) “Committee” means the committee appointed by the Board to administer the Plan pursuant to Section 2(a) of the Plan.

(c) “Covered Person” means a member of the Board or the Committee or any employee of the Firm.

(d) “Firm” means GS Inc. and its subsidiaries and affiliates.

(e) “GS Inc.” means The Goldman Sachs Group, Inc., and any successor thereto.

The following capitalized terms are used in this Award Agreement with the meanings that are assigned to them in The Goldman Sachs Amended and Restated Stock Incentive Plan (2015):

(a) “Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in New York City are authorized or obligated by Federal law or executive order to be closed.

(b) “Cause” means (i) the Grantee’s conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge, or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations, (ii) the Grantee’s engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act), (iii) the Grantee’s willful failure to perform the Grantee’s duties to the Firm, (iv) the Grantee’s violation of any securities or commodities laws, any rules or regulations issued

pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Firm is a member, (v) the Grantee's violation of any Firm policy concerning hedging or pledging or confidential or proprietary information, or the Grantee's material violation of any other Firm policy as in effect from time to time, (vi) the Grantee's engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Firm or (vii) the Grantee's engaging in any conduct detrimental to the Firm. The determination as to whether Cause has occurred shall be made by the Committee in its sole discretion and, in such case, the Committee also may, but shall not be required to, specify the date such Cause occurred (including by determining that a prior termination of Employment was for Cause). Any rights the Firm may have hereunder and in any Award Agreement in respect of the events giving rise to Cause shall be in addition to the rights the Firm may have under any other agreement with a Grantee or at law or in equity.

(c) "Change in Control" means the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving GS Inc. (a "Reorganization") or sale or other disposition of all or substantially all of GS Inc.'s assets to an entity that is not an affiliate of GS Inc. (a "Sale"), that in each case requires the approval of GS Inc.'s shareholders under the law of GS Inc.'s jurisdiction of organization, whether for such Reorganization or Sale (or the issuance of securities of GS Inc. in such Reorganization or Sale), unless immediately following such Reorganization or Sale, either: (i) at least 50% of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of (A) the entity resulting from such Reorganization, or the entity which has acquired all or substantially all of the assets of GS Inc. in a Sale (in either case, the "Surviving Entity"), or (B) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, as such Rule is in effect on the date of the adoption of the 1999 SIP) of 50% or more of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the Surviving Entity (the "Parent Entity") is represented by GS Inc.'s securities (the "GS Inc. Securities") that were outstanding immediately prior to such Reorganization or Sale (or, if applicable, is represented by shares into which such GS Inc. Securities were converted pursuant to such Reorganization or Sale) or (ii) at least 50% of the members of the board of directors (or similar officials in the case of an entity other than a corporation) of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) following the consummation of the Reorganization or Sale were, at the time of the Board's approval of the execution of the initial agreement providing for such Reorganization or Sale, individuals (the "Incumbent Directors") who either (A) were members of the Board on the Effective Date or (B) became directors subsequent to the Effective Date and whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of GS Inc.'s proxy statement in which such persons are named as nominees for director).

(d) "Client" means any client or prospective client of the Firm to whom the Grantee provided services, or for whom the Grantee transacted business, or whose identity became known to the Grantee in connection with the Grantee's relationship with or employment by the Firm.

(e) "Competitive Enterprise" means an existing or planned business enterprise that (i) engages, or may reasonably be expected to engage, in any activity, (ii) owns or controls, or may reasonably be expected to own or control, a significant interest in or (iii) is, or may reasonably be expected to be, owned by, or a significant interest in which is, or may reasonably be expected to be, owned or controlled by, any entity that engages in any activity that, in any case, competes or will compete anywhere with any activity in which the Firm is engaged. The activities covered by this definition include, without limitation, financial services such as investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than the Grantee and members of the Grantee's family), merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading.

(f) "Employment" means the Grantee's performance of services for the Firm, as determined by the Committee. The terms "employ" and "employed" shall have their correlative meanings. The Committee in its sole discretion may determine (i) whether and when a Grantee's leave of absence results in a termination of Employment (for this purpose, unless the Committee determines otherwise, a Grantee shall be treated as terminating Employment with the Firm upon the occurrence of an Extended Absence), (ii) whether and when a change in a Grantee's association with the Firm results in a termination of Employment and (iii) the impact, if any, of any such leave of absence or change in association on Awards theretofore made. Unless expressly provided otherwise, any references in the Plan or any Award Agreement to a Grantee's Employment being terminated shall include both voluntary and involuntary terminations.

(g) "Grantee" means a person who receives an Award.

(h) "Solicit" means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

(i) "Vested" means, with respect to an Award, the portion of the Award that is not subject to a condition that the Grantee remain actively employed by the Firm in order for the Award to remain Outstanding. The fact that an Award becomes Vested shall not mean or otherwise indicate that the Grantee has an unconditional or nonforfeitable right to such Award, and such Award shall remain subject to such terms, conditions and forfeiture provisions as may be provided for in the Plan or in the Award Agreement.

The Goldman Sachs Group, Inc.
SIGNATURE CARD FOR _____ AWARDS
AND CONSENT TO RECEIVE ELECTRONIC DELIVERY

**IMPORTANT: PLEASE REVIEW, EXECUTE AND RETURN THIS FORM TO: EQUITY COMPENSATION
(DIVISION OF HCM), 200 WEST STREET, 26TH FLOOR, NEW YORK, NY 10282.**

**YOU MUST PROPERLY EXECUTE THIS FORM TO ACKNOWLEDGE ACCEPTANCE OF THE TERMS AND
CONDITIONS OF YOUR AWARD(S) AND RELATED MATTERS.**

I. I have received and agree to be bound by The Goldman Sachs Amended and Restated Stock Incentive Plan (2015) (the "SIP") and the Award Agreement(s) applicable to me in connection with the _____ Award(s) (the "Award(s)") that I have been granted by the Firm (as defined in the SIP). I confirm that I am accepting the Award(s) subject to the terms and conditions contained in the SIP, the Award Agreement(s), and this signature card (the "Signature Card"), including, but not limited to, the requirement that certain disputes be decided through arbitration in New York City and be governed by New York law. For the avoidance of doubt, references to a "share" or "Share" herein mean a share of the common stock of The Goldman Sachs Group, Inc. ("GS Inc.") and, where applicable, deliveries of cash or other property in lieu thereof.

As a condition of this grant, I understand that the Award(s) (as well as any other award that the Firm may grant to me under the SIP) is/are subject to other governing law provisions (as outlined in this Signature Card, in the current or otherwise then current Award Summary (as defined below) or otherwise as may be required under applicable law) and, as a condition to receiving such awards, I agree to be bound thereby. I also understand that the Firm may grant to me other awards under the SIP that also may contain (among other terms and conditions) arbitration and other governing law provisions and, as a condition to receiving such awards, I agree to be bound thereby. As a condition of this grant, I agree to provide upon request an appropriate certification regarding my U.S. tax status on Form W-8BEN, Form W-9, or other appropriate form, and I understand that failure to supply a required form may result in the imposition of backup withholding on certain payments I receive pursuant to this grant.

I understand and acknowledge that I am agreeing to arbitrate all claims relating to the SIP in accordance with the arbitration procedure set forth in the SIP and the Award Agreement(s). If I am employed in the U.S. or if I am otherwise subject to U.S. Federal, State, or local employment laws, I further agree to arbitrate, in accordance with the SIP-related arbitration procedure and to the fullest extent permitted by law, all claims arising out of or relating to my employment with the Firm or the termination thereof, or otherwise concerning any rights, obligations or other aspects of my employment relationship with the Firm (collectively, "Employment-Related Matters"). I agree that all provisions in the SIP (specifically Section 3.17 thereof) and any applicable Award Agreements that relate to arbitration and SIP-related dispute resolution (including without limitation the provisions concerning New York choice of law and New York City choice of forum) shall be applicable to resolution of disputes concerning Employment-Related Matters; provided, however, that Employment-Related Matters that do not relate to the SIP need not be presented to the Committee or the SIP Committee (each, as defined in the SIP) prior to being submitted to arbitration. None of the SIP, the Award Agreement(s), or this Signature Card includes an agreement to arbitrate claims (whether they are claims relating to Employment-Related Matters or otherwise) on a collective, class or representative basis. I explicitly agree that, to the fullest extent permitted by applicable law, no arbitrator shall have the authority to consider class, collective or representative claims, to order consolidation or to join different claimants or grant relief other than on an individual basis to the individual claimant involved and that, notwithstanding any applicable forum rules to the contrary, to the extent there is a question of enforceability of this agreement arising from a challenge to the arbitrator's jurisdiction or to the arbitrability of a claim, it shall be decided by a court and not an arbitrator. I also understand and agree that all references to the New York Stock Exchange in Section 3.17 of the SIP shall be read as references to the Financial Industry Regulatory Authority and that, for the avoidance of doubt, the Federal Arbitration Act governs interpretation and enforcement of all arbitration provisions under the SIP and this Signature Card, and all arbitration proceedings thereunder. I understand and agree that nothing herein creates a substantive right to bring a claim under U.S. Federal, State, or local employment laws. To the extent that I have entered into any prior agreement with the Firm requiring me to arbitrate certain claims, including Employment Related Matters, I understand and agree to continue to be bound by my obligation to arbitrate all such claims, including, but not limited to, under any agreement in connection with my receipt of year-end equity awards in prior years.

