DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549-4561

February 8, 2011

Gregory K. Palm
Executive Vice President
General Counsel
The Goldman Sachs Group, Inc.
200 West Street
New York, NY 10282-2198

Re: The Goldman Sachs Group, Inc.
Incoming letter dated December 22, 2010

Dear Mr. Palm:

This is in response to your letter dated December 22, 2010 concerning the shareholder proposal submitted to Goldman Sachs by the Missionary Oblates of Mary Immaculate. Our response is attached to the enclosed photocopy of your correspondence. By doing this, we avoid having to recite or summarize the facts set forth in the correspondence. Copies of all of the correspondence also will be provided to the proponent.

In connection with this matter, your attention is directed to the enclosure, which sets forth a brief discussion of the Division's informal procedures regarding shareholder proposals.

Sincerely,

Gregory S. Belliston
Special Counsel

Enclosures

cc: Rev. Séamus P. Finn, OMI
Director
Justice, Peace and Integrity of Creation Office
Missionary Oblates of Mary Immaculate
391 Michigan Avenue, NE
Washington, DC 20017

February 8, 2011

Response of the Office of Chief Counsel
<u>Division of Corporation Finance</u>

Re: The Goldman Sachs Group, Inc.
Incoming letter dated December 22, 2010

The proposal requests that the board report to shareholders "the risk management structure, staffing and reporting lines of the institution and how it is integrated into their business model and across all the operations of the company's business lines."

There appears to be some basis for your view that Goldman Sachs may exclude the proposal under rule 14a-8(i)(7), as relating to Goldman Sachs' ordinary business operations. We note that the proposal relates to the manner in which Goldman Sachs manages risk. We further note that the proposal addresses matters beyond the board's role in the oversight of Goldman Sachs' management of risk. Accordingly, we will not recommend enforcement action to the Commission if Goldman Sachs omits the proposal from its proxy materials in reliance on rule 14a-8(i)(7). In reaching this position, we have not found it necessary to address the alternative basis for omission upon which Goldman Sachs relies.

Sincerely,

Robert Errett
Attorney-Adviser

DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the Company in support of its intention to exclude the proposals from the Company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes administered by the Commission, including argument as to whether or not activities proposed to be taken would be violative of the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversary procedure.

It is important to note that the staff's and Commission's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly a discretionary determination not to recommend or take Commission enforcement action, does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the management omit the proposal from the company's proxy material.

The Goldman Sachs Group, Inc. | 200 West Street | New York, New York 10282-2198
Tel: 212-902-4762 | Fax: 646-446-0330

Gregory K. Palm
Executive Vice President
General Counsel

Goldman Sachs

December 22, 2010

Via E-Mail to shareholderproposals@sec.gov

Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

Re: The Goldman Sachs Group, Inc. – Request to Omit Shareholder Proposal of the Missionary Oblates of Mary Immaculate

Ladies and Gentlemen:

Pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), The Goldman Sachs Group, Inc., a Delaware corporation (the "Company"), hereby gives notice of its intention to omit from the proxy statement and form of proxy for the Company's 2011 Annual Meeting of Shareholders (together, the "2011 Proxy Materials") a shareholder proposal (including its supporting statement, the "Proposal") received from the Missionary Oblates of Mary Immaculate. The full text of the Proposal and all other correspondence with the proponent is attached as Exhibit A.

The Company believes it may properly omit the Proposal from the 2011 Proxy Materials for the reasons discussed below. The Company respectfully requests confirmation that the staff of the Division of Corporation Finance (the "Staff") of the Securities and Exchange Commission (the "Commission") will not recommend enforcement action to the Commission if the Company excludes the Proposal from the 2011 Proxy Materials.

This letter, including the exhibits hereto, is being submitted electronically to the Staff at shareholderproposals@sec.gov. Pursuant to Rule 14a-8(j), we have filed this letter with the

Commission no later than 80 calendar days before the Company intends to file its definitive 2011 Proxy Materials with the Commission. A copy of this letter is being sent simultaneously to the shareholder proponent as notification of the Company's intention to omit the Proposal from the 2011 Proxy Materials.

I. The Proposal

The resolution included in the Proposal reads as follows:

"BE IT RESOLVED that the Board of Directors report to shareholders (at reasonable cost and omitting proprietary information) by December 1, 2011, the risk management structure, staffing and reporting lines of the institution and how it is integrated into their business model and across all the operations of the company's business lines."

The supporting statement included in the Proposal is set forth in Exhibit A.

II. Reasons for Omission

We believe that the Proposal may properly be excluded from the 2011 Proxy Materials pursuant to (i) Rule 14a-8(i)(7), because the Proposal relates to the Company's ordinary business operations (specifically, general risk management matters) and (ii) Rule 14a-8(i)(10), because the Proposal has already been substantially implemented through the risk management disclosures in the Company's periodic reports filed with the Commission.

A. The Proposal may be excluded pursuant to Rule 14a-8(i)(7) because it relates to the Company's ordinary business operations (general risk management matters).

The Proposal is properly excludable pursuant to Rule 14a-8(i)(7) because the Proposal pertains to matters of the Company's ordinary business operations – namely, general risk management matters. Rule 14a-8(i)(7) permits a company to omit from its proxy materials a shareholder proposal that relates to the company's "ordinary business operations." According to the Commission, the underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." *Exchange Act Release No. 40018, Amendments to Rules on Shareholder Proposals,* [1998 Transfer Binder] *Fed. Sec. L. Rep. (CCH) ¶ 86,018, at 80,539* (May 21, 1998) (the "1998 Release"). In the 1998 Release, the Commission described the two "central considerations" for the ordinary business exclusion. The first is that certain tasks are "so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." The second consideration relates to "the degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *Id.* at 86,017-18 (footnote omitted).

In Staff Legal Bulletin No. 14E, the Staff stated that going forward, with respect to risk-related proposals, it will look to the subject matter of the report to determine "whether the underlying subject matter of the risk evaluation involves a matter of ordinary business to the company." *Staff Legal Bulletin No. 14E* (Oct. 27, 2009). For financial services firms such as the Company, risk management is a daily and continuous practice that is an inherent part of the Company's day-to-day operations. Thus, the subject matter of the Proposal, which requests a report on the Company's risk management structure "and how it is integrated into [its] business model and across all the operations of the company's business lines," involves a matter of ordinary business to the Company. While Staff Legal Bulletin No. 14E indicates that "a proposal that focuses on the *board's* role in the oversight of a company's management of risk may transcend the day-to-day business matters of a company and raise policy issues so significant that it would be appropriate for a shareholder vote," the Proposal does not focus on the board's role in managing risk. Rather, the Proposal relates solely to the Company's general risk management and its integration into the Company's business model and operations. The Proposal (including the supporting statement) does not mention the Company's Board of Directors at all, other than asking that the Board issue the report. Accordingly, the subject matter of the report does not "transcend the day-to-day business matters" of the Company.

The Staff has on several occasions permitted the exclusion of shareholder proposals that related to a company's general risk management matters. *See, e.g., McDonald's Corp.* (Jan. 28, 2008, *reconsideration denied* Mar. 3, 2008); *Motorola Inc. (Jan. 7, 2008); McDonald's Corp.* (Mar. 14, 2006) (in each case, proposal requesting that the board implement a "comprehensive risk strategy" excludable as relating to its ordinary business activities); *The Mead Corporation* (Jan. 31, 2001) (proposal concerning company's liability projection methodology and evaluation of risk excludable as relating to its ordinary business activities).

Based on the foregoing, we respectfully request that the Staff confirm that it will not recommend enforcement action if the Company excludes the Proposal from the 2011 Proxy Materials.

B. The Proposal may be excluded under Rule 14a-8(i)(10) because it has been substantially implemented by the Company through its Form 10-K and Form 10-Q filings.

Rule 14a-8(i)(10) permits the exclusion of a stockholder proposal "[i]f the company has already substantially implemented the proposal." This exclusion is "designed to avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by management." *See Exchange Act Release* No. 12598, [1976-77 Transfer Binder] *Fed. Sec. L. Rep. (CCH) ¶ 80,634, at 86,600* (July 7, 1976) (regarding predecessor to Rule 14a-8(i)(10)). The Staff has stated that a proposal is considered substantially implemented when the company's practices are deemed consistent with the "intent of the proposal." *Aluminum Company of America* (Jan. 16, 1996). Similarly, the Staff has declared that a proposal is substantially implemented if the company's "policies, practices and procedures compare favorably with the guidelines of the proposal." *Texaco, Inc.* (Mar. 28, 1991). Accordingly, even if a company has not implemented every detail of a proposal, the proposal may still be excluded provided that the company has *substantially* implemented it.

