

Goldman Sachs

Following the near implosion of the financial markets in 2008, Wall Street in general—and Goldman Sachs in particular—became the focus of public ire over what many see as extremely excessive executive compensation schemes. Outrage over the financial crisis, coupled with the perception that Wall Street executives' performances have not justified their pay, led to legislative efforts aimed at curbing executive pay, compensation-related shareholder lawsuits and a tremendous amount of negative press coverage.

Goldman Sachs was a major focus of many of these developments. In fact, the level of regulatory scrutiny and negative press coverage was so substantial that Goldman Sachs warned its shareholders in its 2009 Form 10-K that it might be, “adversely affected by increased governmental and regulatory scrutiny or negative publicity.” The Company goes on to note that, “Governmental scrutiny from regulators, legislative bodies and law enforcement agencies with respect to matters relating to compensation...has increased dramatically in the past several years.”

“Wall Street Pay: Size, Structure and Significance for Shareowners,” a 2010 white paper commissioned by the Council of Institutional Investors, concluded that high absolute levels of compensation on Wall Street were damaging to shareowners and served to insure executives against failure. In a 2008 *Forbes* article on Wall Street pay in general, the director of the Program on Corporate Governance at Harvard Law School noted that, “compensation policies will prove to be quite costly—excessively costly—to shareholders.” Revenue diverted to compensation leaves less money for other uses, including investment and the payment of dividends to shareholders.

According to a review by Kenneth Feinberg, who served as the White House's special master on Wall Street pay, Goldman Sachs and its peers in the financial services industry collectively overpaid their top executives by \$1.6 billion during the height of the financial crisis. As reported by the *New York Times*, with respect to executive compensation, “Mr. Feinberg cautions that companies banking on the public's short attention span do so at their own peril. ‘There is a tremendous amount of populist outrage and frustration in this.’”

RESOLVED: Shareholders request that the Board's Compensation Committee initiate a review of our Company's senior executive compensation policies and make available a summary report of that review by October 1, 2011 (omitting confidential information and processed at a reasonable cost). We request that the report include –

1. An evaluation of whether our senior executive compensation packages (including, but not limited to, options, benefits, perks, loans and retirement agreements) are “excessive” and should be modified.
2. An exploration of how sizable layoffs and the level of pay of our lowest paid workers impact senior executive pay.
3. An analysis of the way in which fluctuations in revenues impact: a) the Company's compensation pool; b) the compensation of the Company's top 25 senior executives; and c) the Company's shareholders.