

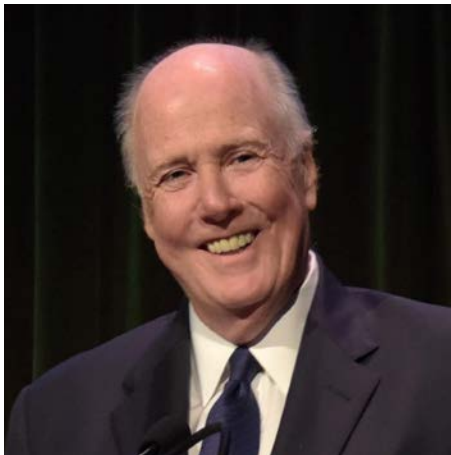
WORDS *of* WISDOM

Excerpts from the Remarks Delivered at the 2019 Museum Gala

At the 2019 Museum of American Finance Gala on February 5, the Museum honored Laurence Fink with the Charles Schwab Financial Innovation Award and Dr. Janet Yellen with the Whitehead Award for Distinguished Public Service and Financial Leadership. Excerpts from the remarks delivered that evening are published below in the order in which they were presented.

THOMAS E. DONILON

Former US National Security Advisor,
Chariman of BlackRock Investment Institute



Elisa Ruiz

I'm delighted to be here tonight and to have the privilege of introducing the honoree and my friend, Larry Fink. I also want to say what a privilege it is to be here this evening with Dr. Janet Yellen, and to celebrate her service in so many roles to our nation. I'm going to start in an unusual place with this introduction. I'm going to start with the Super Bowl. Now you might say, "What's the connection between Larry Fink and the Super Bowl?" Well, a long time ago, Larry helped start and finance a record company, and the first act they signed was a band called Maroon 5. So, although we're here to celebrate Larry this evening, we are also here to lay full responsibility on him for

Sunday's Super Bowl halftime show. So, thanks for that, Larry.

Tonight, Larry will be honored with the Charles Schwab Award for Financial Innovation. It's hard to think of a leader today in financial services who is more deserving of this recognition. Larry, as we all know, has over the past 30 years built one of the world's great financial institutions. Throughout this time, he's remained relentlessly focused on helping people secure better financial futures. He's conducted himself with the highest integrity and, in doing so, has earned the trust of individuals and institutions all around the world.

Larry has also distinguished himself by his insistence and deep belief that successful companies need to be driven by clear and positive purpose—that companies have responsibilities to their shareholders, yes, but also more broadly to their employees and their communities.

Larry's success and impact didn't happen by accident or overnight. The principles that have driven Larry were evident from the moment he founded BlackRock, along with seven others, including Barbara Novick, who's here tonight, who is our vice chairman. They founded BlackRock in 1988. Put simply, Larry believed that financial services could do better. He had a determination to put clients' interest first and to build a firm passionate about managing risk. This fiduciary culture present at the creation of BlackRock remains pervasive at the company today.

Larry works every day to ensure that this culture is maintained, even as the company has become a global institution. I've been privileged to be with Larry around the world meeting with hundreds of clients, and you can't help but see and sense the real personal responsibility he feels for the futures of the millions of individuals and families who have entrusted him and the firm he built with their financial security.

Trust is a big theme in Larry's story. At the peak of the financial crisis, Larry became a trusted advisor to the US government, and to governments around the world. He was seen as an honest broker, a source of reliable and objective advice for leaders facing great uncertainty in an environment of real fear. Today, as Larry has pointed out, people are increasingly looking to companies to address a range of social and economic issues. Larry has once again stepped up and come forward, calling for businesses to respond. He is pressing for long-term approaches to corporate governance, bringing a looming retirement crisis to the forefront and pressing the case for companies to sustain and enhance the communities in which they are privileged to operate.

Larry shares his views each year with hundreds of CEOs. Not everybody agrees, but whether they agree or not, nobody can deny that Larry has launched a critical discussion about our world's most pressing needs. Most importantly, Larry brings the same persistence and passion to his

life outside of business. He's a generous philanthropist; a devoted husband, father and grandfather; and, as many in this room know, he's a spectacular friend. It's in his DNA. So, the world could use a few more Larry Finks. And, with that, it's my pleasure to introduce my friend, the chairman and CEO of BlackRock, Larry Fink.