There are numerous precedents where the Staff has permitted the exclusion of shareholder proposals that have been substantially implemented through compliance with applicable laws and regulations. *See e.g.*, *Verizon Communications Inc.* (Feb. 21, 2007) (proposal that company disclose relationship between each independent director and the company that the board considered when determining such director's independence is excludable as substantially implemented because Item 407 of Regulation S-K requires disclosure of the independence of director nominees and the transactions considered by board in reaching that conclusion); *Eastman Kodak Co.* (Feb. 1, 1991) (proposal that company disclose in annual report all fines paid for violating environmental laws is excludable as substantially implemented because Item 103 of Regulation S-K requires disclosure of all fines exceeding $100,000); *see also King Pharmaceuticals Inc.* (Mar. 17, 2010) (proposal that board amend company bylaws to give holders of 10% of company's common stock power to call special shareholder meetings is excludable as substantially implemented because under relevant state law 10% shareholders already have authority to call special meetings); *Johnson & Johnson* (Feb. 17, 2006) (proposal that required the company to verify employment eligibility of current and future employees and to terminate any employee not authorized to work in the United States is excludable as substantially implemented on the basis that the company already was required to take such actions under federal law).

Here, the Proposal calls for the Board of Directors to report to shareholders "the risk management structure, staffing and reporting lines of the institution and how it is integrated" into the Company's business model. The Commission's rules already require the Company to provide significant disclosure regarding its risk management structure and practices in its periodic reports filed under the Exchange Act, and the Company has in fact provided such disclosure. The Commission's guidance under Item 303 of Regulation S-K, Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), makes clear that the company's risk management should be addressed in the MD&A. For example, the Commission has stated that the MD&A should "provide insight into material opportunities, challenges and risks, such as those presented by known material trends and uncertainties, on which the company's executives are most focused for both the short and long term, as well as the actions they are taking to address these opportunities, challenges and risks." *Exchange Act Release No. 48960, Commission Guidance Regarding Management's Discussion and Analysis of Financial Condition and Results of Operations,* [2003-2004 Transfer Binder] *Fed. Sec. L. Rep. (CCH) ¶ 87,127, at 88,892* (Dec. 19, 2003). Furthermore, Item 305 of Regulation S-K expressly requires both quantitative and qualitative information about market risks, including how the risks are managed.

Accordingly, in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 ("2009 Form 10-K"), there is a section under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Management" which discusses in detail the Company's risk management structure, including its risk and other committees and reporting lines in various lines of business. Furthermore, the 2009 Form 10-K contains sections in the MD&A entitled "Market Risk," "Credit Risk," "Liquidity and Funding Risk," and "Operational Risk," which discuss the Company's exposures and risk management practices in these areas across the Company's operations; these sections are updated in each of the Company's Quarterly Reports on Form 10-Q. We have included copies of the relevant portions of the 2009 Form 10-K as Exhibit B to this letter.

Based on the substantial disclosure that the Company has made as to its risk management structure and practices, the information that would be included in the "report" requested in the Proposal has already been substantially provided to shareholders and therefore the Proposal has been substantially implemented.

Based on the foregoing, we respectfully request that the Staff confirm that it will not recommend enforcement action if the Company excludes the Proposal from the 2011 Proxy Materials.

* * *

Should you have any questions or if you would like any additional information regarding the foregoing, please do not hesitate to contact Beverly L. O'Toole (212-357-1584) or the undersigned (212-902-4762). Thank you for your attention to this matter.

Very truly yours,

Gregory K. Palm

Attachment

cc: Rev. Séamus P. Finn, OMI, Missionary Oblates of Mary Immaculate (w/attachment)
(seamus@omiusa.org)

EXHIBIT A

Justice and Peace/Integrity of Creation

Missionary Oblates of Mary Immaculate, United States Province

Web Address: omiusajpic.org

FAX TRANSMITTAL COVER SHEET

TO: MR. LLOYD C. BLANKFEIN

FAX NUMBER: 212-902-3000

RE: Attached letter and resolution

DATE: 12/6/10

SENDER: Mary O'Herron for Fr. Séamus Finn, OMI

NUMBER OF PAGES TO FOLLOW THIS COVER SHEET: 4

We will send a paper version by FedEx tomorrow.

Washington, DC, Office: Séamus Finn, OMI, Director
391 Michigan Avenue, NE Washington, DC 20017 Tel: 202-529-4505 Fax: 202-529-4572 E-mail: seamus@omiusa.org

Missionary Oblates of Mary Immaculate

Justice & Peace / Integrity of Creation Office, United States Province

December 6, 2010

Mr. Lloyd C. Blankfein, Chair and Chief Executive Officer
c/o Mr. John F.W. Rogers, Secretary
Goldman Sachs Group, Inc.
85 Broad Street, 30th Floor
New York, NY 10004 FAX: 212-902-3000

Dear Mr. Blankfein,

The Missionary Oblates of Mary Immaculate are a religious order in the Roman Catholic tradition with over 4,000 members and missionaries in more than 65 countries throughout the world. We are members of the Interfaith Center on Corporate Responsibility a coalition of 275 faith-based institutions committed to socially responsible investments. We are the beneficial owners of 632 shares in Goldman Sachs Group, Inc. Verification of our ownership of this stock is enclosed.

We are appreciative of the number of opportunities that we have had to engage with representatives of the company throughout the past two years and the opportunity to meet with you, Mr. John Rogers and with Mr. Gerald Corrigan, head of the Business Standards Committee during the last six months. We continue to remain concerned about the long term impact of the crisis on the safety and soundness of the global financial system and the confidence and trust of the general public in the institutions and regulators in the sector.

The federal government, and therefore the US taxpayer, has had to intervene to an unprecedented extent over the past 24 months to support and stabilize the financial system. Continuous revelations have made us all aware of the extent to which a number of major domestic and international financial institutions, including Goldman Sachs, made use of various facilities that were made available by the Federal Reserve. We believe that the work of reform and regulatory enhancement, which was mandated by Dodd-Frank legislation and other international bodies, by itself will not restore the trust that has been destroyed. We believe that all stakeholders have a role to play in this process, and that there are additional measures around transparency and accountability that our company can contribute to this crucial confidence restoration enterprise.

391 Michigan Avenue, NE • Washington, DC 20017 • Tel: 202-529-4505 • Fax: 202-529-4572
Website: www.omiusajpic.org

It is with this in mind that I write at this time to inform you of our intention to file the enclosed stockholder resolution for consideration and action by the stockholders at the annual meeting. I hereby submit it for inclusion in the proxy statement in accordance with Rule 14-a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. I will be the primary contact for this resolution.

If you have any questions or concerns on this, please do not hesitate to contact me.

Sincerely,

Rev. Séamus P. Finn, OMI
Director
Justice, Peace and Integrity of Creation Office
Missionary Oblates of Mary Immaculate

Restore Confidence in the Financial System
2011 – Goldman Sachs

WHEREAS, the Securities and Exchange Commission is proposing the reinstatement of a rule that was eliminated in 1994, that would require companies to report each quarter their average daily or monthly amount of outstanding short-term debt, the maximum level of those borrowings and their weighted average interest rate.

WHEREAS, Mary Schapiro, SEC Chair, has commented that: "Under these proposals, investors would have better information about a company's financing activities during the course of a reporting period — not just a period-end snapshot," and "With this information, investors would be better able to evaluate the company's ongoing liquidity and leverage risks." (Opening Statement, SEC Open Meeting, September 17, 2010)

WHEREAS, data compiled by Bloomberg states that: "For more than a decade, banks and insurance companies convinced governments and nonprofits (e.g., Bay Area Toll Authority in Oakland, CA, Cornell University, NY) that financial engineering would lower interest rates on bonds sold for public projects such as roads, bridges and schools." That has cost these entities "more than $4 billion".

Whereas the US government found it necessary to commit more than $700 billion **the Troubled Assets Relief Program In 2009** to prevent a complete meltdown of the financial system.

Whereas our company according to Bloomberg "borrowed from the Fed's Term Securities Lending Facility most weeks from March 2008 through April 2009,... Two units of the New York-based firm borrowed as much as $24.2 billion from the Fed's Primary Dealer Credit Facility in the weeks after Lehman Brothers Holdings Inc.'s bankruptcy in September 2008."

Whereas our company announced in May of 2010 the creation of a business standards committee that because according to the CEO "Our firm must review our core principles."

BE IT RESOLVED that the Board of Directors report to shareholders (at reasonable cost and omitting proprietary information) by December 1, 2011, the risk management structure, staffing and reporting lines of the institution and how it is integrated into their business model and across all the operations of the company's business lines.

Supporting Statement: Restoring public trust and confidence in the financial system and in the corporations and institutions that operate in the financial services sector will not be accomplished alone by the Dodd-Frank financial reform legislation, which was signed into law in July 2010, unless it is accompanied by greater transparency and accountability across the sector and especially by the significant systemic financial institutions.

The proponents of this resolution have discussed with the Company on a number of occasions the issue of risk management structure and processes that are in place to protect the institution, its stakeholders and financial system. This has included discussions about the suitability of innovative tools and mechanisms and services that are offered in business operations between lenders, borrowers, dealers, underwriters and investors and across the industry. Continuous reporting on the monitoring, testing and strenuous evaluation of these instruments for soundness, suitability, integrity and safety is needed and can be advanced through the adoption of this resolution.

STATE STREET.

801 Pennsylvania
Kansas City, MO 64105
Telephone: (816) 871-4100

December 3, 2010

Rev. Seamus Finn, OMI
Justice, Peace and Integrity of Creation Office
Missionary Oblates of Mary Immaculate
United States Province
391 Michigan Avenue, NE
Washington, DC 20017

Re: OIP-MESIROW ALPHA– Fund BAVI

Dear Rev. Finn:

This is to confirm that the following security has been held in the above referenced account for at least one year: We also have an additional 1870 shares of this stock that has been held for less than a year.