I irrevocably grant full power and authority to GS Inc. to register in its name, or that of any designee, any and all Restricted Shares (as defined in the applicable Award Agreement), Shares at Risk (as defined in the applicable Award Agreement) or other shares of GS Inc. common stock that have been or may be delivered to me subject to transfer restrictions or forfeiture provisions, and I irrevocably authorize GS Inc., or its designee, to sell, assign or transfer such shares to GS Inc. or such other persons as it may determine in the event of a forfeiture of such shares pursuant to any agreement with GS Inc.

Further, as a condition of this grant, if I am a person who has worked in the United Kingdom at any time during the earnings period relating to any award under the SIP, as determined by the Firm, when requested and as directed by the Firm, I will agree to a Joint Election under s431 ITEPA 2003 of the laws of the United Kingdom for full or partial disapplication of Chapter 2 Income Tax (Earnings and Pension) Act 2003 under the laws of the United Kingdom and will sign and return such election in respect of all future deliveries of Shares underlying the Award(s) and any previous grants made to me under the SIP and understand that the Firm intends to meet its delivery obligations in Shares with respect to my Award(s), except as may be prohibited by law or described in the accompanying Award Agreement(s) or supplementary materials.

If I have worked in Switzerland at any time during the earnings period relating to the Award(s) granted to me as determined by the Firm, (i) I acknowledge that my Award(s) are subject to tax in accordance with the rulings and method of calculation of taxable values to be agreed by the Firm with the Federal and/or Zurich/Geneva cantonal/communal tax authorities or as otherwise directed by the Firm, and (ii) I hereby agree to be bound by any rulings agreed by the Firm in respect of any Award(s), which is expected to result in taxation at the time of delivery of Shares, and (iii) I undertake to declare and make a full and accurate income tax declaration in respect of my Award(s) in accordance with the above ruling or as directed by the Firm.

2. I have read and understand the Firm's "Notice Periods for Recipients of Year-End Equity-Based Awards" policy (the "Notice Policy") available through the HR Workways® link on GSWeb or as otherwise provided to me, pursuant to which I am required to provide certain specified advance notice of my intent to leave employment with the Firm. By executing this form, I am agreeing to be bound by the Notice Policy as in effect from time to time and, where applicable, am agreeing to a permanent change in the terms and conditions of my employment. I agree to this change in consideration of my continued employment with the Firm and the Firm's offer of the Award(s). I understand that the Notice Policy requires me, among other things, to provide my employing entity with advance written notice of my intention to leave employment with the Firm as follows:

- In the Americas: 60 days in advance of my termination date;
- In Europe, the Middle East, Africa and India: 90 days in advance of my termination date; and
- In Japan and Asia Ex-Japan (including Australia and New Zealand and excluding India): 90 days in advance of my termination date if I am a Vice President or an Executive Director; 60 days in advance of my termination date in all other cases.

If, under local law or my contract of employment (for example, a Managing Director Agreement), I have a notice requirement that is longer than those specified above, I understand that the longer notice period will apply. I also understand that if my employment is subject to a probation period, the Notice Policy applies only if notice of termination is given after the probation period has ended.

I understand that if I fail to comply in any respect with the Notice Policy, I will have failed to meet an obligation I have under an agreement with the Firm, as a result of which the Firm may have certain legal and equitable rights and remedies, including, without limitation, forfeiture of the Award(s) and any other awards granted to me under the SIP. The Firm may forfeit such Award(s) for violation of the Notice Policy irrespective of whether this agreement constitutes a legally recognized permanent change to my terms and conditions of employment, and irrespective of whether applicable law permits me to make a payment in lieu of notice. In addition, the Firm may seek an order or injunction from a court or arbitration panel to stop a breach and may also seek other permissible remedies. The Firm may hold me personally liable for any damages it suffers as a result of the breach.

This agreement concerning my notice period is being made for and on behalf of my Goldman Sachs employing entity, and implementation of the Notice Policy does not create an employment relationship between me and GS Inc.

3. I have read and understand the Firm's hedging and pledging policies (including, without limitation, the Firm's "Policies With Respect to Transactions Involving GS Shares, Equity Awards and GS Options by Persons Affiliated with GS Inc."), and agree to be bound by them (with respect to the Award(s) and any prior awards under the SIP), both during and following my employment with the Firm.

4. As a condition to this grant, I agree to open and activate any brokerage, trust, sub-trust, custody or similar account (an "Account"), as required or approved by the Firm in its sole discretion. I agree to access, review, execute and be bound by any agreements that govern any such Account, including any provisions that provide for the applicable restrictions on transfers, pledges and withdrawals of Shares, permitting the Firm to monitor any such Account, and the limitations on the liability of the party (which may not be affiliated with the Firm) providing the Account and the Firm. I understand and agree that the Firm may direct the transfer of securities, cash or other assets in my Account to the Firm in connection with any indebtedness or any other obligation that I have to the Firm, as determined by the Firm in its sole discretion, however such obligation may have arisen. I also agree to open an Account with any other custodian, broker, trustee, transfer agent or similar party selected by the Firm, if the Firm, in its sole discretion, requires me to open an account with such custodian, broker, trustee, transfer agent or similar party as a condition to delivery of Shares underlying the Award(s).

5. If the Firm advanced or loaned me funds to pay certain taxes (including income taxes and Social Security, or similar contributions) in connection with the Award(s) (or does so in the future), and if I have not signed a separate loan agreement governing repayment, I authorize the Firm to withhold from my compensation any amounts required to reimburse it for any such advance or loan to the extent permitted by applicable law.

I understand and agree that, if I leave the Firm, I am required immediately to repay any outstanding amount. I further understand and agree that the Firm has the right to offset, to the extent permitted by the Award Agreement and applicable law (including Section 409A of the U.S. Internal Revenue Code of 1986, as amended, which limits the Firm's ability to offset in the case of United States taxpayers under certain circumstances), any outstanding amounts that I then owe the Firm against its delivery obligations under the Award(s), against any obligations to remove restrictions and/or other terms and conditions in respect of any Restricted Shares or Shares at Risk (each as defined in the applicable Award Agreement) or against any other amounts the Firm then owes me, including payments of dividends or dividend equivalent payments. I understand that the delivery of Shares pursuant to the Award(s) is conditioned on my satisfaction of any applicable taxes or Social Security contributions (collectively referred to as "tax" or "taxes" for purposes of the SIP and all related documents) in accordance with the SIP. To the extent permitted by applicable law, the Firm, in its sole discretion, may require me to provide amounts equal to all or a portion of any Federal, State, local, foreign or other tax obligations imposed on me or the Firm in connection with the grant, vesting or delivery of the Award(s) by requiring me to choose between remitting such amount (i) in cash (or through payroll deduction or otherwise), (ii) in the form of proceeds from the Firm's executing a sale of Shares delivered to me pursuant to the Award(s) or (iii) as otherwise permitted in the Award Agreement(s). However, in no event shall any such choice or the choice specified in paragraph 6, below, determine, or give me any discretion to affect, the timing of the delivery of Shares or payment of tax obligations.

6. If I am an individual with separate employment contracts (at any time during and/or after _____), I acknowledge and agree that the Firm may, in its sole discretion, require (to the extent permitted by applicable law) that I provide for a reserve in an amount the Firm determines is advisable or necessary in connection with any actual, anticipated or potential tax consequences related to my separate employment contracts by requiring me to choose between remitting such amount (i) in cash (or through payroll deductions or otherwise) or (ii) in the form of proceeds from the Firm's executing a sale of Shares delivered to me pursuant to the Award(s) (or any other of my awards outstanding under the SIP).