LAURENCE D. FINK

*Chairman and Chief Executive Officer,
BlackRock*



Before I begin, I want to say it's a great privilege to be sharing this evening with Janet Yellen. Chair Yellen's approach to the Fed—with clear communications and data-dependent decisions—was invaluable to economic growth in the United States and around the world. And her steadiness in the face of great political turmoil reinforced the world's belief in the independence and strength of US monetary policy. Once again, Chair Yellen, thank you. And I would like to thank David [Cowen] and Dick [Sylla] and the Museum of American Finance for this award. It is my privilege; thank you.

Early in my career in finance I was lucky enough to be involved in a completely new business, creating some of the first mortgage-backed securities and developing a market for them. I'm very proud that in the '80s, we helped lower mortgage interest rates by over 300 basis points. Before we securitized mortgages, they were locked in as thrifts, and we all know what happened to the thrift industry. But, most importantly, it helped drive economic opportunity and more home

ownership for more Americans. When backed by responsible underwriting and proper securitization standards, they were fundamentally sound products, and today they remain essential in helping so many millions of Americans to afford housing today.

But we saw in 2008 these securities had been underwritten and repackaged in irresponsible ways and contributed in a great way to the global financial crisis. This demonstrated how valuable financial innovation can evolve over time. And, most importantly, as a result, it carries a tremendous responsibility that I think many institutions forgot. And that is why this Museum has such an important mission—by studying what works in finance and what leads to crises. And, hopefully, we can build a system that is more stable and a system that is more dynamic; but, most importantly, a system that creates more economic opportunity for more Americans. And, particularly, we need to make sure that we, the finance industry, focuses more on outcomes and creating better long-term futures for more investors.

One of the fundamental problems of our industry is that it's too oriented towards daily market movements. We are fixated on financial products and fixated on the day-to-day movements of markets and trading. We don't give enough focus on the outcomes that investing is supposed to create. Let's be clear. We all like to spend money. Savings is not the most luxurious outcome. We make it hard for people to think about savings and the outcomes that investing is supposed to create. We need a system that prepares more Americans for their futures. The abandonment in America of the defined benefit plans that were a whole foundation of our pension system, and shifting to defined contributions, for example, has created much greater, deeper social problems. Much greater problems than we're all willing to admit.

And when that shift happened, we as an industry spent a lot of time focusing on new product sets, but we didn't give the tools individuals needed to manage their retirement. This is not just a financial problem or a financial services industry

problem; it is a corporate problem. They walked away from the responsibility of their own employees' retirement, without giving the financial literacy of how to prepare for that long outcome. So, as a result, many Americans today are unprepared and underfunded for retirement, which is contributing to income inequality, and to so much of the anger we're witnessing today—to so much of the rise of populism we're seeing today.

We have to rid ourselves of the minute to minute ticker tape mentality. We all have a responsibility to build a financial system that is strong, stable and helps investors prepare for their futures. And, for the young people, where \$24 trillion are going to move from the Baby Boomers to Millennials and Generation X, it is going to be decades for them. And, if they're not prepared, we haven't seen anger yet.

That is going to require a change, not just on Wall Street, but in so much of the corporate sector today. The tremendous pressure to deliver quarterly numbers distracts all of us, but particularly companies, from focusing on an approach that would deliver more long-term growth. We have a tremendous responsibility as an industry—and at BlackRock—to prepare more clients for retirement and to talk to more companies about these pressures.

That is why we said that we need Wall Street to take a more long-term approach. But we also need companies to stand up, to be clear about what they're doing and what their individual corporate purpose is, and how they're building a future for their employees, for their shareholders, for their clients and, importantly, for every community they operate in. That is how you build a future—by focusing on all of your stakeholders and building your stakeholders to believing in the company and believing in yourself. Clarity and consistency are essential to changing norms and creating the trust that companies need to invest for the long term. And that clarity and consistency can lead to more engaged clients and employees. They actually do more for that company. And when they're more attached to every community where they work and show

that they deserve a license to operate, they generally can produce far greater, much more sustainable profitability.

