

## Report of the Audit Committee

The Audit Committee is comprised of eight of Goldman Sachs' Non-Employee Directors and operates pursuant to a written charter that was amended and restated in January 2006 and is available on the Goldman Sachs website at <http://www.gs.com/shareholders/corporate-governance/>. During fiscal 2007, the Committee held 10 meetings, including five executive sessions and five private sessions with each of management, the independent auditors and the Director of Internal Audit. The Chair of the Committee (Mr. Liddy since May 9, 2007 and Lord Browne prior to that date) also met frequently with one or more of the following: the CFO, the General Counsels, the Director of Internal Audit, the Controller and the Global Head of Compliance. The Committee's primary purposes are to:

- assist the Board of Directors in its oversight of:
  - the integrity of Goldman Sachs' financial statements;
  - Goldman Sachs' compliance with legal and regulatory requirements;
  - Goldman Sachs' independent auditors' qualifications, independence and performance;
  - the performance of Goldman Sachs' internal audit function;
  - Goldman Sachs' internal control over financial reporting; and
  - Goldman Sachs' management of market, credit, liquidity and other financial and operational risks;
- decide whether to appoint, retain or terminate Goldman Sachs' independent auditors and to pre-approve all audit, audit-related, tax and other services, if any, to be provided by the independent auditors; and
- prepare this Report.

The Committee also reviews and monitors the adequacy of structures, policies and procedures that have been developed to assure the integrity of research by Goldman Sachs' investment research professionals.

Management is responsible for the preparation, presentation and integrity of Goldman Sachs' financial statements, for its accounting and financial reporting principles and for the establishment and effectiveness of internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for performing an independent audit of the financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States), expressing an opinion as to the conformity of such financial statements with generally accepted accounting principles and auditing management's assessment of the effectiveness of internal control over financial reporting. The independent auditors have free access to the Committee to discuss any matters they deem appropriate.

In performing its oversight role, the Committee has considered and discussed the audited financial statements with management and the independent auditors. The Committee has also discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as currently in effect. The Committee has received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as currently in effect, and has discussed with the auditors the auditors' independence. All non-audit services performed by the independent auditors are specifically pre-approved by the Committee or a member thereof.

The Board has determined, upon the recommendation of the Corporate Governance and Nominating Committee, that each member of the Committee is “independent” within the meaning of the rules of the NYSE and the SEC. The Board has also determined that each member is financially literate and has accounting or related financial management expertise, as such qualifications are defined under the rules of the NYSE, and is an “audit committee financial expert” within the meaning of the rules of the SEC.

During fiscal 2007, the Committee performed all of its duties and responsibilities under the Audit Committee’s charter. In addition, based on the reports and discussions described in this Report, the Committee recommended to the Board that the audited financial statements of Goldman Sachs for fiscal 2007 be included in the 2007 Annual Report on Form 10-K.

**Audit Committee:**

Edward M. Liddy, Chair  
John H. Bryan  
Claes Dahlbäck  
Stephen Friedman  
William W. George  
Rajat K. Gupta  
James A. Johnson  
Lois D. Juliber