GOLDMAN SACHS GROUP INC
Form DEF 14A
March 22, 2019
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

The Goldman Sachs Group, Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Date Filed:

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The Goldman Sachs Group, Inc.

Annual Meeting

of Shareholders

Proxy Statement

2019

The Goldman Sachs Group, Inc.

Notice of 2019 Annual Meeting of Shareholders

ITEMS OF BUSINESS

Item 1. Election to our Board of Directors of the 11 director nominees named in the attached Proxy Statement for a one-year term

Item 2. An advisory vote to approve executive compensation (Say on Pay)

Item 3. Ratification of the appointment of PwC as our independent registered public accounting firm for 2019

Item 4. Consideration of a shareholder proposal, if properly presented by the relevant shareholder proponent

Transaction of such other business as may properly come before our 2019 Annual Meeting of Shareholders

TIME	8:30 a.m., local time
DATE	Thursday, May 2, 2019
PLACE	Goldman Sachs offices located at: 30 Hudson Street, Jersey City New Jersey 07302

RECORD	March 4, 2019

DATE

The close of business on the record date is when it is determined which of our shareholders are entitled to vote at our 2019 Annual Meeting of Shareholders, or any adjournments or postponements thereof

Your vote is important to us. Please exercise your shareholder right to vote.

By Order of the Board of Directors,

Beverly L. O Toole

Assistant Secretary

March 22, 2019

Important Notice Regarding the Availability of Proxy Materials for our Annual Meeting to be held on May 2, 2019. Our Proxy Statement, 2018 Annual Report to Shareholders and other materials are available on our website at www.gs.com/proxymaterials. By March 22, 2019, we will have sent to certain of our shareholders a Notice of Internet Availability of Proxy Materials (Notice). The Notice includes instructions on how to access our Proxy Statement and 2018 Annual Report to Shareholders and vote online. Shareholders who do not receive the Notice will continue to receive either a paper or an electronic copy of our proxy materials, which will be sent on or about March 26, 2019. For more information, see *Frequently Asked Questions*.

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This Proxy Statement includes forward-looking statements. These statements are not historical facts, but instead represent only the firm s beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of the firm s control. Forward-looking statements include statements about potential revenue and growth opportunities. It is possible that the firm s actual results, including the incremental revenues, if any, from such opportunities, and financial condition may differ, possibly materially, from the anticipated results, financial condition and incremental revenues indicated in these forward-looking statements. For a discussion of some of the risks and important factors that could affect the firm s future results and financial condition, see Risk Factors in Goldman Sachs Annual Report on Form 10-K for the year ended December 31, 2018. Statements about Goldman Sachs revenue and growth opportunities are subject to the risk that the firm s businesses may be unable to generate additional incremental revenues or take advantage of growth opportunities.

Letter from our Chairman and CEO

March 22, 2019

Fellow Shareholders:

I am pleased to invite you to attend the 2019 Annual Meeting of Shareholders of The Goldman Sachs Group, Inc. We will hold the meeting on Thursday, May 2, 2019 at 8:30 a.m., local time, at our offices in Jersey City, New Jersey. Enclosed you will find a notice setting forth the items we expect to address during the meeting, a letter from our Lead Director, our Proxy Statement, a form of proxy and a copy of our 2018 Annual Report to Shareholders.

In our 2018 letter to shareholders, which is included in the Annual Report, we continue our dialogue regarding our strategic priorities for the firm. In developing our forward strategy, our guiding principles include client centricity and the creation of long-term shareholder value. We believe that driving sustainable, long-term results will require innovation, scale, diversity and efficient capital and expense management, all of which must be supported by sound risk management. We hope you will find the letter to be informative.

I would like to personally thank you for your continued support of Goldman Sachs as we invest together in the future of this firm. We look forward to welcoming many of you to our Annual Meeting. Your vote is important to us: even if you do not plan to attend the meeting in person, we hope your votes will be represented.

David M. Solomon

Chairman and Chief Executive Officer

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Letter from our Lead Director

March 22, 2019

To my fellow shareholders,

2018 was an active year for the firm and for our Board, during which we added two independent directors and completed one of a Board s most fundamental roles the appointment of, and transition to, a new CEO.

For several years I have written to you about the importance of executive succession planning, discussing our commitment to developing leaders in every area of the firm s businesses and the close work of our independent directors and Lloyd Blankfein, our former Chairman and CEO, on the firm s long-term and emergency succession plans. This past year was certainly no exception to our focus on this critical responsibility, as the final steps of our multi-year executive succession planning effort materialized with the July 2018 announcement that David Solomon would assume the CEO role in October 2018 and the Chairman role in January 2019.