I've said this in the past and I'll say it again: I am a committed globalist. I am proud of that. And I'm a committed capitalist. But we have to recognize that we are living with the scars of the financial crisis and that the populism that we're seeing is clear evidence of the fear that people have with their future, and maybe with their children's future. We need to take the lessons of what happened to heart. We need to put pressure on ourselves and the world to take a more long-term approach. I do believe it's going to be up to public companies more than governments because the governmental cycle is making it even more difficult for a long-term approach. And, most importantly, for everyone in this room, we need to create a financial system that creates more inclusion and more economic opportunity.

And, that again is why I believe in the Museum's mission to study our financial past so we can be more secure about our financial future.

WILLIAM C. DUDLEY

*Former President and
Chief Executive Officer,
Federal Reserve Bank of New York*



Elsa Ruiz

I'm delighted to have the opportunity tonight to introduce Dr. Janet Yellen. Janet, my congratulations to you for being this year's recipient of the Whitehead Award for Distinguished Public Service

and Financial Leadership. I've been fortunate to have the opportunity to work closely with Janet for many years. Part of that has involved introducing her at various events, and believe me, that never gets old.

One particular introduction I remember most fondly: The New York Fed was hosting an anniversary celebration for high school students who had participated in the annual Fed Challenge. In the Fed Challenge, students debate US monetary policy, and they take on the roles of key players. And, of course in this role playing, everyone wants to be Janet. Now, Janet happened to be in the building that afternoon to do a town hall event with me and other Fed staff. But I imposed on her to stay a little while longer to come with me afterwards to make an unscheduled and unannounced visit to the Fed Challenge anniversary event. However, rather than making a grand entrance, I decided to make it a surprise. We sneaked in through the back door and slowly walked through the room, introducing ourselves to the students as we made our way to the front. The saucer-sized eyes on the teenagers we encountered as we filed in said it all: "I can't believe it. There she is. There is Chair Yellen." Seeing the look on their faces as they realized that this was indeed the real Janet Yellen was among the most satisfying moments during my tenure at the Fed.

It was pleasing to contemplate Janet, the Fed chair, as rock star. In contrast, I expect both Janet and I would put testifying before Congress quite a bit further down our lists. Now this admiration offered Janet was also evident when she paid a final visit to the New York Fed last year soon after her retirement. She is beloved and a role model both for those who aspire to be central bankers in the future and for those who already are.

So what makes Janet so special? Well, for me it's very simple. She's committed to public service, she has an extraordinary intellect, she's an extremely hard worker, she's a person of great integrity and she has the courage of her convictions. Moreover, and I think this is important, she leads in a cooperative and collegial way, which empowers others and helps ensure

that the best ideas do, in fact, win. These are the attributes of why she was such an effective leader of the Federal Reserve.

When you look at Janet's career, two things stand out: the length of her commitment to public service and the excellence with which she served. When Janet became chair of the Fed in 2014, she was without argument the most well-qualified individual ever to assume the role of Fed chair. Not only had she been a governor of the Fed and vice chair of the Fed, but she'd also been president of the San Francisco Fed. She alone had the experience and expertise to bridge the gap between the governors in Washington at the Board and the 12 Federal Reserve Bank presidents.

Janet's service at the Fed was marked by her powerful intellect and exceedingly good judgement. Janet artfully led the federal open market committee in restoring the economy back to full employment and price stability. Now the task facing the Fed is very different: how to stay here.

I don't want to give you the impression that Janet is perfect. She's close, but she's not perfect. There is a strong view among her colleagues, for example, that she could be a little bit less cautious about ensuring that she gets to the airport on time. And, today when I came here with my wife Ann, I said let's get there around 10 past six because I'm sure Janet will be there by then. And she was. But even her caution in making sure she gets to the airport on time has a silver lining. You can always count on her; she's never going to miss a plane flight.

Janet has also been a wonderful colleague and friend to me. We've had the type of trusting and supportive relationship that led to healthy discussion, debate and collaboration. In the end, I think her collegial approach got the best out of all her colleagues and resulted in better policy—policy that was superior in all its aspects, including design, implementation and communication. I've been extraordinarily fortunate to have the opportunity to be her friend and to work closely with her during the financial crisis and on that long journey back from that crisis to full employment and a healthy US economy. So, without further ado, Janet the floor is yours.