7. In connection with any Award Agreement or other interest I may receive in the SIP or any Shares that I may receive in connection with the Award(s) or any award I have previously received or may receive, or in connection with any amendment or variation thereof or any documents listed in paragraph 8, I hereby consent to (a) the acceptance by me of the Award(s) electronically, (b) the giving of instructions in electronic form whether by me or the Firm, and (c) the receipt in electronic form at my email address maintained at Goldman Sachs or via Goldman Sachs' intranet site (or, if I am no longer employed by the Firm, at such other email address as I may specify, or via such other electronic means as the Firm and I may agree) all notices and information that the Firm is required by law to send to me in connection therewith including, without limitation, any document (or part thereof) constituting part of a prospectus covering securities that have been registered under the U.S. Securities Act of 1933, the information contained in any such document and any information required to be delivered to me under Rule 428 of the U.S. Securities Act of 1933, including, for example, the annual report to security holders or the annual report on Form 10-K of GS Inc. for its latest fiscal year, and that all prior elections that I may have made relating to the delivery of any such document in physical form are hereby revoked and superseded. I agree to check Goldman Sachs' intranet site (or, if I am no longer employed by the Firm, such other electronic site as notified to me by the Firm) periodically as I deem appropriate for any new notices or information concerning the SIP. I understand that I am not required to consent to the receipt of such documents in electronic form in order to receive the Award(s) and that I may decline to receive such documents in electronic form by contacting Equity Compensation (division of HCM), 200 West Street, 26th Floor, New York, NY 10282, telephone (212) 357-1444, which will provide me with hard copies of such documents upon request. I also understand that this consent is voluntary and may be revoked at any time on three business days' written notice.

8. I hereby acknowledge that I have received in electronic form in accordance with my consent in paragraph 7 the following documents:

- The Goldman Sachs Amended and Restated Stock Incentive Plan (2015);
- Summary of The Goldman Sachs Amended and Restated Stock Incentive Plan (2015);
- The _____ Annual Report for The Goldman Sachs Group, Inc.;
- The annual report on Form 10-K for The Goldman Sachs Group, Inc. for the fiscal year ended December 31, _____;
- The Award Agreement(s); and
- Summaries of the Award(s) ("Award Summary").

9. I expressly authorize any appropriate representative of the Firm to make any notifications, filings or remittances of funds that may be required in connection with the SIP or otherwise on my behalf. Further, if I am an employee who is resident in South Africa at a relevant time, by accepting my Award(s), I expressly authorize any appropriate representative of the Firm to make any required notification on my behalf to the Financial Surveillance Department of the South African Reserve Bank (or its authorized dealer) in relation to my participation in the SIP and to any acquisition of Shares for no consideration under the SIP or other similar filing that may otherwise be required in South Africa. I acknowledge that any such authorization is effective from the date of acceptance of my Award(s) until such time as I expressly revoke the authorization by written notice to any appropriate representative of the Firm. I understand that this authorization does not create any obligation on the Firm to deal with any such notifications, filings or remittances of funds that I may be required to make in connection with the SIP and I accept full responsibility in this regard.

10. The granting of the Award(s), the delivery of the underlying Shares and any subsequent dividends or dividend equivalent payments, and the receipt of any proceeds in connection with the Award(s) may result in legal or regulatory requirements in some jurisdictions. I understand and agree that it is my responsibility to ensure that I comply with any legal or regulatory requirements in respect of the Award(s).

11. I confirm that I have filed all tax returns that I am required to file and paid all taxes I am required to pay with respect to awards previously granted to me by the Firm, and I agree, with respect to both the Award(s) as well as awards previously granted to me by the Firm, to file all tax returns I am required to file in connection with the Award(s) and any sales of any Shares or other property delivered pursuant to the Award(s) and to pay all taxes I am required to pay.

12. The goodwill associated with the relationships between the Firm and its clients and prospective clients is a valuable asset of the Firm that is built and preserved through the combined services and efforts of the Firm and all of its personnel. The Firm provides its employees with a unique platform of financial products and services, confidential and proprietary information, professional training, access to specialized expertise, research, analytical, operational, and business development support, travel and entertainment expenses and other valuable resources to build and enhance the goodwill associated with the relationships between the Firm and its clients, as well as to foster and establish such relationships with prospective clients. Accordingly, I acknowledge and agree that (i) because the Firm contributes valuable resources to build and enhance client relationships, including those for which I provide services, it has a legitimate and essential business interest in protecting the goodwill associated with those relationships; (ii) by my continued employment, I confirm that I have assigned and will assign to the Firm all goodwill I have developed or will develop with persons or entities with whom I interact while at the Firm and/or who are or will become clients or prospective clients of the Firm in connection with my employment with the Firm, even if I did business with such persons or entities prior to joining the Firm; and (iii) while at the Firm I do not have and will not acquire any property, proprietary, contractual or other legal right or interest whatsoever in or to any client or prospective client with whom I interact or conduct business while employed by the Firm or (except to the extent otherwise provided in a written agreement between the Firm and me that governs my compensation) to any current or prospective revenues associated with such client or prospective client (all such interests being referred to herein as "Intangible Interests"). For the avoidance of doubt, I am hereby assigning all Intangible Interests to the Firm. I acknowledge and agree that my compensation during the term of my employment with the Firm is adequate financial consideration in this regard, and that no further consideration is necessary (including in respect of obligations applicable to me after my employment with the Firm has ended).

Consent to Data Collection, Processing and Transfers:

I understand and agree that in connection with the SIP and any other Firm benefit plan (the "Programs"), to the extent permitted under the laws of the applicable jurisdiction, the Firm may collect, process, transfer/transmit (internationally), and use various data that is personal to me, including but not limited to my name, address, work location, hire date, Social Security or Social Insurance or taxpayer identification number (required for tax purposes), type and amount of SIP or other benefit plan award, citizenship or residency (required for tax purposes) and other similar information reasonably necessary for the administration of such Programs (collectively referred to as "Information") and provide such Information to its affiliates, Computershare Limited and its affiliates (collectively "Computershare") and Fidelity Stock Plan Services, LLC, Fidelity Personal Trust Company, FSB and any of their affiliates (collectively "Fidelity") or any other service provider, whether in the United States or elsewhere, as is reasonably necessary for the administration of the Programs and under the laws of these jurisdictions. I understand that, in certain circumstances where required by law, foreign courts, law enforcement agencies or regulatory agencies may be entitled to access the Information. I understand that, unless I explicitly authorize otherwise, the Firm, its affiliates and its service providers (through their respective employees in charge of the relevant electronic and manual processing) will collect, process, transfer/transmit (internationally), and use this Information only for purposes of administering the Programs. I understand that, in the United States and in other countries to which such Information may be transferred for the administration of the Programs, the level of data protection is not equivalent to data protection standards in the member states of the European Economic Area, Switzerland, Canada or certain Canadian provinces or my home country. If I am employed in Monaco or Spain, I have also read the text in bold in the respective Monaco or Spain legal notice below in conjunction with this Consent to Data Collection, Processing and Transfers clause and I

understand that such text forms part of this clause and that in the event of any inconsistency such text shall prevail over this clause. I understand that, upon request to Equity Compensation (division of HCM), 200 West Street, 26th Floor, New York, NY 10282, telephone (212) 357-1444, email EquityCompensation@ny.email.gs.com, to the extent required under the laws of the applicable jurisdiction, I may have access to and obtain communication of the Information and may exercise any of my rights in respect of such Information, in each case free of charge, including objecting to the collecting, processing, (international) transfer/transmission, and any use of the Information and requesting that the Information be updated or corrected (if wrong), completed or clarified (if incomplete or equivocal), or erased (if cannot legally be collected or kept). Upon request, to the extent required under the laws of the applicable jurisdiction, Equity Compensation (division of HCM) will also provide me, free of charge, with a list of all the service providers used in connection with the Programs at the time of request. I understand that there is no legal obligation for me to provide the Firm with the Information and any Information is provided at my own will and consent. I understand that, if I refuse to authorize the collecting, processing, use and (international) transfer/transmission of the Information consistent with the above, I may not benefit from the Programs. I authorize the collecting, processing, use and (international) transfer/transmission of the Information consistent with the above for the period of administration of the Programs. In particular, I authorize (within the limits described above): (i) the data processing by the Firm (which means GS Inc. and any of its subsidiaries and affiliates); (ii) the data processing by Fidelity or Computershare; (iii) the data processing by the Firm's other service providers; and (iv) the data transfer to the United States and other countries, as described above for the purposes set forth herein. A list of the Firm's international offices and countries to which data that is personal to me can be transferred is set forth at <http://www2.goldmansachs.com/who-we-are/locations/index.html>. I further acknowledge that the Information may be retained by the aforementioned persons beyond the period of administration of the Programs to the extent permitted under the laws of the applicable jurisdiction and I so authorize.