Security	Shares	Acquisition Date
Goldman Sachs	297	8/13/2009
Goldman Sachs	54	9/17/2009
Goldman Sachs	146	10/16/2009
Goldman Sachs	135	11/12/2009

The value of the shares held for more than a year is estimate at $98,000.00

If you have any questions or need additional information, please call me at (816) 871-7528.

Sincerely,

Jonathan R Lightfoot

Jonathan R. Lightfoot
Client Service Manager, Sr. Associate
Specialized Trust Services

200 West Street | New York, New York 10282-2198
Tel: 212-357-1584 | Fax: 212-346-3588 | e-mail: beverly.otoole@gs.com

Beverly L. O' Toole
Managing Director
Associate General Counsel

Goldman Sachs

December 17, 2010

Via UPS Overnight

Missionary Oblates of Mary Immaculate
Justice & Peace/Integrity of Creation Office
United States Province
391 Michigan Avenue, NE
Washington, D.C. 20017
Attn: Rev. Séamus P. Finn, OMI

Re: The Goldman Sachs Group, Inc. ("Goldman Sachs")

Dear Rev. Finn:

This letter is being sent to you in accordance with Rule 14a-8 under the Securities Exchange Act of 1934 in connection with the shareholder proposal submitted to Goldman Sachs by the Missionary Oblates of Mary Immaculate (the "Proponent"), which was dated and received by us on December 6, 2010. Rule 14a-8(f) provides that we must notify you of any procedural or eligibility deficiencies with respect to the shareholder proposal, as well as the time frame for your response to this letter.

Rule 14a-8(b)(2) provides that shareholder proponents must submit sufficient proof of their continuous ownership of at least $2,000 in market value, or 1%, of the company's shares entitled to vote on the proposal for at least one year prior to the date the shareholder proposal was submitted.

Goldman Sachs' stock records do not indicate that the Proponent is the record owner of any shares of common stock. You did not submit to Goldman Sachs any proof of the Proponent's ownership as of December 6, 2010, the submission date. The proof of ownership that you submitted was as of December 3, 2010, which, pursuant to SEC staff guidance, is not sufficient to demonstrate ownership as of December 6, 2010. See Question C(1)(c)(3) of SEC Staff Legal Bulletin No. 14, a copy of which is attached for your reference. In addition, the proof of ownership that you submitted indicated that the referenced shares were held in a specified account (OIP-MESIROW ALPHA—Fund BAVI), but did not provide any indication that the Proponent was the holder of that account. Furthermore, you did not indicate, as required by Rule 14a-8(b)(2), that you intend to continue to hold the shares through the date of our 2011 annual meeting.

For this reason, we believe that the proposal may be excluded from our proxy statement for our upcoming 2011 annual meeting of shareholders unless these deficiencies are cured within 14 calendar days of your receipt of this letter.

To remedy these deficiencies, you must provide sufficient proof of ownership of the requisite number of shares of Goldman Sachs common stock as of December 6, 2010, the date the proposal was submitted to us. As explained in Rule 14a-8(b), sufficient proof may be in the form of:

- a written statement from the "record" holder of the Proponent's shares (usually a broker or a bank) verifying that, as of December 6, 2010, the Proponent continuously held the requisite number of shares for at least one year; or

- if the Proponent has filed with the SEC a Schedule 13D, Schedule 13G, Form 3, Form 4 and/or Form 5, or amendments to those documents or updated forms, reflecting its ownership of the requisite number of shares as of or before the date on which the one-year eligibility period begins, a copy of the schedule and/or form, and any subsequent amendments reporting a change in the Proponent's ownership level and a written statement that the Proponent continuously held the requisite number of shares for the one-year period.

In either case, you must confirm in your written statement that the Proponent intends to continue to own the shares through the date of our 2011 annual meeting.

Under Rule 14a-8(f), we are required to inform you that if you would like to respond to this letter or remedy the deficiencies described above, your response must be postmarked, or transmitted electronically, no later than 14 calendar days from the date that you first received this letter. We have attached a copy of Rule 14a-8 to this letter for your reference.

If you have any questions with respect to the foregoing, please contact me at (212) 357-1584. You may send any response to me at the address on the letterhead of this letter, by e-mail to beverly.otoole@gs.com or by facsimile to (212) 428-9103.

Very truly yours,

Beverly O'Toole

Beverly L. O'Toole
Assistant Secretary

Justice and Peace/Integrity of Creation

Missionary Oblates of Mary Immaculate, United States Province

Web Address: omiusajpic.org

FAX TRANSMITTAL COVER SHEET

TO: **Beverly O'Toole**

FAX NUMBER: **212-428-9103**

RE: **Attached letter**

DATE: **December 20, 2010**

SENDER: **Rev. Séamus Finn, OMI**

NUMBER OF PAGES TO FOLLOW THIS COVER SHEET: 1

Dear M. O'Toole:

I received your letter and packet of information of December 17, 2010.

In response to that, please find attached a new letter of verification of ownership of shares of Goldman Sachs by the Missionary Oblates of Mary Immaculate that we hope is more in line with what is needed.

In addition, please be assured that we plan to hold our shares at least until the annual meeting.

Please get back to me if anything else is required.

Sincerely,

Séamus P. Finn, OMI
Director
Justice, Peace and Integrity of Creation Office
Missionary Oblates of Mary Immaculate

Washington, DC, Office: Séamus Finn, OMI, Director
391 Michigan Avenue, NE Washington, DC 20017 Tel: 202-529-4505 Fax: 202-529-4572 E-mail: seamus@omiusa.org

STATE STREET.

801 Pennsylvania Avenue
Kansas City, MO 64105
Telephone: (816) 871-4100
www.statestreet.com

December 20, 2010

Rev. Seamus Finn, OMI
Justice, Peace and Integrity of Creation Office
Missionary Oblates of Mary Immaculate
United States Province
391 Michigan Avenue, NE
Washington, DC 20017

Re: OIP-MESIROW ALPHA– Fund BAVI

Dear Rev. Finn:

This is to confirm that as of Dec. 6 the following security has been held continuously by Missionary Oblates of Mary Immaculate in the above referenced account for at least one year:

Security	Shares	Acquisition Date
Goldman Sachs	297	8/13/2009
Goldman Sachs	54	9/17/2009
Goldman Sachs	146	10/16/2009
Goldman Sachs	135	11/12/2009

If you have any questions or need additional information, please call me at (816) 871-9583.

Sincerely,

Jonathan R. Lightfoot

Jonathan R. Lightfoot
Client Service Manager, Sr. Associate
Specialized Trust Services

From: O"Toole, Beverly L [Legal]
To: "seamus@omiusa.org"
Subject: The Goldman Sachs Group, Inc.
Date: Monday, December 20, 2010 6:58:58 PM

Father Finn:

I received your fax today with updated ownership information and the statement regarding agreement to hold the shares through the date of the annual meeting. Thank you; we very much appreciate your prompt response.

Yours truly,

Bev O'Toole

EXHIBIT B

Excerpts from Management's Discussion and Analysis of Financial Condition and Results of Operations

The Goldman Sachs Group, Inc. Annual Report on Form 10-K for the Fiscal Year Ended December 31, 2009

Our occupancy expenses include costs associated with office space held in excess of our current requirements. This excess space, the cost of which is charged to earnings as incurred, is being held for potential growth or to replace currently occupied space that we may exit in the future. We regularly evaluate our current and future space capacity in relation to current and projected staffing levels. In 2009, we incurred exit costs of $61 million related to our office space (included in "Occupancy" and "Depreciation and Amortization" in the consolidated statements of earnings). We may incur exit costs in the future to the extent we (i) reduce our space capacity or (ii) commit to, or occupy, new properties in the locations in which we operate and, consequently, dispose of existing space that had been held for potential growth. These exit costs may be material to our results of operations in a given period.

As of December 2009, included in purchase obligations was $142 million of construction-related obligations. As of December 2009, our construction-related obligations include commitments of $104 million related to our new headquarters in New York City. Initial occupancy of our new headquarters occurred during the fourth quarter of 2009.

Due to the uncertainty of the timing and amounts that will ultimately be paid, our liability for unrecognized tax benefits has been excluded from the above contractual obligations table.

See Note 8 to the consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for information regarding our commitments, contingencies and guarantees.

Risk Management

Management believes that effective risk management is of primary importance to the success of Goldman Sachs. Accordingly, we have a comprehensive risk management process to monitor, evaluate and manage the principal risks we assume in conducting our activities. These risks include market, credit, liquidity, operational, legal, regulatory and reputational exposures.

Risk Management Structure

We seek to monitor and control our risk exposure through a variety of separate but complementary financial, credit, operational, compliance and legal reporting systems. In addition, a number of committees are responsible for monitoring risk exposures and for general oversight of our risk management process, as described further below. These committees (including their subcommittees), meet regularly and consist of senior members of both our revenue-producing units and departments that are independent of our revenue-producing units.