DR. JANET L. YELLEN

*Distinguished Fellow in Residence,
The Brookings Institution;
Former Chair, Federal Reserve Board*



My congratulations to Larry Fink for his enormous contributions to finance. And thanks to David Cowen and the Museum of American Finance for your efforts to improve Americans' understanding of financial markets and their history.

It's a tremendous honor to receive the Whitehead Award for Distinguished Public Service and Financial Leadership. John Whitehead was an eminent financier, public servant and philanthropist. He served with distinction along with John Weinberg as co-chairman of Goldman Sachs and afterwards in a multitude of public positions, including Deputy Secretary of State under George Schultz, chairman of the Federal Reserve Bank of New York and, later, chairman of the Lower Manhattan Development Corporation, which rebuilt the site of the World Trade Center towers after 9/11. In finance, Whitehead will be long remembered for another accomplishment: his insistence on integrity and honesty as core business principles. In 1970, he composed the then 12, and now 14, principles of ethical behavior that remain to this day the guiding code of conduct at Goldman Sachs. The first of these commandments is, "Our clients always come first." The last commandment begins, "Integrity and honesty are the heart of our business."

I've seen these same core principles apply in the realm of public service, where

they guided the development and implementation of policy in all of the government positions where I've had the privilege to serve. As a member of the Board of Governors during the Greenspan years, as chair of the Council of Economic Advisors under President Clinton, as president of the Federal Reserve Bank of San Francisco, as vice chair of the Federal Reserve under Ben Bernanke and, finally, as Fed chair. Throughout, I've seen Whitehead's principles commanding that our clients come first and that our work be conducted with professionalism, integrity and honesty serve as the guide posts for our work and those which defined our mission. For government agencies, of course, the clients are the American people.

The most dramatic example of these principles in action that I witnessed during my career occurred just over a decade ago when America and the global economy were struck by a virulent financial crisis. The downturn that followed that dramatic financial crash was dreadful. Over 40% of Americans experienced job loss, foreclosure or an underwater mortgage. But the consequences could have been far, far worse. There could easily have been a repeat of the Great Depression. To avoid that, dedicated public servants in the Federal Reserve and other agencies gave it their all, working night and day and collaborating to implement creative plans to bring about the recovery we enjoy today.

Addressing the crisis demanded an array of novel responses, and leaders and staff throughout the Fed and other government agencies moved with force and speed to develop innovative lending programs and to keep credit flowing to households and businesses. Bold and unprecedented steps to promote economic recovery were also needed in monetary policy when short-term interest rates were cut to near zero. I believe that the government's efforts to address the financial crisis were successful for exactly the reasons that Whitehead emphasized in his code of ethics.

Two presidents, the Congress and the public had confidence in and could place their trust in organizations like the Federal Reserve, relying on their deep expertise in economics and finance, and

knowing that their advice reflected rigorous analysis and a careful weighing of costs, benefits and risks. They recognized that the novel approaches these agencies proposed reflected the efforts of courageous public servants who placed their clients—the American public—first. They saw that public servants were acting with integrity and honesty. The crisis called forth numerous examples of courage and self-sacrifice by the public servants with whom I was privileged to work.

As one example, I especially remember a senior Board staffer who ran all day and all night conference calls to work through a host of thorny issues regarding the stress tests. As the ink on the test results dried, she was rushed to the hospital with a heart attack. A few weeks later, she was back on the job.

I've often been asked what I most enjoyed about the job of chair. Looking back, I can say that my fondest memories are of days filled with staff meetings—discussions of policy with knowledgeable Fed staff and Board colleagues around the table, where we delved into the details and debated the finer points of policy proposals.

The Fed is filled with professional, ethical, non-partisan staff who are dedicated to improve the economy and financial markets through their research and policy work. They are talented, committed and caring. They value objectivity and decisions based on evidence. Their only interest is the public interest. Even on the most challenging days, indeed especially on such days, I felt it a great privilege to be a member of the Fed community. I've always been grateful to have had the opportunity to make a real difference and to work with colleagues whom I respect and esteem. This has been the fulfillment of aspirations I have nurtured for my entire adult life.

Thus, I thank you for this award, and I'd like to accept it on behalf of current and past employees of the Federal Reserve, especially including my colleague Bill Dudley, who I thank for introducing me here tonight. Bill's expertise and insights informed all of our most important decisions, and he exemplifies dedication to public service in the field of finance. Thank you. \$