FOR ALL NON-U.S. EMPLOYEES

By accepting (whether expressly or by implication) any benefit granted to you by GS Inc., including without limitation your Award (s), you acknowledge and agree to each of the following:

- **Country-Specific Legal Notices:** You have read the country-specific legal notices below that pertain to your place of employment and/or residence (and also the location of your employer, if different), if any, and understand that they apply throughout the term of your Award(s).
- **No Public Offer:** Awards under the SIP and the Firm's other compensation and benefit programs are strictly limited to eligible participants and are not intended to constitute a public offer in any jurisdiction, nor intended for registration in any jurisdiction outside of the U.S. You should keep all Award-related documents confidential and you may not reproduce, distribute or otherwise make public any part of such documents without GS Inc.'s express written consent. If you have received any such documents and you are not the intended recipient, please disregard and destroy them.
- **Transferability:** Any provisions permitting transfers to a third party in the Award documents will not apply to you (i) to the extent that the applicability of those provisions would affect the availability of relevant exemptions or tax favorable treatment, or (ii) otherwise in circumstances determined by the Firm in its sole discretion from time to time.
- **Adequate Information:** You acknowledge that you (i) have been provided with all relevant information and materials with respect to the Firm's operations and financial conditions and the terms and conditions of your Award(s), (ii) have read and understood such information and materials, (iii) are fully aware and knowledgeable of the terms and conditions of your Award(s), and (iv) completely and voluntarily agree to the terms and conditions of your Award(s).
- **Independent Advice Recommended:** The information provided by the Firm or its service providers in respect of an Award does not take into account the individual circumstances of recipients and does not constitute investment advice. Awards under the SIP involve certain risks and you should exercise caution. The Firm recommends that you consult your own independent legal, financial and tax advisors in all cases, and you acknowledge that you are provided with adequate opportunity to do so.
- **No Employer Involvement:** Except to the extent required by applicable law, all Awards are offered, issued and administered by GS Inc., a Delaware corporation, and your employer is not involved in the grant of your Award(s) or any other GS Inc. equity compensation. All documents related to the Awards, including the SIP, the Award Agreement, this Signature Card and the link by which you access these documents, are originated and maintained in the United States.
- **No Effect on Employment-Related Rights:** Any compensation you receive (even on a regular and repeated basis) in connection with the SIP is discretionary and does not constitute part of your base or normal salary or wages. It does not affect your rights and obligations under the terms of your employment and it will not be taken into account (except to the extent otherwise required by applicable law) in determining any other employment-related rights you may have, including without limitation rights in relation to severance, redundancy or end-of-service payments, bonuses, long-service awards,

pension or retirement benefits. In particular you waive any and all rights to compensation or damages in consequence of the termination of your employment for any reason whatsoever insofar as those rights arise or may arise from your ceasing to have rights under, or be entitled to receive payment in respect of, the SIP as a result of such termination, or from the loss or diminution in value of such rights or entitlements. This waiver applies whether or not such termination amounts to wrongful or unfair dismissal.

- **No Additional Entitlements:** The grant of an Award is strictly discretionary and voluntary and neither this Award (even if Award grants are made to you on a regular and repeated basis) nor your employment contract implies any expectation or right in relation to (i) the grant of any Award or similar compensation in the future, (ii) the terms, conditions and amount of any Award or similar compensation that GS Inc. may decide to grant in future, or (iii) continued employment in connection with any Award.
- **Translations:** The official Award documents (including contracts and communications) are in the English language. You are responsible for ensuring that you fully understand these documents. The English version of the documents will always prevail in the event of any inconsistency with translated or interpreted documents.
- **Severability:** If any provision (in whole or in part) of this Signature Card or the other Award documents is to any extent illegal, otherwise invalid, or incapable of being enforced, that provision will be excluded to the extent (only) of such invalidity or unenforceability. All other provisions will remain in full effect and, to the extent possible, the invalid or unenforceable provision will be deemed replaced by a provision that is valid and enforceable and that comes closest to expressing the intention of such invalid or unenforceable provision.

[NON-COMPETITION AND NON-SOLICITATION RESTRICTIONS FOR EMPLOYEES PROVIDING SERVICES IN ASIA

In addition to and without limiting any provisions in the SIP or the applicable Award Agreement(s) (including without limitation the Award vesting, delivery, forfeiture, termination or repayment provisions) unless provided otherwise in the Restrictions, if I am providing services to the Firm in Asia or to BGH, in view of my importance to the Firm and/or BGH, I hereby agree to and acknowledge the following:

(a) I hereby agree that the Firm or BGH would likely suffer significant harm from me competing with the Firm or BGH for some period of time after my employment ends. Accordingly, I hereby agree that I will not, without the written consent of the Firm or BGH, during the Restricted Period in the Geographic Area:

(i) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any Covered Competitive Enterprise; or

(ii) associate (including, but not limited to, association as an officer, employee, partner, director, consultant, agent or advisor) with any Covered Competitive Enterprise and in connection with such association engage in, or directly or indirectly manage or supervise personnel engaged in, any activity:

A. which is similar or substantially related to any activity in which I was engaged, in whole or in part, at the Firm or BGH,

B. for which I had direct or indirect managerial or supervisory responsibility at the Firm or BGH, or

C. which calls for the application of the same or similar specialized knowledge or skills as those utilized by me in my activities with the Firm or BGH,

at any time during the one-year period immediately prior to the end of the Asia Service Period, and, in any such case, irrespective of the purpose of the activity or whether the activity is or was in furtherance of advisory, agency, proprietary or fiduciary business of either the Firm or BGH or the Covered Competitive Enterprise.

(By way of example only, this provision precludes an “advisory” investment banker from joining a leveraged-buyout firm, a research analyst from becoming a proprietary trader or joining a hedge fund, or an information systems professional from joining a management or other consulting firm and providing information technology consulting services or advice to any Covered Competitive Enterprise, in each case without the written consent of the Firm or BGH.)

(b) I hereby agree that during the Restricted Period, I will not, in any manner, directly or indirectly, (1) Solicit a Covered Client to transact business with a Covered Competitive Enterprise or to reduce or refrain from doing any business with the Firm or BGH, or (2) interfere with or damage (or attempt to interfere with or damage) any relationship between the Firm or BGH and a Covered Client.

(c) I hereby agree that during the Restricted Period, I will not, in any manner, directly or indirectly:

(i) Solicit any Covered Personnel to resign from the Firm or BGH or to apply for or accept employment, consultancy, partnership, membership or similar status with a Covered Competitive Enterprise;

(ii) hire or participate in the hiring of any Covered Personnel (whether as an employee, consultant, or otherwise) by a Covered Competitive Enterprise;

(iii) participate in the decision to offer Covered Personnel employment, consultancy, admission into partnership, membership or similar status with a Covered Competitive Enterprise; or

(iv) participate in the identification of Covered Personnel for potential hiring, consultancy or admission into partnership, membership or similar status with a Covered Competitive Enterprise.

I acknowledge that I will have violated this provision if, during the Restricted Period, any Covered Personnel are Solicited, hired, made a consultant or are accepted into partnership, membership or similar status:

(i) by any Covered Competitive Enterprise which I form, which bears my name, or in which I am a partner, a member or have similar status, or in which I possess or control a greater than de minimis equity ownership, voting or profit participation; or

(ii) by any Covered Competitive Enterprise, and I have, or are intended to have, direct or indirect managerial or supervisory responsibility for such Covered Personnel.

(d) I acknowledge and agree that these Restrictions form part of my terms and conditions of employment. I also acknowledge and agree that these Restrictions supersede any part of any other agreement (which, for the avoidance of doubt, excludes the SIP and the Award Agreement(s)), written or oral, that I am subject to in respect of the same subject matter unless I am notified in writing to the contrary.

(e) Prior to accepting employment with any other person or entity during the Restricted Period, I will provide any prospective employer with written notice of the Restrictions with a copy containing the prospective employer's name and contact information delivered simultaneously to the Firm.

(f) I understand that the Restrictions may limit my ability to earn a livelihood in a business similar to the business of the Firm or BGH. I acknowledge that a violation on my part of any of the Restrictions would cause immeasurable and irreparable damage to the Firm or BGH. Accordingly, I agree that the Firm and/or BGH will be entitled to injunctive relief in any court of competent jurisdiction for any actual or threatened violation of any of the Restrictions in addition to any other remedies it or they may have. In the event that I violate any of the Restrictions, I acknowledge that the Restricted Period shall automatically be extended by the period of time that I was in violation of the said Restriction(s). I also acknowledge that a violation of any of the Restrictions would constitute my failure to meet an obligation I have under an agreement between me and the Firm that was entered into in connection with my employment with the Firm and/or BGH, may be detrimental to the Firm and/or BGH and would constitute "Cause" for purposes of any equity-based awards granted to me by the Firm and/or BGH and will result in my forfeiting such equity-based awards.

(g) If any provision (or part of a provision) of the Restrictions is held by a court of competent jurisdiction to be invalid, illegal or unenforceable (whether in whole or in part), such provision will be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining such provisions will not be affected thereby; provided, however, that if any of the Restrictions are held by a court of competent jurisdiction to be invalid, illegal or unenforceable because it exceeds the maximum time period such court determines is acceptable to permit such provision to be enforceable, such Restrictions will be deemed to be modified to the minimum extent necessary to modify such time period in order to make such provision enforceable hereunder.

(h) The promises contained in the Restrictions are provided by me for the benefit of each Firm entity and BGH and I acknowledge and agree that each such entity may independently enforce the Restrictions against me. Any benefit that I give or am deemed to have given by virtue of the Restrictions is received jointly and severally by each Firm entity (including, for the avoidance of doubt, any Firm entity to which I provide services from time to time) and BGH.