During 2018 we transitioned the firm s leadership from Lloyd to David, and oversaw the appointment of John Waldron to the role of President and Chief Operating Officer and of Stephen Scherr to the role of Chief Financial Officer. David, John and Stephen are dedicated and talented individuals who have distinguished themselves throughout their careers at the firm and are representative of the best of the firm s culture. These transitions are emblematic of the strength and quality of the firm s leadership bench, and as a Board we continue to be confident in the ongoing breadth, depth and commitment of our management team.

On behalf of the entire Board I also want to express our deep gratitude to Lloyd. As Chairman and CEO, Lloyd led the firm through some of its best, but also some of its most challenging, times. Through it all, Lloyd s dedication to the firm, its people and its shareholders was self-evident, and time and time again, Lloyd proved to be a prudent risk manager and an insightful colleague and leader over his 36 year career at Goldman Sachs.

As you will read about further in this Proxy Statement, in conjunction with our CEO succession planning, we actively considered our Board leadership structure, and determined that our Board and our firm would remain best served by having David serve in a combined Chairman and CEO role. However, as our shareholders know, our Board is committed to maintaining strong independent leadership, which we have established through a robust, independent Lead Director role that is ably supported by the independence and diversity of our Board as a whole. We will continue to re-evaluate our leadership structure at least annually to ensure that it continues to serve us well.

As a Board, overseeing the firm s creation and delivery of long-term shareholder value is paramount to our duties. Our Board engages regularly with senior management on its development and execution of firmwide, regional and divisional strategies. We have seen firsthand David s and the new management team s unwavering commitment to find new ways to more effectively deliver *One Goldman Sachs* to the firm s clients by means of a strategy focused on innovation and growth and supported by sound risk management. As a Board we will hold senior management responsible for driving and sustaining long-term growth for our firm. Many of the firm s initiatives have already begun bearing fruit, and it is clear that management is committed to enhancing transparency and accountability to shareholders. We continue to advise management as they further develop their strategic plans and establish related targets and metrics that we as a Board, and you as shareholders, can use to hold them to account.

To most effectively carry out our duties as a Board, our composition must reflect an appropriate diversity broadly defined of demographics, viewpoints, experiences and expertise. We have enhanced our Proxy Statement disclosure this year to more specifically highlight for shareholders the diversity of our directors. Furthermore, I am pleased to note that during 2018 we added two esteemed women to our Board Dr. Drew Faust and Vice Admiral Jan Tighe (Retired, U.S. Navy).

Both Drew and Jan bring a wealth of experience, knowledge and new and unique perspectives to our Board. As the former President of Harvard University, Drew led Harvard through a decade of growth and transformation, and is well positioned to provide insights on the firm s strategies relating to diversity, recruiting and retention as well as reputational risk. Jan has over 20 years of senior executive experience in cybersecurity and information technology, including through her service as the former Deputy Chief of Naval Operations for Information Warfare and Director of Naval Intelligence.

Letter from our Lead Director

As you will see in our Proxy Statement, two of my fellow directors Bill George and Jim Johnson will be retiring from our Board in advance of the Annual Meeting in accordance with the retirement age policy set forth in our Corporate Governance Guidelines. On behalf of you, the firm and our Board, I would also like to thank Bill and Jim for their outstanding commitment to our Board and our firm. Bill was integrally involved in the firm s Business Standards Committee review, and served as the founding chair of our Public Responsibilities Committee. As our former Compensation Committee Chair, Jim helped to evolve the firm s compensation structure and program. Both of their contributions to our Board and our firm have been immeasurable over their tenure, during which time they provided us with valuable insight, judgment and institutional knowledge across a wide range of topics.

In connection with Bill s retirement, we are pleased that Ellen Kullman has agreed to join and chair our Public Responsibilities Committee. In this new role Ellen will draw upon her broad range of public company and other experiences, including her focus on sustainability efforts as the former Chair and CEO of DuPont and her commitment to diversity as a co-chair of Paradigm for Parity. During her tenure on our Board Ellen has displayed unwavering commitment to the oversight of reputational risk, and we look forward to her continued contributions in this new role.

We regularly review our Board composition, and as we continue our active search for new directors, our focus is and will remain on ensuring that our Board has an appropriate mix and balance of skills and experiences to carry out its duties.

In closing, I know many of you may have questions or concerns relating to 1Malaysia Development Berhad (1MDB) matters. As Lead Director, I want to assure you that the Board has been, and will continue to be, focused on these matters. We take seriously our oversight of the firm s business standards and reputation, and believe that it is critical that the firm and its people continue to hold themselves to the highest standards of integrity.