Segregation of duties and management oversight are fundamental elements of our risk management process. In addition to the committees described below, functions that are independent of the revenue-producing units, such as Compliance, Finance, Legal, Management Controls (Internal Audit) and Operations, perform risk management functions, which include monitoring, analyzing and evaluating risk.

Management Committee. The Management Committee oversees the global activities of the firm, including all firm risk control functions. The Committee provides this oversight directly and through authority delegated to the committees it has established.

Risk Committees. The Firmwide Risk Committee is globally responsible for the ongoing monitoring and control of financial risks associated with the activities of the firm. Through both direct and delegated authority, the Committee approves firmwide, product, divisional and business unit limits for both market and credit risks, approves sovereign credit risk limits and credit risk limits by ratings groups, and reviews stress test and scenario analyses results. The Committee also approves new businesses and products.

The Securities Division Risk Committee sets market risk limits for our trading activities, subject to overall firmwide risk limits, for the FICC and Equities businesses based on a number of risk measures, including VaR, stress tests, scenario analyses, and inventory levels.

Business unit risk limits are established by the appropriate risk committee and may be further allocated by the business unit managers to individual trading desks. Trading desk managers have the first line of responsibility for managing risk within prescribed limits. These managers have in-depth knowledge of the primary sources of risk in their respective markets and the instruments available to hedge their exposures.

Market risk limits are monitored by the Finance Division and are reviewed regularly by the appropriate risk committee. Limit violations are reported to the appropriate risk committee and business unit managers and addressed, as necessary. Credit risk limits are also monitored by the Finance Division and reviewed by the appropriate risk committee.

The Investment Management Division Risk Committee oversees market, counterparty credit and liquidity risks related to our asset management businesses.

Business Practices Committee. The Business Practices Committee assists senior management in its oversight of compliance and operational risks and related reputational concerns, seeks to ensure the consistency of our policies, practices and procedures with our Business Principles, and makes recommendations on ways to mitigate potential risks.

Firmwide Capital Committee. The Firmwide Capital Committee provides approval and oversight of debt-related transactions, including principal commitments of the firm's capital. Such capital commitments include, but are not limited to, extensions of credit, alternative liquidity commitments and certain debt underwritings. The Firmwide Capital Committee aims to ensure that business and reputational standards for underwritings and capital commitments are maintained on a global basis.

Commitments Committee. The Commitments Committee reviews and approves underwriting and distribution activities, primarily with respect to offerings of equity and equity-related securities, and sets and maintains policies and procedures designed to ensure that legal, reputational, regulatory and business standards are maintained in conjunction with these activities. In addition to reviewing specific transactions, the Commitments Committee periodically conducts strategic reviews of industry sectors and products and establishes policies in connection with transaction practices.

Credit Policy Committee. The Credit Policy Committee establishes and reviews broad credit policies and parameters that are implemented by the Credit Department.

Finance Committee. The Finance Committee has oversight responsibility for liquidity risk, the size and composition of our balance sheet and capital base, and our credit ratings. The Finance Committee regularly reviews our liquidity, balance sheet, funding position and capitalization and makes adjustments in light of current events, risks and exposures, and regulatory requirements.

New Products Committee. The New Products Committee, under the oversight of the Firmwide Risk Committee, is responsible for reviewing and approving new product proposals.

Operational Risk Committee. The Operational Risk Committee provides oversight of the ongoing development and implementation of our operational risk policies, framework and methodologies, and monitors the effectiveness of operational risk management.

Structured Products Committee. The Structured Products Committee reviews and approves proposed structured product transactions to be entered into with our clients that raise legal, regulatory, tax or accounting issues or present reputational risk to Goldman Sachs.

Market Risk

The potential for changes in the market value of our trading and investing positions is referred to as market risk. Such positions result from market-making, proprietary trading, underwriting and investing activities. Substantially all of our inventory positions are marked-to-market on a daily basis and changes are recorded in net revenues.

Categories of market risk include exposures to interest rates, equity prices, currency rates and commodity prices. A description of each market risk category is set forth below:

- Interest rate risks primarily result from exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates, mortgage prepayment speeds and credit spreads.
- Equity price risks result from exposures to changes in prices and volatilities of individual equities, equity baskets and equity indices.
- Currency rate risks result from exposures to changes in spot prices, forward prices and volatilities of currency rates.
- Commodity price risks result from exposures to changes in spot prices, forward prices and volatilities of commodities, such as electricity, natural gas, crude oil, petroleum products, and precious and base metals.

We seek to manage these risks by diversifying exposures, controlling position sizes and establishing economic hedges in related securities or derivatives. For example, we may seek to hedge a portfolio of common stocks by taking an offsetting position in a related equity-index futures contract. The ability to manage an exposure may, however, be limited by adverse changes in the liquidity of the security or the related hedge instrument and in the correlation of price movements between the security and related hedge instrument.

In addition to applying business judgment, senior management uses a number of quantitative tools to manage our exposure to market risk for "Trading assets, at fair value" and "Trading liabilities, at fair value" in the consolidated statements of financial condition. These tools include:

- risk limits based on a summary measure of market risk exposure referred to as VaR;
- scenario analyses, stress tests and other analytical tools that measure the potential effects on our trading net revenues of various market events, including, but not limited to, a large widening of credit spreads, a substantial decline in equity markets and significant moves in selected emerging markets; and
- inventory position limits for selected business units.

VaR

VaR is the potential loss in value of trading positions due to adverse market movements over a defined time horizon with a specified confidence level.

For the VaR numbers reported below, a one-day time horizon and a 95% confidence level were used. This means that there is a 1 in 20 chance that daily trading net revenues will fall below the expected daily trading net revenues by an amount at least as large as the reported VaR. Thus, shortfalls from expected trading net revenues on a single trading day greater than the reported VaR would be anticipated to occur, on average, about once a month. Shortfalls on a single day can exceed reported VaR by significant amounts. Shortfalls can also occur more frequently or accumulate over a longer time horizon such as a number of consecutive trading days.

The modeling of the risk characteristics of our trading positions involves a number of assumptions and approximations. While we believe that these assumptions and approximations are reasonable, there is no standard methodology for estimating VaR, and different assumptions and/or approximations could produce materially different VaR estimates.

We use historical data to estimate our VaR and, to better reflect current asset volatilities, we generally weight historical data to give greater importance to more recent observations. Given its reliance on historical data, VaR is most effective in estimating risk exposures in markets in which there are no sudden fundamental changes or shifts in market conditions. An inherent limitation of VaR is that the distribution of past changes in market risk factors may not produce accurate predictions of future market risk. Different VaR methodologies and distributional assumptions could produce a materially different VaR. Moreover, VaR calculated for a one-day time horizon does not fully capture the market risk of positions that cannot be liquidated or offset with hedges within one day.

The following tables set forth the daily VaR:

Average Daily VaR [(1)]
(in millions)

	Year Ended		
Risk Categories	**December 2009**	**November 2008**	**November 2007**
Interest rates	$176	$ 142	$ 85
Equity prices	66	72	100
Currency rates	36	30	23
Commodity prices	36	44	26
Diversification effect [(2)]	(96)	(108)	(96)
Total	$218	$ 180	$138

(1) Certain portfolios and individual positions are not included in VaR, where VaR is not the most appropriate measure of risk (e.g., due to transfer restrictions and/or illiquidity). See "— Other Market Risk Measures" below.

(2) Equals the difference between total VaR and the sum of the VaRs for the four risk categories. This effect arises because the four market risk categories are not perfectly correlated.

Our average daily VaR increased to $218 million in 2009 from $180 million in 2008, principally due to an increase in the interest rates category and a reduction in the diversification benefit across risk categories, partially offset by a decrease in the commodity prices category. The increase in interest rates was primarily due to wider spreads. The decrease in commodity prices was primarily due to lower energy prices.

Our average daily VaR increased to $180 million in 2008 from $138 million in 2007, principally due to increases in the interest rate, commodity price and currency rate categories, partially offset by a decrease in the equity prices category. The increase in interest rates was primarily due to higher levels of volatility and wider spreads, partially offset by position reductions, and the increases in commodity prices and currency rates were primarily due to higher levels of volatility. The decrease in equity prices was principally due to position reductions, partially offset by higher levels of volatility.

VaR excludes the impact of changes in counterparty and our own credit spreads on derivatives as well as changes in our own credit spreads on unsecured borrowings for which the fair value option was elected. The estimated sensitivity of our net revenues to a one basis point increase in credit spreads (counterparty and our own) on derivatives was a $1 million loss as of December 2009. In addition, the estimated sensitivity of our net revenues to a one basis point increase in our own credit spreads on unsecured borrowings for which the fair value option was elected was an $8 million gain (including hedges) as of December 2009.