(i) For the purposes of the Restrictions, GS Inc. enters into the SIP and Award Agreement(s) applicable to me in connection with the Award(s) in its own capacity and as agent for each other Firm entity and BGH. The consideration for the promises in these Restrictions is given to me by GS Inc. on its own behalf and on behalf of each other Firm entity (including, for the avoidance of doubt, any Firm entity to which I provide services from time to time) and BGH.

(j) I acknowledge that the Restrictions set out in this clause are reasonable and necessary for the protection of the legitimate interests of the Firm and/or BGH, and that, having regard to those interests, such restrictions do not impose an unreasonable burden on me.

(k) The Restrictions shall remain in full force and effect and survive the termination of my employment for any reason whatsoever.

(l) If I am subject to the Non-Competition and Non-Solicitation Agreement for Select Employees in the Equities Division, or a Managing Director subject to a Goldman Sachs Group, Inc. Managing Director Agreement, the Restrictions shall not apply to me.

(m) If I am a Private Wealth Management employee subject to an Employee Agreement Regarding Confidential and Proprietary Information and Materials and Non-Solicitation, I will be subject to the restrictions contained in clause (a) of the Restrictions but will not be subject to the restrictions contained in clauses (b) and (c) of the Restrictions. Nothing in the Restrictions will affect the operation of the Employee Agreement Regarding Confidential and Proprietary Information and Materials and Non-Solicitation.

(n) For the purposes of the Restrictions only, the following terms have the following meanings:

“Asia” means each state and territory in Australia, Brunei, Hong Kong SAR, India, Indonesia, Japan, Korea, Labuan, Macau SAR, Malaysia, Mongolia, New Zealand, Papua New Guinea, the Philippines, the PRC, Singapore, Taiwan, Thailand and Vietnam.

“Asia Service Period” means the period during which I am located in Asia and contracted to provide services to a member of the Firm in Asia or BGH. For the avoidance of doubt, the Asia Service Period does not end when I transfer to another member of the Firm in Asia or BGH.

“BGH” means Beijing Gao Hua Securities Company Limited, its subsidiaries and affiliates, and its or their respective successors.

“Covered Client” means any client or prospective client of the Firm or BGH (i) to whom I provided services in the one year period immediately prior to the end of the Asia Service Period, or (ii) for whom I transacted business in the one year period immediately prior to the end of the Asia Service Period, or (iii) whose identity became known to me in connection with my relationship with or employment by the Firm or BGH in the one year period immediately prior to the end of the Asia Service Period and with respect to whom I had access to confidential information.

“Covered Competitive Enterprise” means a business enterprise that (i) engages in any activity, or (ii) owns or controls a significant interest in any entity that engages in any activity that, in either case, competes anywhere with any activity in which the Firm or BGH is engaged. The activities covered by the previous sentence include, without limitation, financial services such as investment banking, public or private finance, lending, financial advisory services, private investing (for anyone other than me and members of my family), merchant banking, asset or hedge fund management, insurance or reinsurance underwriting or brokerage, property management, or securities, futures, commodities, energy, derivatives or currency brokerage, sales, lending, custody, clearance, settlement or trading.

“Covered Extended Absence” means my absence from active employment for at least 180 days in any 12-month period as a result of my incapacity due to mental or physical illness, as determined by the Firm or BGH (as applicable).

“Covered Personnel” means any Firm or BGH employee or consultant with whom I had material contact or dealings in the one year period immediately prior to the end of the Asia Service Period or in relation to whom I had access to confidential information.

“Effective Date” means (i) if the termination is for cause or Covered Extended Absence, the date on which such termination occurs; or (ii) if I repudiate my employment contract, the date of repudiation as determined by the Firm or BGH (as applicable).

“Firm” means GS Inc., its subsidiaries and affiliates and its and their respective successors.

“Geographic Area” means (i) the jurisdiction in Asia in which I am located as of the date of execution of the Signature Card; and/or (ii) any other jurisdiction in Asia in relation to which I have substantial product and/or geographical market responsibilities in the one year period immediately prior to the end of the Asia Service Period; and/or (iii) any other jurisdiction in Asia in relation to which I have substantial employee managerial responsibilities in the one year period immediately prior to the end of the Asia Service Period; and/or (iv) any other jurisdiction in Asia in relation to which I provided services in the one year period immediately prior to the end of the Asia Service Period.

“PRC” means, for the purpose of the Restrictions, the People’s Republic of China, excluding Hong Kong SAR, Macau SAR and Taiwan.

“Restricted Period” means (i) in the event of the termination of my employment with the Firm in Asia or BGH, the Asia Service Period including any notice period applicable under the Notice Policy or, in the event I repudiate my notice requirement or exercise any statutory right to shorten the notice period or if my employment is terminated without notice or if the Firm elects to shorten the notice period in whole or in part with or without pay in lieu for any period of notice that has been waived or reduced, the Asia Service Period and the period of time equivalent to my notice requirement commencing from the Effective Date; or (ii) in the event of my employment with the Firm in Asia or BGH ending by reason of the transfer of my employment to another member of the Firm outside Asia, the Asia Service Period and the period of time equivalent to my notice requirement commencing from the conclusion of the Asia Service Period; or (iii) in the event of the termination of my secondment to the Firm in Asia or BGH and assignment or transfer of my employment to another member of the Firm outside Asia, the Asia Service Period and the period of time equivalent to my notice requirement commencing from the conclusion of the Asia Service Period.

“Restrictions” means the non-competition and non-solicitation restrictions for employees providing services in Asia as set out in (a) to (o) of this section of the Signature Card.

“Solicit” means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

(o) Notwithstanding paragraph 1 of this Signature Card, the Restrictions shall be governed by and construed in accordance with the laws of the jurisdiction in which I am located and providing services to the Firm at the date of execution of the Signature Card. If I am located and providing services to the Firm in a state or territory in Australia, the laws of the jurisdiction shall be New South Wales. Notwithstanding paragraph 1, any Firm entity (including, for the avoidance of doubt, any Firm entity to which I provide services from time to time) or BGH may at any time elect to enforce the Restrictions in any competent court of any jurisdiction determined by such entity.]

Other Legal Notices:

FOR ARGENTINA EMPLOYEES ONLY

Your Award(s) are being offered to you in your capacity as an employee of the Firm. By receiving and accepting your Award(s), you are deemed to (i) acknowledge that the underlying Shares have not been authorized by the Argentine *Comisión Nacional de Valores* (“CNV”) to be publicly offered in Argentina; and (ii) agree that you will not sell or offer to sell any Shares acquired upon settlement of your Award(s) in Argentina other than pursuant to transactions that would not qualify as a public offering under article 2 of Argentine Law 26,831.

The Award documents are being delivered to you in your capacity as an employee of the Firm. Accordingly, receipt and acceptance of the Award documents constitute your agreement that the information contained in the Award documents may not (i) be reproduced or used, in whole or in part, for any purpose whatsoever other than as a representation of your holding of Shares, or (ii) furnished to or discussed with any person (other than your personal advisors on a confidential basis) without the express written permission of GS Inc.

FOR AUSTRALIA EMPLOYEES ONLY

GS Inc. undertakes that it will, within a reasonable period of you so requesting and at no charge, provide you with a copy of the rules of the SIP. The market price of a Share can be accessed at the following link: <https://www.nyse.com/index>. The Australian dollar equivalent of that market price can be ascertained by applying the prevailing USD/AUD exchange rate published by the Reserve Bank of Australia, which can be accessed at the following link: <http://www.rba.gov.au/statistics/frequency/exchange-rates.html>. Any advice given by GS Inc. in connection with the SIP is general advice only. The documentation does not take into account the objectives, financial situation or needs of any particular person. Before acting on the information contained in the documentation, or making a decision to participate, you should consider obtaining your own financial product advice from a person who is licensed by the Australian Securities and Investments Commission (ASIC) to give such advice.

Throughout the period in which you hold a dividend equivalent right you may obtain copies of all information filed by GS Inc. with the U.S. Securities and Exchange Commission (SEC) which is accessible by GS Inc.’s shareholders and the general public (“shareholder information”) by going to the SEC’s website (www.sec.gov) or to the GS Inc. website (www.gs.com), and at <http://www2.goldmansachs.com/our-firm/investors/financials/index.html>. You should be aware that shareholder information can affect the value of your dividend equivalent rights from time to time.

The actual value you receive in respect of the Shares acquired by you will depend on the number of Shares you receive, the market value of a Share, the value of any dividend and dividend equivalent payments made in respect of a Share, and the USD/AUD exchange rate.

There are risks associated with an investment in Shares and the value of any Shares you receive may be less than the value of those Shares today. Some of those risks are specific to GS Inc.'s business activities while others are of a more general nature. For more detail on those risks, please refer to GS Inc.'s most recent annual report. Individually or in combination, those risks may affect the value of Shares.