As our 2019 Annual Meeting approaches, on behalf of our Board, I want to thank you for your ongoing support of both our Board and the firm. As your Lead Director I had another active year of engagement. In addition to our regular Board and committee meetings, in 2018 I had over 70 meetings, calls and engagements with the firm and its people, our shareholders, regulators and other constituents, including meetings with shareholders representing approximately 30% of our shareholder base. This engagement is invaluable to me and informs the work of our entire Board. I look forward to continuing our dialogue in the year to come.

Adebayo O. Ogunlesi

Lead Director

Executive Summary

This summary highlights certain information from our Proxy Statement for the 2019 Annual Meeting. You should read the entire Proxy Statement carefully before voting. Please refer to our glossary in *Frequently Asked Questions* on page 90 for definitions of certain capitalized terms.

2019 Annual Meeting Information

DATE AND TIME	PLACE	RECORD DATE	ADMISSION
8:30 a.m., local time Thursday, May 2, 2019	Goldman Sachs offices located at: 30 Hudson Street, Jersey City, New Jersey	March 4, 2019	Photo identification and proof of ownership as of the record date are required to attend the Annual Meeting

For additional information about our Annual Meeting, including how to access the audio webcast, see *Frequently Asked Questions*.

Matters to be Voted on at our 2019 Annual Meeting

	BOARD RECOMMENDATION	PAGE
Item 1. Election of Directors	FOR each director	12

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Item 2. An Advisory Vote to Approve Executive Compensation (Say on Pay)	FOR	69
Item 3. Ratification of PwC as our Independent Registered Public Accounting Firm for 2019	FOR	75
Shareholder Proposal		
Item 4. Shareholder Proposal Regarding Right to Act by Written Consent Requests that the Board undertake steps to permit shareholder action without a meeting by written consent	AGAINST	78

Performance Highlights and Key Developments

We encourage you to read the following Performance Highlights and Key Developments as background to this Proxy Statement.

2018 PERFORMANCE HIGHLIGHTS

Business Performance Highlights

Net revenues in 2018 were up 12% year-over-year to $36.6 billion, contributing to year-over-year EPS growth of 22% (Ex. U.S. Tax Legislation).[1]

» Our net revenues were the highest since 2010, with each of our four business segments posting higher net revenues year-over-year.

We maintained expense discipline while investing for future growth, as operating expenses rose in line with revenues despite substantial investments in new business initiatives and innovative technology.

» Pre-tax earnings grew 12% year-over-year to $12.5 billion, the highest since 2010.

Our 2018 ROE (Ex. U.S. Tax Legislation) of 12.7% improved 190 basis points year-over-year,[1] and reflects 330 basis points of total improvement as compared to 2016.

We grew BVPS by 15% during 2018.

Net Revenues ($ in billions) **EPS[1]**

Multi-year ROE Improvement[1]

[1] To improve comparability across periods, both 2017 and 2018 ROE and EPS are shown here excluding one-time impacts of the Tax Cuts and Jobs Act (U.S. Tax Legislation). During 2017 the firm recorded a $4.4 billion one-time income tax expense, based on our best estimate of the expected size of a one-time deemed repatriation tax on foreign earnings and re-measurement of our deferred tax assets. This charge reduced 2017 ROE by 590 basis points and 2017 EPS by $10.75. During 2018, the firm finalized this estimate using updated information, including subsequent guidance issued by the U.S. Internal Revenue Service, resulting in a $487 million income tax benefit, which increased 2018 ROE by 60 basis points and 2018 EPS by $1.25. For a reconciliation of these non-GAAP measures with the corresponding GAAP measures, please see *Annex A*.

Outperformance vs. Global Peers

The firm continued to post strong relative performance against its global peer group.

Our 2018 ROE of 13.3% was approximately 190 basis points higher than the U.S. Peer average and approximately 890 basis points higher than the European Peer average.[1]

ROE

Strong Capital Position

Throughout 2018, management demonstrated a commitment to ensuring a strong capital position for the firm, rebuilding book value and capital ratios following a $4.4 billion one-time charge for U.S. Tax Legislation at the end of 2017, which reduced our 2017 BVPS by $11.31 and our Standardized Common Equity Tier 1 (CET1) ratio by 70 basis points.[2]

Our Standardized CET1 ratio increased by 140 basis points during 2018, while we grew BVPS by 15%.

Standardized CET1 Ratio[2]

[1] U.S. Peers refers to Bank of America Corp., Citigroup Inc., JPMorgan Chase & Co. and Morgan Stanley. European Peers refers to Barclays, Credit Suisse, Deutsche Bank and UBS.

[2] For consistency, the 4Q17 standardized ratio has been presented on a fully-phased basis, a non-GAAP measure.