Daily VaR [1]
(in millions)

Risk Categories	As of December 2009	As of November 2008	Year Ended December 2009 High	Year Ended December 2009 Low
Interest rates	$ 122	$228	$252	$111
Equity prices	99	38	123	32
Currency rates	21	36	61	20
Commodity prices	33	33	59	18
Diversification effect [2]	(122)	(91)		
Total	$ 153	$244	$285	$153

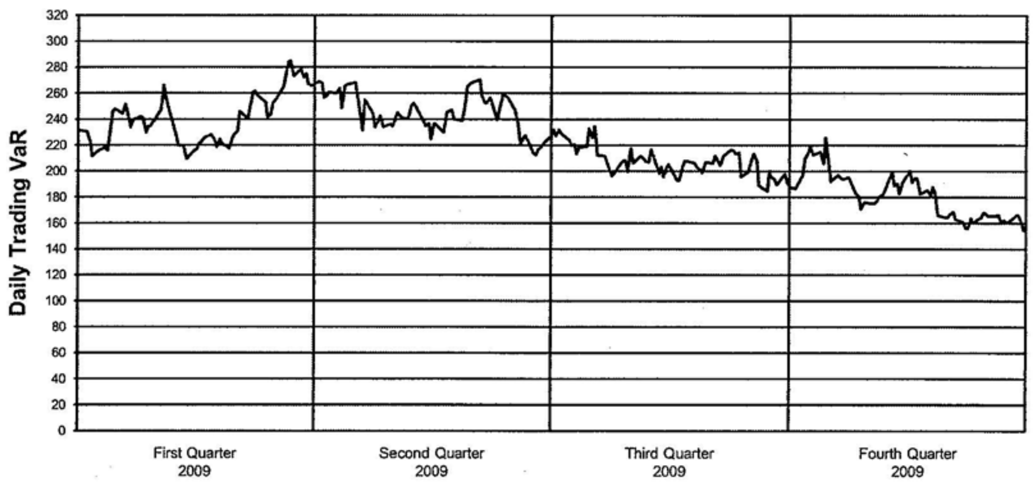
(1) Certain portfolios and individual positions are not included in VaR, where VaR is not the most appropriate measure of risk (e.g., due to transfer restrictions and/or illiquidity). See "— Other Market Risk Measures" below.

(2) Equals the difference between total VaR and the sum of the VaRs for the four risk categories. This effect arises because the four market risk categories are not perfectly correlated.

Our daily VaR decreased to $153 million as of December 2009 from $244 million as of November 2008, due to a decrease in the interest rate and currency rate categories as well as an increase in the diversification benefit across risk categories, partially offset by an increase in the equity prices category. The decrease in interest rates was principally due to lower market volatilities, tighter spreads and lower levels of exposure. The decrease in currency rates was primarily due to lower market volatilities. The increase in equity prices was primarily due to higher levels of exposure.

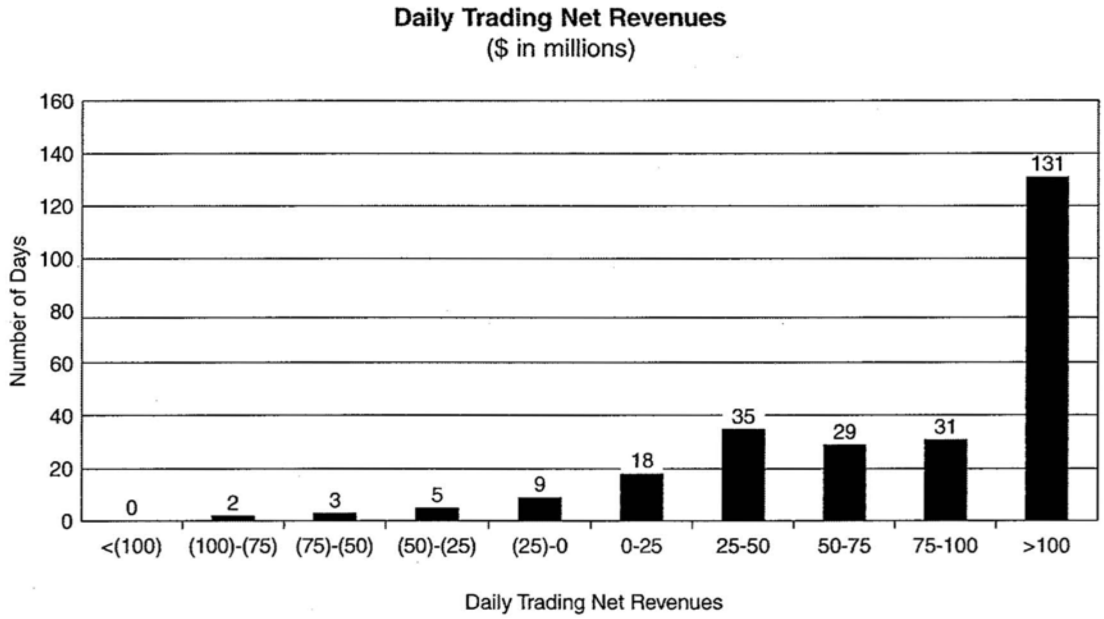
The following chart presents our daily VaR during 2009:

Daily VaR
($ in millions)



Trading Net Revenues Distribution

The following chart sets forth the frequency distribution of our daily trading net revenues for substantially all inventory positions included in VaR for the year ended December 2009:



As part of our overall risk control process, daily trading net revenues are compared with VaR calculated as of the end of the prior business day. Trading losses incurred on a single day did not exceed our 95% one-day VaR during 2009. Trading losses incurred on a single day exceeded our 95% one-day VaR on 13 occasions during 2008.

Other Market Risk Measures

Certain portfolios and individual positions are not included in VaR, where VaR is not the most appropriate measure of risk (e.g., due to transfer restrictions and/or illiquidity). The market risk related to our investment in the ordinary shares of ICBC, excluding interests held by investment funds managed by Goldman Sachs, is measured by estimating the potential reduction in net revenues associated with a 10% decline in the ICBC ordinary share price. The market risk related to the remaining positions is measured by estimating the potential reduction in net revenues associated with a 10% decline in asset values.

The sensitivity analyses for these equity and debt positions in the FICC and Equities components of our Trading and Principal Investments segment and equity, debt (primarily mezzanine instruments) and real estate positions in the Principal Investments component of our Trading and Principal Investments segment are measured by the impact of a decline in the asset values (including the impact of leverage in the underlying investments for real estate positions in the Principal Investments component) of such positions. The fair value of the underlying positions may be impacted by recent third-party investments or pending transactions, third-party independent appraisals, transactions in similar instruments, valuation multiples and public comparables, and changes in financial ratios or cash flows.

The following table sets forth market risk for positions not included in VaR. These measures do not reflect diversification benefits across asset categories and, given the differing likelihood of the potential declines in asset categories, these measures have not been aggregated:

Asset Categories	10% Sensitivity Measure	10% Sensitivity Amount as of December 2009	10% Sensitivity Amount as of November 2008
		(in millions)	
FICC and Equities (1)			
Equity (2)	Underlying asset value	$ 616	$ 790
Debt (3)	Underlying asset value	431	808
Principal Investments (4)			
ICBC	ICBC ordinary share price	298	202
Other Equity (5)	Underlying asset value	1,001	1,155
Debt (6)	Underlying asset value	947	694
Real Estate (7)	Underlying asset value	690	1,330

(1) In addition to the positions in these portfolios, which are accounted for at fair value, we make investments accounted for under the equity method and we also make direct investments in real estate, both of which are included in "Other assets" in the consolidated statements of financial condition. Direct investments in real estate are accounted for at cost less accumulated depreciation. See Note 12 to the consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for information on "Other assets."

(2) Relates to private and restricted public equity securities held within the FICC and Equities components of our Trading and Principal Investments segment.

(3) Primarily relates to acquired portfolios of distressed loans (primarily backed by commercial and residential real estate collateral), loans backed by commercial real estate, and corporate debt held within the FICC component of our Trading and Principal Investments segment.

(4) Represents investments included within the Principal Investments component of our Trading and Principal Investments segment.

(5) Primarily relates to interests in our merchant banking funds that invest in corporate equities.

(6) Primarily relates to interests in our merchant banking funds that invest in corporate mezzanine debt instruments.

(7) Primarily relates to interests in our merchant banking funds that invest in real estate. Such funds typically employ leverage as part of the investment strategy. This sensitivity measure is based on our percentage ownership of the underlying asset values in the funds and unfunded commitments to the funds.

The decrease in our 10% sensitivity measures as of December 2009 from November 2008 for debt and equity positions in the FICC and Equities components of our Trading and Principal Investments segment was primarily due to decreases in the fair value of the portfolios as well as due to dispositions. The decrease in our 10% sensitivity measure for equity positions in our Principal Investments component was primarily due to dispositions. The increase in our 10% sensitivity measure for debt positions in our Principal Investments component was primarily due to new investment activity. The decrease in our 10% sensitivity measure for real estate positions in our Principal Investments component was primarily due to a decrease in the fair value of the portfolio.

In addition to the positions included in VaR and the other risk measures described above, as of December 2009, we held approximately $10.70 billion of financial instruments in our bank and insurance subsidiaries, primarily consisting of $5.12 billion of money market instruments, $1.25 billion of government and U.S. federal agency obligations, $2.78 billion of corporate debt securities and other debt obligations, and $1.31 billion of mortgage and other asset-backed loans and securities. As of November 2008, we held approximately $10.39 billion of financial instruments in our bank and insurance subsidiaries, primarily consisting of $2.86 billion of money market instruments, $3.08 billion of government and U.S. federal agency obligations, $2.87 billion of corporate debt securities and other debt obligations, and $1.22 billion of mortgage and other asset-backed loans and securities. In addition, as of December 2009 and November 2008, we held commitments and loans under the William Street credit extension program. See Note 8 to the consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for further information regarding our William Street credit extension program.