Fidelity Personal Trust Company, FSB ("Trustee") will hold Shares that are the subject of Award(s). Any Shares, and income gained, held on your behalf may only be dealt with by the Trustee with your direction. You may direct the Trustee on the exercise of any applicable voting rights that you hold in respect of such Shares. GS Inc. undertakes that it will, within a reasonable period of you so requesting and at no charge, provide you with a copy of the trust deed.

FOR BRAZIL EMPLOYEES ONLY

Please note that the offer of an award under the SIP does not constitute a public offer in Brazil, and therefore it is not subject to registration with the Brazilian authorities.

According to Brazilian regulations, individuals resident in Brazil must inform the Central Bank of Brazil yearly the amounts of any nature, the assets and rights (including cash and other deposits) held outside of the Brazilian territory. Please consult your own legal counsel on the terms and conditions for presentation of such information.

By accepting the Award(s), you acknowledge that the Firm has provided you with Portuguese translations of the Award Summary, Award Agreement and Signature Card, but that the original English versions of these documents control. (Ao aceitar esta outorga, Você reconhece que a Empresa lhe disponibilizou a versão em português do Award Summary, do Award Agreement e do Signature Card; porém a versão original em inglês desses documentos prevalecerá.)

FOR CHILE EMPLOYEES ONLY

Neither GS Inc., the SIP nor the Shares have been registered in the *Registro de Valores* (Securities Registry) or in the *Registro de Valores Extranjeros* (Foreign Securities Registry) of the *Superintendencia de Valores y Seguros* (Chilean Securities and Insurance Commission or SVS) and they are not subject to the control of the SVS. If such securities are offered within Chile, they will be offered and sold only pursuant to *Norma de Carácter, General 336* (General Regulation 336) of the SVS, an exemption to the registration requirements, or in circumstances which do not constitute a public offer of securities in Chile within the meaning of Article 4 of the Chilean Securities Market Law 18,045. As the Shares are not registered, the issuer has no obligation under Chilean law to deliver public information regarding the Shares in Chile. The Shares shall not be subject to public offering in Chile unless they are registered in the Foreign Securities Registry of the SVS. The commencement date of the offer is the date on which these documents were first provided to you via email.

The official plan documents are in the English language. If you do not understand their content, please contact your HCM contact in order to obtain a Spanish version.

Ni GS Inc., ni el SIP, ni las Acciones, han sido registradas en el Registro de Valores o Registro de Valores Extranjeros que lleva la Superintendencia de Valores y Seguros (SVS) y ninguno de ellos está sujeto a la fiscalización de la SVS. Si dichos valores son ofrecidos dentro de Chile, serán ofrecidos y colocados sólo de acuerdo a la Norma de Carácter General 336 de la SVS, una excepción a la obligación de registro, o en circunstancias que no constituyan una oferta pública de valores en Chile según lo definido por el Artículo 4 de la Ley 18.045 de Mercado de Valores de Chile. Por tratarse de valores no inscritos, el emisor de las Acciones no tiene obligación bajo la ley chilena de entregar en Chile información pública acerca de las Acciones. Las Acciones no pueden ser ofrecidas públicamente en Chile en tanto éstas no se registren en el Registro de Valores Extranjeros de la SVS. Se informa que la fecha de inicio de la presente oferta será aquella en que estos documentos fueron entregados a usted por primera vez vía email.

Los documentos oficiales del SIP se encuentran en idioma inglés. En caso que usted no entienda el contenido de estos documentos, por favor comuníquese con su encargado de recursos humanos, a fin de obtener una versión en español.

FOR THE PEOPLE'S REPUBLIC OF CHINA EMPLOYEES ONLY

All documentation in relation to the Award(s) is intended for your personal use and in your capacity as an employee of the Firm (and/or its affiliate) and is being given to you solely for the purpose of providing you with information concerning the Award(s) which the Firm may grant to you as an employee of the Firm (and/or its affiliate) in accordance with the terms of the SIP, this documentation and the applicable Award Agreement(s). The grant of the Award(s) has not been and will not be registered with the China Securities Regulatory Commission of the People's Republic of China pursuant to relevant securities laws and regulations, and the Award(s) may not be offered or sold within the mainland of the People's Republic of China by means of any of the documentation in relation to the Award(s) through a public offering or in circumstances which require a registration or approval of the China Securities Regulatory Commission of the People's Republic of China in accordance with the relevant securities laws and regulations.

You agree that notwithstanding anything to the contrary under the SIP or the Award Agreement(s), the Award(s) may be settled in cash in Renminbi or such other currency, payable by your employing entity in the mainland of the People's Republic of China or such other entity, in each case, as may be determined by the Firm in its sole discretion.

FOR FRANCE EMPLOYEES ONLY

Disclaimer: The current Award(s) is not covered by any prospectus which is the subject of the AMF's approval. Grantees can only receive this award for their own account ("compte propre") in the conditions laid down by articles L. 411-2, D. 411-1, D. 411-4, D. 744-1, D. 754-1 and D. 764-1 of the French Monetary and Financial Code. Any direct or indirect dissemination into the public of the financial instruments acquired can only take place within the conditions of articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Monetary and Financial Code.

By accepting the Award(s), you acknowledge that the Firm has provided you with French translations of the Award Summary, Award Agreement and Signature Card, but that the original English versions of these documents control.

The provisions of the Award Agreement will apply only in respect of the year to which the Award Agreement relates and will not in any circumstances create any right or entitlement to you for any future fiscal years.

Avertissement: La présente attribution ne donne pas lieu à un prospectus soumis au visa de l'Autorité des marchés financiers. Les personnes qui y participent ne peuvent le faire que pour compte propre dans les conditions fixées par les articles L. 411-2, D. 411-1, D. 411-4, D. 744-1, D. 754-1 et D. 764-1 du Code monétaire et financier. La diffusion, directe ou indirecte, dans le public des instruments financiers ainsi acquis, ne peut être réalisée que dans les conditions prévues aux articles L. 411-1, L. 411-2, L. 412-1 et L. 621-8 à L. 621-8-3 du Code monétaire et financier.

En acceptant cet octroi, vous reconnaissez que la Société vous a transmis une version français de l'*Award Summary* (Résumé de l'Octroi), l'*Award Agreement* (Contrat d'Octroi) et de la *Signature Card* (Carte de Signature), mais que seule la version originale en langue anglaise fait foi.

Les dispositions de l'Accord de prime s'appliquent uniquement à l'année concernée par l'Accord de prime et ne créent en aucune circonstance tous droits ou habilitations s'agissant des années fiscales à venir.

FOR GERMANY EMPLOYEES ONLY

The Award(s) are offered to you by GS Inc. in accordance with the terms of the SIP which are summarized in the Award Summary. More information about GS Inc. is available on www.gs.com. You are being offered the Award(s) under the SIP in order to provide an additional incentive and to encourage employee share ownership and so increase your interest in the Firm's success. Please refer to the section entitled *Shares Available for Awards* in the SIP for information on the maximum number of GS Inc. shares that can be offered under the SIP. The obligation to publish a prospectus under the Prospectus Directive does not apply to the offer because of Article 4(1) (e) of that directive. This document is not a prospectus within the meaning of that directive.

Die Prämien werden Ihnen von der GS Inc. nach den in der Prämienübersicht aufgeführten Bestimmungen des Erwerbsplans angeboten. Weitere Informationen über GS Inc. finden Sie unter www.gs.com. Die Prämien werden Ihnen im Rahmen des Erwerbsplans zu Ihrer Motivation angeboten und um Sie durch das Halten von Aktien am Erfolg des Unternehmens teilhaben zu lassen. Informationen zur Anzahl der im Rahmen des Plans angebotenen GS Inc.-Aktien entnehmen Sie bitte dem Abschnitt *Shares Available for Awards* (Als Prämien erhältliche Aktien) im Erwerbsplan. Es besteht auf Grund von Artikel 4(1)(e) der Prospektrichtlinie für dieses Angebot keine Verpflichtung zur Veröffentlichung eines Emissionsprospekts. Dieses Dokument ist kein Prospekt im Sinne dieser Richtlinie.

FOR HONG KONG EMPLOYEES ONLY

WARNING:

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

By accepting the Award(s), you acknowledge and accept that you will not be permitted to transfer awards to persons who fall outside the definition of 'qualifying persons' in the Companies Ordinance (*i.e.*, a person who is not a current or former director, employee, officer, consultant of the Firm or a person other than the offeree's wife, husband, widow, widower, child or step-child under the age of 18 years, or as otherwise defined), even if otherwise permitted under the SIP or any of the related documents.

FOR INDIA EMPLOYEES ONLY

This website does not invite offers from the public for subscription or purchase of the securities of any body corporate under any law for the time being in force in India. The website is not a prospectus under the applicable laws for the time being in force in India. GS Inc. does not intend to market, promote, invite offers for subscription or purchase of the securities of any body corporate by this website. The information provided on this website is for the record only. Any person who subscribes or purchases securities of any body corporate should consult his own investment advisors before making any investments. GS Inc. shall not be liable or responsible for any such investment decision made by any person.

