

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 2008, the Committee met six 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; and
- review periodically the form and amounts of director compensation and make recommendations to the Board with respect thereto.

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. In January 2009, the Board, at the recommendation of the Committee, determined not to renew Goldman Sachs' shareholder rights plan, which was put in place in connection with the firm's initial public offering in 1999 and will expire on April 5, 2009, its scheduled expiration date.

The Committee conducted an evaluation of its own performance as well as the performance of both the Board and the CEO during fiscal 2008, 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 in fiscal 2008 and made a recommendation to the Board to make no change to the dollar amount of the annual retainer or the committee chair fee or the number of RSUs or Options constituting the annual grant. The Committee, however, did make a recommendation that the \$75,000 annual retainer be paid in RSUs with no cash option, which recommendation was accepted by the Board.

As required by our Corporate Governance Guidelines, Mr. Bryan tendered his proposed resignation to the Chairman of the Board upon attaining the age of 72. The Committee (with Mr. Bryan recusing himself) reviewed Mr. Bryan's continuation on the Board and, in light of his many valuable contributions, recommended that he continue to serve, which recommendation was accepted by the Board.

As part of its ongoing consideration of potential candidates for membership on the Board, the Committee became aware that Messrs. Mittal and Schiro might be potential candidates. After due consideration of their qualifications, including their extensive business experience, the Committee recommended to the Board, and the Board approved, in June 2008, Mr. Mittal's election to the Board and, in March 2009, Mr. Schiro's nomination for election to the Board by shareholders at the Annual Meeting. The Committee recommended that the Board determine, and the Board did determine, that each of Mr. Mittal and Mr. Schiro is "independent" within the meaning of NYSE rules and under the SEC's audit committee independence standards.

The Committee has 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 2008, 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
Ruth J. Simmons