Credit Risk

Credit risk represents the loss that we would incur if a counterparty or an issuer of securities or other instruments we hold fails to perform under its contractual obligations to us, or upon a deterioration in the credit quality of third parties whose securities or other instruments, including OTC derivatives, we hold. Our exposure to credit risk principally arises through our trading, investing and financing activities. To reduce our credit exposures, we seek to enter into netting agreements with counterparties that permit us to offset receivables and payables with such counterparties. In addition, we attempt to further reduce credit risk with certain counterparties by (i) entering into agreements that enable us to obtain collateral from a counterparty on an upfront or contingent basis, (ii) seeking third-party guarantees of the counterparty's obligations, and/or (iii) transferring our credit risk to third parties using credit derivatives and/or other structures and techniques.

To measure and manage our credit exposures, we use a variety of tools, including credit limits referenced to current exposure and potential exposure. Potential exposure is an estimate of exposure, within a specified confidence level, that could be outstanding over the life of a transaction based on market movements. In addition, as part of our market risk management process, for positions measured by changes in credit spreads, we use VaR and other sensitivity measures. To supplement our primary credit exposure measures, we also use scenario analyses, such as credit spread widening scenarios, stress tests and other quantitative tools.

Our global credit management systems monitor credit exposure to individual counterparties and on an aggregate basis to counterparties and their subsidiaries. These systems also provide management, including the Firmwide Risk and Credit Policy Committees, with information regarding credit risk by product, industry sector, country and region.

While our activities expose us to many different industries and counterparties, we routinely execute a high volume of transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, clearing houses, exchanges and investment funds. This has resulted in significant credit concentration with respect to this industry. In the ordinary course of business, we may also be subject to a concentration of credit risk to a particular counterparty, borrower or issuer, including sovereign issuers, or to a particular clearing house or exchange.

As of December 2009 and November 2008, we held $83.83 billion (10% of total assets) and $53.98 billion (6% of total assets), respectively, of U.S. government and federal agency obligations included in "Trading assets, at fair value" and "Cash and securities segregated for regulatory and other purposes" in the consolidated statements of financial condition. As of December 2009 and November 2008, we held $38.61 billion (5% of total assets) and $21.13 billion (2% of total assets), respectively, of other sovereign obligations, principally consisting of securities issued by the governments of the United Kingdom and Japan. In addition, as of December 2009 and November 2008, $87.63 billion and $126.27 billion of our securities purchased under agreements to resell and securities borrowed (including those in "Cash and securities segregated for regulatory and other purposes"), respectively, were collateralized by U.S. government and federal agency obligations. As of December 2009 and November 2008, $77.99 billion and $65.37 billion of our securities purchased under agreements to resell and securities borrowed, respectively, were collateralized by other sovereign obligations, principally consisting of securities issued by the governments of Germany, the United Kingdom and Japan. As of December 2009 and November 2008, we did not have credit exposure to any other counterparty that exceeded 2% of our total assets.

Liquidity and Funding Risk

Liquidity is of critical importance to companies in the financial services sector. Most failures of financial institutions have occurred in large part due to insufficient liquidity. Accordingly, Goldman Sachs has in place a comprehensive set of liquidity and funding policies that are intended to maintain significant flexibility to address both Goldman Sachs-specific and broader industry or market liquidity events. Our principal objective is to be able to fund Goldman Sachs and to enable our core businesses to continue to generate revenues, even under adverse circumstances.

We manage liquidity risk according to the following framework:

- Excess Liquidity — We maintain substantial excess liquidity to meet a broad range of potential cash outflows in a stressed environment, including financing obligations. The amount of our excess liquidity is based on an internal liquidity model together with a qualitative assessment of the condition of the financial markets and of Goldman Sachs.
- Asset-Liability Management — Our funding strategy includes an assessment of the overall characteristics of our assets with respect to their anticipated holding periods and potential illiquidity in a stressed environment. In addition, we manage the maturities and diversity of our secured and unsecured funding liabilities across markets, products and counterparties, and we seek to maintain liabilities of appropriate term relative to our asset base.
- Contingency Funding Plan (CFP) — We maintain a CFP to help identify, measure, monitor and mitigate liquidity and funding risk. The CFP considers various risk factors that could occur during a crisis and provides a framework for analyzing and responding to a liquidity crisis.

Excess Liquidity

Our most important liquidity policy is to pre-fund what we estimate will be our potential cash needs during a liquidity crisis and hold such excess liquidity in the form of unencumbered, highly liquid securities that may be sold or pledged to provide same-day liquidity. This "Global Core Excess" is intended to allow us to meet immediate obligations without needing to sell other assets or depend on additional funding from credit-sensitive markets. We believe that this pool of excess liquidity provides us with a resilient source of funds and gives us significant flexibility in managing through a difficult funding environment. Our Global Core Excess reflects the following principles:

- The first days or weeks of a liquidity crisis are the most critical to a company's survival.
- Focus must be maintained on all potential cash and collateral outflows, not just disruptions to financing flows. Our businesses are diverse, and our cash needs are driven by many factors, including market movements, collateral requirements and client commitments, all of which can change dramatically in a difficult funding environment.
- During a liquidity crisis, credit-sensitive funding, including unsecured debt and some types of secured financing agreements, may be unavailable, and the terms or availability of other types of secured financing may change.
- As a result of our policy to pre-fund liquidity that we estimate may be needed in a crisis, we hold more unencumbered securities and have larger debt balances than our businesses would otherwise require. We believe that our liquidity is stronger with greater balances of highly liquid unencumbered securities, even though it increases our total assets, and our funding costs.

The size of our Global Core Excess is based on an internal liquidity model together with a qualitative assessment of the condition of the financial markets and of Goldman Sachs. Our liquidity model, through which we analyze the consolidated firm as well as our major broker-dealer and bank depository institution subsidiaries, identifies and estimates potential contractual and contingent cash and collateral outflows over a short-term horizon in a liquidity crisis, including, but not limited to:

- upcoming maturities of unsecured long-term debt, promissory notes, commercial paper, term deposits and other unsecured funding products;
- potential buybacks of a portion of our outstanding unsecured funding;
- potential withdrawals of client deposits in our banking entities;
- adverse changes in the terms of, or the inability to refinance, secured funding trades with upcoming maturities, reflecting, among other factors, the quality of the underlying collateral and counterparty concentration;
- outflows of cash or collateral associated with the impact of market moves on our OTC derivatives, listed derivatives and securities and loans pledged as collateral for financing transactions;
- other outflows of cash or collateral related to derivatives, including the impact of trade terminations, collateral substitutions, collateral disputes, collateral calls or termination payments (in the event of a two-notch downgrade in our credit ratings), collateral that has not been called by counterparties but is available to them, or additional margin that could be requested by exchanges or clearing houses in a stressed environment;
- potential liquidity outflows associated with our prime brokerage business, including those related to customer credit balances;
- draws on our unfunded commitments not supported by William Street Funding Corporation[(1)], with draw assumptions varying in magnitude reflecting, among other things, the type of commitment and counterparty, and
- other upcoming cash outflows, such as tax and other large payments.

The following table sets forth the average loan value of the securities (the estimated amount of cash that would be advanced by counterparties against these securities), as well as certain overnight cash deposits that are included in our Global Core Excess:

	Year Ended	
	December 2009	**November 2008**
	(in millions)	
U.S. dollar-denominated	$120,970	$78,048
Non-U.S. dollar-denominated	45,404	18,677
Total Global Core Excess	$166,374	$96,725

The U.S. dollar-denominated excess is comprised of only unencumbered U.S. government securities, U.S. agency securities and highly liquid U.S. agency mortgage-backed securities, all of which are eligible as collateral in Federal Reserve open market operations, as well as certain overnight cash deposits. Our non-U.S. dollar-denominated excess is comprised of only unencumbered French, German, United Kingdom and Japanese government bonds and certain overnight cash deposits in highly liquid currencies. We strictly limit our Global Core Excess to this narrowly defined list of securities and cash because we believe they are highly liquid, even in a difficult funding environment. We do not believe that other potential sources of excess liquidity, such as lower-quality unencumbered securities or committed credit facilities, are as reliable in a liquidity crisis.

(1) The Global Core Excess excludes liquid assets of $4.31 billion held separately by William Street Funding Corporation. See Note 8 to the consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for further information regarding the William Street credit extension program.

We maintain our Global Core Excess to enable us to meet current and potential liquidity requirements of our parent company, Group Inc., and all of its subsidiaries. The Global Core Excess is held at Group Inc. and our major broker-dealer and bank depository institution subsidiaries. Each of these entities has its own liquidity model and funding risk management framework with separate excess liquidity pools intended to meet potential outflows in each entity in a stressed environment. Liquidity held in each of these subsidiaries is assumed to be usable only by that entity for the purpose of meeting its liquidity requirements. Subsidiary liquidity is not available to Group Inc. unless legally provided for and assuming no additional regulatory, tax or other restrictions.

In addition to our Global Core Excess, we have a significant amount of other unencumbered securities as a result of our business activities. These assets include other government bonds, high-grade money market securities, corporate bonds and marginable equities. We do not include these securities in our Global Core Excess.