FOR INDONESIA EMPLOYEES ONLY

By accepting the Award(s), you acknowledge that the Firm has provided you with Bahasa Indonesia translations of the Award Summary, Award Agreement and Signature Card, but that the original English versions of these documents control.

Dengan menerima Putusan, Anda menyatakan bahwa Perusahaan telah memberikan Anda terjemahan Bahasa Indonesia dari Ikhtisar Putusan, Perjanjian Putusan dan Perjanjian dengan Tanda Tangan, tapi versi asli dalam Bahasa Inggris dari dokumen-dokumen ini tetap mengendalikan.

FOR ITALY EMPLOYEES ONLY

No person resident or located in Italy other than the original recipients of this document and any other document related to the Award(s) may rely on such documents or their content. The offer of the Award(s) under the SIP (and the delivery of underlying Shares) is exempted from prospectus requirements under Italian securities legislation.

Under Italian rules, Italian taxpayers must report in their annual tax return the value of any financial instruments held abroad at year-end (such as financial and real estate assets). Please consult your own advisors regarding the terms and conditions of this reporting obligation.

FOR MONACO EMPLOYEES ONLY

If you are a Monégasque national (or if otherwise applicable), by accepting your Award(s), you expressly renounce the jurisdiction of Monaco and notably the application of articles 3.2° and 5bis of the Monégasque Procedural Civil Code in connection with any dispute relating to your Award(s).

If you are a French national (or if otherwise applicable), by accepting your Award(s), you expressly renounce the jurisdiction of France and notably the application of articles 14 and 15 of the French Civil Code in connection with any dispute relating to your Award(s).

Additional data protection information for Monaco employees (which should be read in conjunction with, and forms part of, the Consent to Data Collection, Processing and Transfers clause above (together with this additional information, the “Clause”)): If you are employed in Monaco, you acknowledge and agree that in the event of any inconsistency between this Clause and the law in force, the law 1.165 on the protection of personal data (or other relevant law) as amended shall prevail over this Clause.

FOR NEW ZEALAND EMPLOYEES ONLY

The Financial Markets Authority in New Zealand has issued the Securities Act (Overseas Employee Share Purchase Schemes) Exemption Notice 2002 (Notice), which sets out the way in which GS Inc. can offer you securities under the SIP. In accordance with the requirements of the Notice, the following information has been made available to you:

1. GS Inc.’s most recent annual report on <http://www2.goldmansachs.com/our-firm/investors/financials/index.html>.
2. The SIP documentation (which constitutes the current rules of the employee share purchase scheme for the purposes of the Notice) on <https://hcm.web.gs.com/newaward>.
3. A copy of the Award Agreement on <https://hcm.web.gs.com/newaward>.
4. GS Inc.’s most recent published financial statements on <http://www2.goldmansachs.com/our-firm/investors/financials/index.html>.

You may request copies of the documents listed above free of charge from Head of Securities Compliance – Goldman Sachs Australia Pty Ltd.

FOR POLAND EMPLOYEES ONLY

The Award(s) are offered to you by GS Inc. in accordance with the terms of the SIP which are summarized in the Award Summary. More information about GS Inc. is available on www.gs.com. You are being offered Award(s) under the SIP in order to provide an additional incentive and to encourage employee share ownership and so increase your interest in the Firm's success. Please refer to the section entitled *Shares Available for Awards* in the SIP for information on the maximum number of GS Inc. shares that can be offered under the SIP. The obligation to publish a prospectus under the 2003/71 Prospectus Directive does not apply to the offer because of Article 3(2)(b) of that directive.

The Goldman Sachs Group, Inc. („GS Inc.”) przyznaje Państwu Premię (premie) zgodnie z warunkami Motywacyjnego Programu Akcji Pracowniczych opisanymi w Ogólnych Warunkach Przyznania Premii. Więcej informacji na temat GS Inc. można uzyskać na stronie www.gs.com. Oferowana Państwu na podstawie Motywacyjnego Programu Akcji Pracowniczych Premia ma stanowić dodatkową motywację i rozwijać akcjonariat pracowniczy a w konsekwencji zwiększyć Państwa zaangażowanie w sukces Firmy. Prosimy zapoznać się z działem zatytułowanym Akcje dostępne w ramach Premii w Motywacyjnym Programie Akcji Pracowniczych, w celu uzyskania informacji na temat maksymalnej liczby akcji GS Inc. oferowanych na podstawie Motywacyjnego Programu Akcji Pracowniczych. Obowiązek publikowania prospektu wynikający z Dyrektywy w Sprawie Prospektu Emisyjnego 2003/71 oraz Ustawy z dnia 29 lipca 2005 r. o Ofercie Publicznej nie ma zastosowania do niniejszej oferty, ze względu na brzmienie art. 3 ust. 2 lit. (b) wskazanej powyżej dyrektywy oraz art. 3 ust. 1 powyższej Ustawy.

FOR RUSSIA EMPLOYEES ONLY

None of the information contained in the documents referred to in paragraph 8 of this Signature Card or in this Signature Card constitutes an advertisement of the Award(s) in Russia and must not be passed on to third parties or otherwise be made publicly available in Russia. The Award(s) have not been and will not be registered in Russia and are not intended for “placement” or “public circulation” in Russia.

FOR SAUDI ARABIA EMPLOYEES ONLY

The Award(s) are offered to you on behalf of Goldman Sachs Saudi Arabia, Commercial Registration Number 1010256672, 25th Floor, Kingdom Tower, Post Office Box 52969, Riyadh 11573, Saudi Arabia. The SIP documents may not be distributed in the Kingdom except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of the SIP documents, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of the SIP documents. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of the SIP documents you should consult an authorized financial adviser.

FOR SPAIN EMPLOYEES ONLY

Please note that the offer of an Award under the SIP does not constitute a public offer in Spain, and therefore it is not subject to registration with the Spanish authorities. The Award(s) are offered to you by GS Inc. in accordance with the terms and conditions set forth in the SIP and the Award Agreement(s). The grantees may be subject to certain reporting obligations for the acquisition or disposal of Shares under the SIP, the opening of cash or brokerage bank accounts abroad and the transfer or receipt of funds. Please consult your own advisors regarding these and other legal or tax obligations that may be applicable.

Additional data protection information for Spain employees (which should be read in conjunction with, and forms part of, the Consent to Data Collection, Processing and Transfers clause above (together with this additional information, the “Clause”)):

- **Your consent as described in the Clause is obtained in accordance with the provisions of the Spanish Data Protection Act 15/1999.**
- **Capitalized and abbreviated terms used in the Clause are defined as specified throughout this Signature Card.**
- **References to the Firm in the Clause should be read as including your employer (as identified in your employment contract), its ultimate parent company (The Goldman Sachs Group, Inc. or “GS Inc.”), and any of GS Inc.’s other subsidiaries and affiliates.**
- **The relevant data controllers for the purposes of Spanish law are your employer and GS Inc., both represented in respect of the Programs by Equity Compensation at the address listed above.**

FOR TURKEY EMPLOYEES ONLY

This offer is not a public offering in terms of the Turkish Capital Markets legislation and the information provided herein cannot be construed as a public offering.

FOR UK EMPLOYEES ONLY

This document does not have regard to the specific investment objectives, financial situation and particular needs of any specific person who may receive it. Recipients should seek their own financial advice.

The Award(s) are subject to the terms and conditions set forth in the SIP and the Award Agreement(s). The price of shares and the income from such shares (if any) can fluctuate and may be affected by changes in the exchange rate for U.S. Dollars. Past performance will not necessarily be repeated. Levels and bases of taxation may change from time to time. Investors should consult their own tax advisors in order to understand tax consequences. GS Inc. has (and its associates may have) a material interest in the shares and the investments that are the subject of this document.

Signature: _____

Print Name: _____

Date: _____

Employee ID #: _____

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
**COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES AND RATIOS OF EARNINGS
TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

<i>\$ in millions</i>	Year Ended December				
	2015	2014	2013	2012	2011
Net earnings	\$ 6,083	\$ 8,477	\$ 8,040	\$ 7,475	\$ 4,442
Add:					
Provision for taxes	2,695	3,880	3,697	3,732	1,727
Portion of rents representative of an interest factor	83	103	108	125	159
Interest expense on all indebtedness	5,388	5,557	6,668	7,501	7,982
Pre-tax earnings, as adjusted	\$14,249	\$18,017	\$18,513	\$18,833	\$14,310
Fixed charges ¹ :					
Portion of rents representative of an interest factor	\$ 83	\$ 103	\$ 108	\$ 125	\$ 159
Interest expense on all indebtedness	5,403	5,569	6,672	7,509	7,987
Total fixed charges	\$ 5,486	\$ 5,672	\$ 6,780	\$ 7,634	\$ 8,146
Preferred stock dividend requirements	743	583	458	274	2,683
Total combined fixed charges and preferred stock dividends	\$ 6,229	\$ 6,255	\$ 7,238	\$ 7,908	\$10,829
Ratio of earnings to fixed charges	2.60x	3.18x	2.73x	2.47x	1.76x
Ratio of earnings to combined fixed charges and preferred stock dividends	2.29x	2.88x	2.56x	2.38x	1.32x

1. Fixed charges include capitalized interest of \$15 million for 2015, \$12 million for 2014, \$4 million for 2013, \$8 million for 2012 and \$5 million for 2011.

