

Report of our Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee is comprised of all of Goldman Sachs' Non-Employee Directors and operates pursuant to a written charter that was amended and restated in January 2007, and is available on the Goldman Sachs website at <http://www.gs.com/shareholders/corporate-governance/>. During fiscal 2009, the Committee met seven times. In addition, Mr. Bryan, the Chair of the Committee, met frequently with one or more of the Secretary to the Board and General Counsels. The Committee's primary purposes are to:

- recommend individuals to the Board for nomination, election or appointment as members of the Board and its committees, consistent with the criteria set forth in Goldman Sachs' Corporate Governance Guidelines;
- oversee the evaluation of the performance of the Board and the CEO;
- review and concur in the succession plans for the CEO and other members of senior management;
- take a leadership role in shaping the corporate governance of Goldman Sachs, including developing, recommending to the Board and reviewing on an ongoing basis the corporate governance principles and practices that apply to Goldman Sachs;
- review periodically the form and amounts of director compensation and make recommendations to the Board with respect thereto; and
- prepare this Report.

The Committee recommended to the Board, and the Board determined, that each of the Non-Employee Directors is "independent" within the meaning of the rules of the NYSE and, in the case of Audit Committee members, the rules of both the NYSE and the SEC. In addition, the Committee recommended to the Board, and the Board determined, that none of the members of the Committee or the Compensation Committee received, directly or indirectly, any consulting, advisory or other compensatory fees that would be prohibited under the SEC's audit committee independence standards.

The Committee continually considers corporate governance trends and best practices. As a result of these considerations, the Committee made recommendations to the Board for changes to the firm's organizational documents in two areas:

- In October 2009, in light of shareholder approval of a shareholder proposal at the 2009 Annual Meeting of Shareholders requesting that the Board take the steps necessary to eliminate the supermajority voting provisions from the firm's certificate of incorporation and by-laws, the Board, upon the recommendation of the Committee, determined that removing the supermajority voting requirements from the firm's organizational documents was in the best interests of the firm and its shareholders. See **Item 4** below for the firm's proposal relating to this change.
- In December 2009, upon the recommendation of the Committee, the Board determined that a proposal to amend the firm's organizational documents to permit holders of at least 25% of the firm's outstanding shares of Common Stock to call special meetings should be submitted to shareholders at the Annual Meeting. In March 2010, the Board, upon the recommendation of the Committee, approved the specific changes to the firm's Restated Certificate of Incorporation that would be submitted to shareholders at the Annual Meeting, and also approved amendments to its by-laws implementing the right of holders of at least 25% of the firm's outstanding shares of Common Stock to call special meetings. See **Item 5** below for the firm's proposal relating to this change.

The Committee conducted an evaluation of its own performance as well as the performance of both the Board and the CEO during fiscal 2009, as is required annually by the Committee's charter. In connection with its evaluation of the CEO, the Committee also reviewed both the long-term and emergency succession plans for the CEO. For a description of our executive succession program, see **Executive Succession Planning**.

The Committee also reviewed the form and amount of Non-Employee Director compensation and made a recommendation that Non-Employee Director compensation for future years be paid solely in equity or equity-based awards and that the number of RSUs and Options comprising the annual grant to be awarded to our Non-Employee Directors for fiscal 2009 compensation be reduced from the number granted for fiscal 2008, which recommendations were accepted by the Board. The Committee also made a recommendation that no options be granted for fiscal 2010 compensation, which recommendation was accepted by the Board.

The Committee reviewed and recommended to the Board (with Mr. Bryan and Mr. Friedman recusing themselves) that the Board should amend our Corporate Governance Guidelines to increase the director retirement age from 72 to 75 and to specify more clearly when a director turning the determined retirement age must tender his or her proposed retirement, which recommendations were accepted by the Board. As a result, a director must tender his or her proposed

retirement no later than 3 months prior to the Annual Meeting of Shareholders that follows the director's retirement age birthday. The director would then retire on the eve of such Annual Meeting unless the Board, upon the recommendation of the Committee, requests that the director continue to serve and the director agrees.

As part of its ongoing consideration of potential candidates for membership on the Board, the Committee became aware that Mr. Scott might be a potential candidate. After due consideration of his qualifications, in March 2010 the Committee recommended to the Board, and the Board approved, Mr. Scott's nomination for election to the Board by our shareholders at the Annual Meeting. The Committee recommended that the Board determine, and the Board did determine, that Mr. Scott is "independent" within the meaning of the NYSE rules and under the SEC's audit committee independence standards.

The Committee has also retained a professional search firm to identify director candidates. The search firm provides the Committee, for its review and consideration, with lists of potential candidates with background information. After consulting with the Committee, the firm may further screen and interview candidates as directed by the Committee to determine their qualifications and any potential conflicts of interest.

During fiscal 2009, the Committee performed all of its duties and responsibilities under the Corporate Governance and Nominating Committee's charter.

Corporate Governance and Nominating Committee:

John H. Bryan, Chair
Claes Dahlbäck
Stephen Friedman
William W. George
Rajat K. Gupta
James A. Johnson
Lois D. Juliber
Lakshmi N. Mittal
James J. Schiro
Ruth J. Simmons