In reporting our Global Core Excess and other unencumbered assets, we use loan values that are based on stress-scenario borrowing capacity and we regularly review these assumptions asset class by asset class. The estimated aggregate loan value of our Global Core Excess, cash deposits not included in the Global Core Excess and our other unencumbered assets averaged $210.48 billion and $163.41 billion for the years ended December 2009 and November 2008, respectively.

Asset-Liability Management

Assets. We seek to maintain a liquid balance sheet and substantially all of our inventory is marked-to-market daily. We impose balance sheet limits for each business and utilize aged inventory limits for certain financial instruments as a disincentive to our businesses to hold inventory over longer periods of time. Although our balance sheet fluctuates due to client activity, market conventions and periodic market opportunities in certain of our businesses, our total assets and adjusted assets at financial statement dates are typically not materially different from those occurring within our reporting periods.

Liabilities. We seek to structure our liabilities to meet the following objectives:

- Term Structure — We seek to structure our liabilities to have long-dated maturities in order to reduce refinancing risk. We manage maturity concentrations for both secured and unsecured funding to ensure we are able to mitigate any concentrated funding outflows.

- Diversity of Funding Sources — We seek to maintain broad and diversified funding sources globally for both secured and unsecured funding. We make use of the repurchase agreement and securities lending markets, as well as other secured funding markets. We issue long-term debt through syndicated U.S. registered offerings, U.S. registered and 144A medium-term note programs, offshore medium-term note offerings and other debt offerings. We issue short-term debt through U.S. and non-U.S. commercial paper and promissory note issuances and other methods. We raise demand and savings deposits through cash sweep programs and time deposits through internal and third-party broker networks. We generally distribute our funding products through our own sales force to a large, diverse global creditor base. We believe that our relationships with our creditors are critical to our liquidity. Our creditors include banks, governments, securities lenders, pension funds, insurance companies, mutual funds and individuals. We access funding in a variety of markets in the Americas, Europe and Asia. We have imposed various internal guidelines on creditor concentration, including the amount of our commercial paper and promissory notes that can be owned by any single creditor or group of creditors.

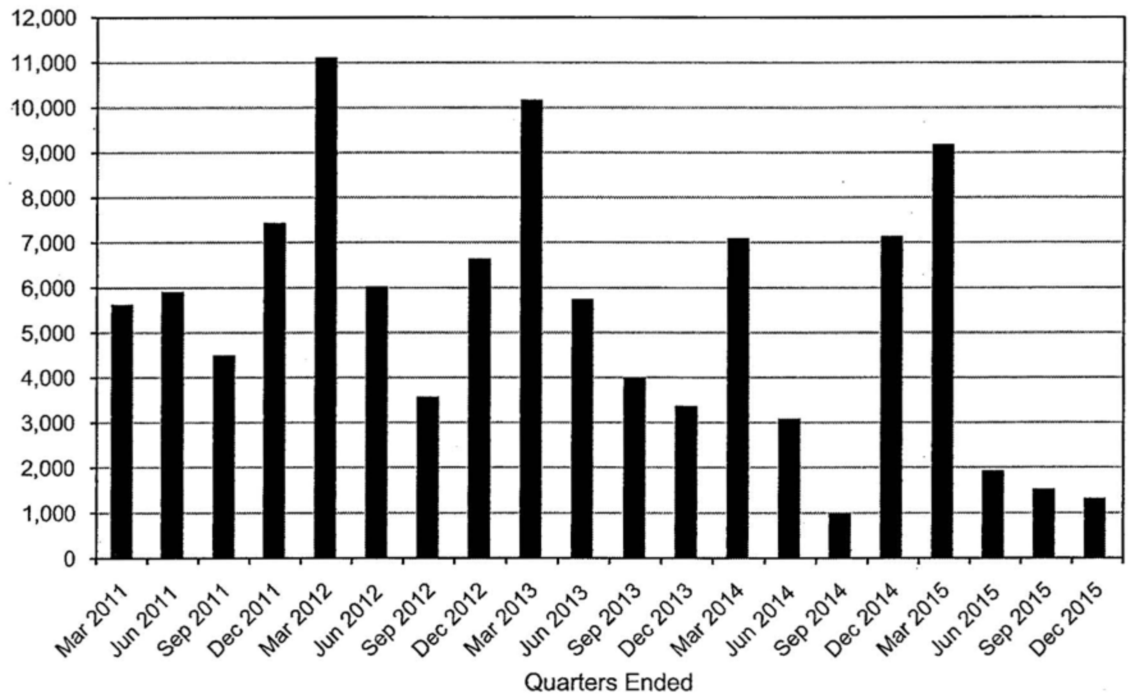
- Structural Protection — We structure our liabilities to reduce the risk that we may be required to redeem or repurchase certain of our borrowings prior to their contractual maturity. We issue substantially all of our unsecured debt without put provisions or other provisions that would, based solely upon an adverse change in our credit ratings, financial ratios, earnings, cash flows or stock price, trigger a requirement for an early payment, collateral support, change in terms, acceleration of maturity or the creation of an additional financial obligation.

Secured Funding. We fund a substantial portion of our inventory on a secured basis, which we believe provides us with a more stable source of liquidity than unsecured financing, as it is less sensitive to changes in our credit quality due to the underlying collateral. However, we recognize that the terms or availability of secured funding, particularly overnight funding, can deteriorate rapidly in a difficult environment. To help mitigate this risk, we generally do not rely on overnight secured funding, unless collateralized with highly liquid securities such as securities eligible for inclusion in our Global Core Excess. Substantially all of our other secured funding is executed for tenors of one month or greater. Additionally, we monitor counterparty concentration and hold a portion of our Global Core Excess for refinancing risk associated with all secured funding transactions. We seek longer terms for secured funding collateralized by lower-quality assets, as we believe these funding transactions may pose greater refinancing risk. The weighted average life of our secured funding, excluding funding collateralized by highly liquid securities eligible for inclusion in our Global Core Excess, exceeded 100 days as of December 2009.

Unsecured Short-Term Borrowings. Our liquidity also depends on the stability of our unsecured short-term financing base. Accordingly, we prefer issuing promissory notes, in which we do not make a market, over commercial paper, which we may repurchase prior to maturity through the ordinary course of business as a market maker. As of December 2009, our unsecured short-term borrowings, including the current portion of unsecured long-term borrowings, were $37.52 billion. See Note 6 to the consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for further information regarding our unsecured short-term borrowings.

Unsecured Long-Term Borrowings. We issue unsecured long-term borrowings as a source of total capital in order to meet our long-term financing requirements. The following table sets forth our quarterly unsecured long-term borrowings maturity profile through 2015 as of December 2009:

Unsecured Long-Term Borrowings Maturity Profile
($ in millions)



The weighted average maturity of our unsecured long-term borrowings as of December 2009 was approximately seven years. To mitigate refinancing risk, we seek to limit the principal amount of debt maturing on any one day or during any week or year. We swap a substantial portion of our long-term borrowings into short-term floating rate obligations in order to minimize our exposure to interest rates.

Deposits. As of December 2009, our bank depository institution subsidiaries had $39.42 billion in customer deposits, including $9.30 billion of certificates of deposit and other time deposits with a weighted average maturity of four years, and $30.12 billion of other deposits, substantially all of which were from cash sweep programs. GS Bank USA has access to funding through the Federal Reserve Bank discount window. While we do not rely on funding through the Federal Reserve Bank discount window in our liquidity modeling and stress testing, we maintain policies and procedures necessary to access this funding.

Government Facilities. As a bank holding company, we have access to certain programs and facilities established on a temporary basis by a number of U.S. regulatory agencies. As of December 2009, we had outstanding $20.76 billion of senior unsecured debt (comprised of $1.73 billion of short-term and $19.03 billion of long-term) guaranteed by the FDIC under the Temporary Liquidity Guarantee Program (TLGP), all of which will mature on or prior to June 15, 2012. We have not issued long-term debt under the TLGP since March 2009 and the program expired for new issuances with respect to the firm on October 31, 2009.

See "— Certain Risk Factors That May Affect Our Businesses" above, and "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for a discussion of factors that could impair our ability to access the capital markets.

Funding Policies. We seek to manage our assets and the maturity profile of our secured and unsecured funding base such that we should be able to liquidate our assets prior to our liabilities coming due, even in times of prolonged or severe liquidity stress.

In order to avoid reliance on asset sales (other than our Global Core Excess), our goal is to ensure that we have sufficient total capital (unsecured long-term borrowings plus total shareholders' equity) to fund our balance sheet for at least one year. However, we recognize that orderly asset sales may be prudent or necessary in a severe or persistent liquidity crisis. The target amount of our total capital is based on an internal funding model which incorporates, among other things, the following long-term financing requirements:

- the portion of trading assets that we believe could not be funded on a secured basis in periods of market stress, assuming stressed loan values;
- goodwill and identifiable intangible assets, property, leasehold improvements and equipment, and other illiquid assets;
- derivative and other margin and collateral requirements;
- anticipated draws on our unfunded loan commitments; and
- capital or other forms of financing in our regulated subsidiaries that are in excess of their long-term financing requirements.