Significant Subsidiaries of the Registrant

The following are significant subsidiaries of The Goldman Sachs Group, Inc. as of December 31, 2015 and the states or jurisdictions in which they are organized. Each subsidiary is indented beneath its principal parent. The Goldman Sachs Group, Inc. owns, directly or indirectly, at least 99% of the voting securities of substantially all of the subsidiaries included below. The names of particular subsidiaries have been omitted because, considered in the aggregate as a single subsidiary, they would not constitute, as of the end of the year covered by this report, a “significant subsidiary” as that term is defined in Rule 1-02(w) of Regulation S-X under the Securities Exchange Act of 1934.

Name	State or Jurisdiction of Organization of Entity
The Goldman Sachs Group, Inc.	Delaware
Goldman, Sachs & Co.	New York
Goldman Sachs Paris Inc. et Cie	France
Goldman Sachs (UK) L.L.C.	Delaware
Goldman Sachs Group UK Limited	United Kingdom
Goldman Sachs International Bank	United Kingdom
Goldman Sachs International	United Kingdom
Goldman Sachs Asset Management International	United Kingdom
Goldman Sachs Group Holdings (U.K.) Limited	United Kingdom
Rothesay Life (Cayman) Limited	Cayman Islands
Broad Street Principal Investments International, Ltd.	Cayman Islands
Goldman Sachs Global Holdings L.L.C.	Delaware
GS Asian Venture (Delaware) L.L.C.	Delaware
Elevatech Limited	Hong Kong
Goldman Sachs Strategic Investments (Asia) L.L.C.	Delaware
GS (Asia) L.P.	Delaware
Goldman Sachs (Japan) Ltd.	British Virgin Islands
Goldman Sachs Japan Co., Ltd.	Japan
J. Aron Holdings, L.P.	Delaware
J. Aron & Company	New York
Goldman Sachs Asset Management, L.P.	Delaware
Goldman Sachs Hedge Fund Strategies LLC	Delaware
Goldman Sachs (Cayman) Holding Company	Cayman Islands
Goldman Sachs (Asia) Corporate Holdings L.P.	Delaware
Goldman Sachs Holdings (Hong Kong) Limited	Hong Kong
Goldman Sachs (Asia) Finance	Mauritius
Goldman Sachs (Asia) L.L.C.	Delaware
GS EMEA Funding Limited Partnership	United Kingdom
Goldman Sachs Holdings (Singapore) PTE. Ltd.	Singapore
J. Aron & Company (Singapore) PTE.	Singapore
Goldman Sachs (Singapore) PTE.	Singapore
Goldman Sachs Holdings ANZ Pty Limited	Australia
GS HLDGS Anz II Pty Ltd	Australia
Goldman Sachs Australia Group Holdings Pty Ltd	Australia
Goldman Sachs Australia Capital Markets Limited	Australia
Goldman Sachs Australia Pty Ltd	Australia
GS Holdings (Delaware) L.L.C. II	Delaware
GS Lending Partners Holdings LLC	Delaware
Goldman Sachs Lending Partners LLC	Delaware
Swancastle Limited	Ireland
Goldman Sachs Bank USA	New York
Goldman Sachs Mortgage Company	New York
Goldman Sachs Execution & Clearing, L.P.	New York
GS Financial Services II, LLC	Delaware
GS Funding Europe	United Kingdom
GS Funding Europe I Ltd.	Cayman Islands
GS Funding Europe II Ltd.	Cayman Islands
GS Investment Strategies, LLC	Delaware
MLQ Investors, L.P.	Delaware
PIA Holdings Cayman	Cayman Islands
GS PIA Holdings GK	Japan
Crane Holdings Ltd.	Japan

Name	State or Jurisdiction of Organization of Entity
ELQ Holdings (Del) LLC	Delaware
ELQ Holdings (UK) Ltd	United Kingdom
ELQ Investors VII Ltd	United Kingdom
GS Sapphire Holding Limited	United Kingdom
ELQ Investors IX Ltd	United Kingdom
ELQ Investors II Ltd	United Kingdom
ELQ Investors VIII Ltd	United Kingdom
Goldman Sachs Specialty Lending Holdings, Inc.	Delaware
Special Situations Investing Group II, LLC	Delaware
MTGRP, L.L.C.	Delaware
GS Diversified Funding LLC	Delaware
Hull Trading Asia Limited	Hong Kong
Goldman Sachs LLC	Mauritius
Goldman Sachs Venture LLC	Mauritius
GS Power Holdings LLC	Delaware
MTGLO Investors, L.P.	Delaware
Broad Street Principal Investments Superholdco LLC	Delaware
Broad Street Principal Investments, L.L.C.	Delaware
Broad Street Credit Holdings LLC	Delaware
GS Direct, L.L.C.	Delaware
GS Fund Holdings, L.L.C.	Delaware
Shoelane GP, L.L.C.	Delaware
Shoelane, L.P.	Delaware
GSFS Investments I Corp.	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-198735) and on Form S-8 (File Nos. 333-80839, 333-42068, 333-106430 and 333-120802) of The Goldman Sachs Group, Inc. of our report dated February 19, 2016 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in Part II, Item 8 of this Form 10-K. We also consent to the incorporation by reference in such Registration Statements of our report dated February 19, 2016 relating to Selected Financial Data, which appears in Exhibit 99.1 of this Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York
February 19, 2016

CERTIFICATIONS

I, Lloyd C. Blankfein, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2015 of The Goldman Sachs Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Lloyd C. Blankfein

Name: Lloyd C. Blankfein

Title: Chief Executive Officer

Date: February 19, 2016

CERTIFICATIONS

I, Harvey M. Schwartz, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2015 of The Goldman Sachs Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Harvey M. Schwartz

Name: Harvey M. Schwartz

Title: Chief Financial Officer

Date: February 19, 2016

Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of The Goldman Sachs Group, Inc. (the “Company”) hereby certifies that the Company’s Annual Report on Form 10-K for the year ended December 31, 2015 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 19, 2016

/s/ Lloyd C. Blankfein

Lloyd C. Blankfein
Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of The Goldman Sachs Group, Inc. (the “Company”) hereby certifies that the Company’s Annual Report on Form 10-K for the year ended December 31, 2015 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 19, 2016

/s/ Harvey M. Schwartz
Harvey M. Schwartz
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON SELECTED FINANCIAL DATA**

To the Board of Directors and the Shareholders of
The Goldman Sachs Group, Inc.:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of The Goldman Sachs Group, Inc. and subsidiaries (the “Company”) at December 31, 2015 and December 31, 2014, and for each of the three years in the period ended December 31, 2015, and the effectiveness of the Company’s internal control over financial reporting as of December 31, 2015, and in our report dated February 19, 2016, we expressed unqualified opinions thereon. We have also previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial condition of the Company as of December 31, 2013, 2012 and 2011, and the related consolidated statements of earnings, comprehensive income, changes in shareholders’ equity and cash flows for the years ended December 31, 2012 and 2011 (none of which are presented herein), and we expressed unqualified opinions on those consolidated financial statements. In our opinion, the information of The Goldman Sachs Group, Inc. and subsidiaries for each of the five years in the period ended December 31, 2015 set forth in the (i) income statement data, (ii) balance sheet data and (iii) common share data in the Selected Financial Data appearing on page 210 in Part II, Item 8 of this Form 10-K, is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York
February 19, 2016

Debt and Trust Preferred Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
5.793% Fixed-to-Floating Rate Normal Automatic Preferred Enhanced Capital Securities of Goldman Sachs Capital II (and Registrant's guarantee with respect thereto)	New York Stock Exchange
Floating Rate Normal Automatic Preferred Enhanced Capital Securities of Goldman Sachs Capital III (and Registrant's guarantee with respect thereto)	New York Stock Exchange
4.647% Senior Guaranteed Trust Securities due 2017 of Murray Street Investment Trust I (and Registrant's guarantee with respect thereto)	New York Stock Exchange
4.404% Senior Guaranteed Trust Securities due 2016 of Vesey Street Investment Trust I (and Registrant's guarantee with respect thereto)	New York Stock Exchange
Medium-Term Notes, Series A, Index-Linked Notes due 2037 of GS Finance Corp. (and Registrant's guarantee with respect thereto)	NYSE Arca
Medium-Term Notes, Series B, Index-Linked Notes due 2037	NYSE Arca
Medium-Term Notes, Series D, 7.50% Notes due 2019	New York Stock Exchange
6.50% Notes due 2061	New York Stock Exchange