Certain financial instruments may be more difficult to fund on a secured basis during times of market stress. Accordingly, we focus on funding these assets with longer contractual maturities to reduce refinancing risk in periods of market stress and generally hold higher levels of total capital for these assets than more liquid types of financial instruments. The following table sets forth our aggregate holdings in these categories of financial instruments:

	As of	
	December 2009	November 2008
	(in millions)	
Mortgage and other asset-backed loans and securities	$14,277	$22,393
Bank loans and bridge loans [1]	19,345	21,839
Emerging market debt securities	2,957	2,827
High-yield and other debt obligations	12,028	9,998
Private equity investments and real estate fund investments [2]	14,633	18,171
Emerging market equity securities	5,193	2,665
ICBC ordinary shares [3]	8,111	5,496
SMFG convertible preferred stock	933	1,135
Other restricted public equity securities	203	568
Other investments in funds [4]	2,911	2,714

(1) Includes funded commitments and inventory held in connection with our origination and secondary trading activities.

(2) Includes interests in our merchant banking funds. Such amounts exclude assets related to consolidated investment funds of $919 million and $1.16 billion as of December 2009 and November 2008, respectively, for which Goldman Sachs does not bear economic exposure.

(3) Includes interests of $5.13 billion and $3.48 billion as of December 2009 and November 2008, respectively, held by investment funds managed by Goldman Sachs.

(4) Includes interests in other investment funds that we manage.

See Note 3 to the consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for further information regarding the financial instruments we hold.

Subsidiary Funding Policies. The majority of our unsecured funding is raised by Group Inc. Group Inc. then lends the necessary funds to its subsidiaries, some of which are regulated, to meet their asset financing, liquidity and capital requirements. In addition, Group Inc. provides its regulated subsidiaries with the necessary capital to meet their regulatory requirements. The benefits of this approach to subsidiary funding include enhanced control and greater flexibility to meet the funding requirements of our subsidiaries. Funding is also raised at the subsidiary level through a variety of products, including secured funding, unsecured borrowings and deposits.

Our intercompany funding policies are predicated on an assumption that, unless legally provided for, funds or securities are not freely available from a subsidiary to its parent company or other subsidiaries. In particular, many of our subsidiaries are subject to laws that authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to Group Inc. Regulatory action of that kind could impede access to funds that Group Inc. needs to make payments on obligations, including debt obligations. As such, we assume that capital or other financing provided to our regulated subsidiaries is not available to Group Inc. or other subsidiaries until the maturity of such financing.

Group Inc. has provided substantial amounts of equity and subordinated indebtedness, directly or indirectly, to its regulated subsidiaries. For example, as of December 2009, Group Inc. had $25.45 billion of such equity and subordinated indebtedness invested in GS&Co., its principal U.S. registered broker-dealer; $21.90 billion invested in GSI, a regulated U.K. broker-dealer; $2.64 billion invested in Goldman Sachs Execution & Clearing, L.P., a U.S. registered broker-dealer; $3.74 billion invested in Goldman Sachs Japan Co., Ltd., a regulated Japanese broker-dealer; and

$22.32 billion invested in GS Bank USA, a regulated New York State-chartered bank. Group Inc. also had $78.59 billion of unsubordinated loans and $18.09 billion of collateral provided to these entities as of December 2009, as well as significant amounts of capital invested in and loans to its other regulated subsidiaries.

Contingency Funding Plan

The Goldman Sachs CFP sets out the plan of action to fund business activity in emergency situations and/or periods of market stress. The CFP outlines the appropriate communication channels to be followed throughout a crisis period and also provides a framework for analyzing and responding to a liquidity crisis including, but not limited to, the potential risk factors, identification of liquidity outflows, mitigants and potential actions.

Credit Ratings

We rely upon the short-term and long-term debt capital markets to fund a significant portion of our day-to-day operations. The cost and availability of debt financing is influenced by our credit ratings. Credit ratings are important when we are competing in certain markets and when we seek to engage in longer-term transactions, including OTC derivatives. We believe our credit ratings are primarily based on the credit rating agencies' assessment of our liquidity, market, credit and operational risk management practices, the level and variability of our earnings, our capital base, our franchise, reputation and management, our corporate governance and the external operating environment, including the perceived level of government support. See "— Certain Risk Factors That May Affect Our Businesses" above, and "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for a discussion of the risks associated with a reduction in our credit ratings.

The following table sets forth our unsecured credit ratings (excluding debt guaranteed by the FDIC under the TLGP) and outlook as of December 2009. Preferred Stock in the table below includes Group Inc.'s non-cumulative preferred stock and the Normal Automatic Preferred Enhanced Capital Securities (APEX) issued by Goldman Sachs Capital II and Goldman Sachs Capital III. As of December 2009, the trust preferred securities (Trust Preferred) issued by Goldman Sachs Capital I were rated A by DBRS, Inc., A- by Fitch, Inc., A2 by Moody's Investors Service, and BBB by Standard & Poor's Ratings Services.

	Short-Term Debt	Long-Term Debt	Subordinated Debt	Preferred Stock	Rating Outlook
DBRS, Inc.	R-1 (middle)	A (high)	A	BBB	Stable [3]
Fitch, Inc. [1]	F1+	A+	A	A-	Stable [4]
Moody's Investors Service [2]	P-1	A1	A2	A3	Negative [5]
Standard & Poor's Ratings Services	A-1	A	A-	BBB	Negative [5]
Rating and Investment Information, Inc.	a-1+	AA-	A+	Not Applicable	Negative [6]

(1) As of February 1, 2010, GS Bank USA has been assigned a rating of AA- for long-term bank deposits, F1+ for short-term bank deposits and A+ for long-term issuer.

(2) GS Bank USA has been assigned a rating of Aa3 for long-term bank deposits, P-1 for short-term bank deposits and Aa3 for long-term issuer.

(3) Applies to long-term and short-term ratings.

(4) Applies to long-term issuer default ratings.

(5) Applies to long-term ratings.

(6) Applies to issuer rating.

On February 25, 2010, Moody's Investors Service lowered the ratings on Group Inc.'s non-cumulative preferred stock and the APEX from A3 to Baa2, and the rating on the Trust Preferred from A2 to A3.

Based on our credit ratings as of December 2009, additional collateral or termination payments pursuant to bilateral agreements with certain counterparties of approximately $1.12 billion and $2.36 billion could have been called by counterparties in the event of a one-notch and two-notch reduction, respectively, in our long-term credit ratings. In evaluating our liquidity requirements, we consider additional collateral or termination payments that may be required in the event of a two-notch reduction in our long-term credit ratings, as well as collateral that has not been called by counterparties, but is available to them.

Cash Flows

As a global financial institution, our cash flows are complex and interrelated and bear little relation to our net earnings and net assets and, consequently, we believe that traditional cash flow analysis is less meaningful in evaluating our liquidity position than the excess liquidity and asset-liability management policies described above. Cash flow analysis may, however, be helpful in highlighting certain macro trends and strategic initiatives in our businesses.

Year Ended December 2009. Our cash and cash equivalents increased by $24.49 billion to $38.29 billion at the end of 2009. We generated $48.88 billion in net cash from operating activities. We used net cash of $24.39 billion for investing and financing activities, primarily for net repayments in unsecured and secured short-term borrowings and the repurchases of Series H Preferred Stock and the related common stock warrant from the U.S. Treasury, partially offset by an increase in bank deposits and the issuance of common stock.

Year Ended November 2008. Our cash and cash equivalents increased by $5.46 billion to $15.74 billion at the end of 2008. We raised $9.80 billion in net cash from financing and operating activities, primarily from common and preferred stock issuances and deposits, partially offset by repayments of short-term borrowings. We used net cash of $4.34 billion in our investing activities.

Operational Risk

Operational risk relates to the risk of loss arising from shortcomings or failures in internal processes, people or systems, or from external events. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures. Operational risk may also cause reputational harm. Thus, efforts to identify, manage and mitigate operational risk must be equally sensitive to the risk of reputational damage as well as the risk of financial loss.

We manage operational risk through the application of long-standing, but continuously evolving, firmwide control standards which are supported by the training, supervision and development of our people; the active participation and commitment of senior management in a continuous process of identifying and mitigating key operational risks across Goldman Sachs; and a framework of strong and independent control departments that monitor operational risk on a daily basis. Together, these elements form a strong firmwide control culture that serves as the foundation of our efforts to minimize operational risk exposure.

Operational Risk Management & Analysis, a risk management function independent of our revenue-producing units, is responsible for developing and implementing a formalized framework to identify, measure, monitor, and report operational risks to support active risk management across Goldman Sachs. This framework, which evolves with the changing needs of our businesses and regulatory guidance, incorporates analysis of internal and external operational risk events, business environment and internal control factors, and scenario analysis. The framework also provides regular reporting of our operational risk exposures to our Board, risk committees and senior management. For a further discussion of operational risk see "— Certain Risk Factors That May Affect Our Businesses" above, and "— Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K.

Recent Accounting Developments

See Note 2 to the consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for information regarding Recent Accounting Developments.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Quantitative and qualitative disclosures about market risk are set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Management" in Part II, Item 7 of our Annual Report on Form 10-K.