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Executive Summary | Performance Highlights and Key Developments

Leading and Diversified Client Franchise

Throughout 2018, we maintained strong franchise positions across our businesses, invested in opportunities for growth and maintained a diversified mix of net revenues.

Year-over-Year Net Revenue Change

Contribution to Full Year 2018

Net Revenues by Segment

Key Business Highlights

INVESTMENT BANKING	INVESTING & LENDING
#1 in worldwide announced and completed M&A; #1 in worldwide equity and equity-related offerings and common stock offerings; #2 in high yield and #4 in investment grade debt offerings (U.S. dollar and euro)	Continued support for our clients through lending and capital commitment
Near-record net revenues, including the highest net revenues in Financial Advisory since 2007 and strong performance in Underwriting	Record net interest income in Debt Securities and Loans of approximately $2.7 billion
	Continued to invest in a broad-based consumer banking platform, reflected in approximately $36 billion in deposits

INSTITUTIONAL CLIENT SERVICES	INVESTMENT MANAGEMENT

Strong wallet share, ranking #2 with institutional clients; since 2016, increased our FICC and Equities institutional wallet share by 65 basis points and 110 basis points, respectively[1]

Year-over-year revenue growth driven by healthier volumes, better wallet share[1] and improved execution in certain of our businesses

Record annual net revenues, including record management and other fees

Assets under supervision increased 3% year-over-year to $1.54 trillion

Long-term fee-based net inflows of $37 billion

1 Wallet share and ranking through first nine months of 2018 as full-year data not yet available. Source: Coalition.

KEY DEVELOPMENTS EXECUTIVE SUCCESSION & STRATEGY

Executive Succession

During 2018, as a result of the continuous succession planning efforts of our independent directors, our then-Chairman and CEO Lloyd Blankfein and our current Chairman and CEO David Solomon, we successfully executed a transition of our Executive Leadership Team:

- On October 1, 2018, Mr. Solomon succeeded Mr. Blankfein as our CEO, and became Chairman of our Board on January 1, 2019.
- On October 1, 2018, John Waldron, who previously served as a Co-Head of the Investment Banking Division, succeeded Mr. Solomon as our President and COO.
- On November 5, 2018, Stephen Scherr, who previously served as the CEO of Goldman Sachs Bank USA and head of the Consumer & Commercial Banking Division, succeeded R. Martin Chavez as our CFO.

Demonstrated Strategic Vision

One of the key priorities of our new Executive Leadership Team has been to develop and articulate their client-centric strategy for the firm s future growth and to continue to increase our transparency and accountability to shareholders.

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Compensation Highlights *(see Compensation Matters, beginning on page 36)*

We provide highlights of our compensation program below. It is important that you review our CD&A and compensation-related tables in this Proxy Statement for a complete understanding of our compensation program.

2018 COMPENSATION DETERMINATIONS

The following table summarizes our Compensation Committee s 2018 annual compensation decisions for our Executive Leadership Team, as well as for Mr. Blankfein, our retired CEO.

	2018 TOTAL COMPENSATION ($ IN MILLIONS)	PORTION GRANTED AS EQUITY-BASED AWARD ($ IN MILLIONS)	
EXECUTIVE LEADERSHIP TEAM			
David M. Solomon, Chairman and CEO	$23.00	$15.41 (100% PSUs)	***See following page regarding increases in PSU thresholds***
John E. Waldron, President and COO	$20.00	$11.60 (100% PSUs)	
Stephen M. Scherr, Executive Vice President and CFO	$18.00	$10.36 (100% PSUs)	
RETIRED CEO			
Lloyd C. Blankfein	$20.50	$14.25 (100% RSUs)	

For additional information regarding compensation decisions for these individuals as well as our other NEOs

(R. Martin Chavez, Richard Gnodde and Timothy O Neill), please see our CD&A beginning on page 36.

Executive Leadership Team and Mr. Blankfein 2018 Compensation Rationale

Our Compensation Committee believed it was appropriate to reward our Executive Leadership Team for the firm s strong improvement in operating performance in 2018 and other key factors described below. Given the leadership transitions that occurred in 2018, the Committee also considered each individual s responsibilities and length of service in his prior and current roles. Thus, the Committee believed it was appropriate to set Executive Leadership Team compensation below the 2017 levels awarded to the individuals who had previously served in those roles, mainly because the Executive Leadership Team did not serve in their new roles for the entire year.

For Mr. Blankfein, our Compensation Committee took into account firmwide and individual performance considerations, as well as his retirement as CEO effective September 30, 2018 and as Chairman effective December 31, 2018.

In determining 2018 compensation for our Executive Leadership Team and Mr. Blankfein, our Compensation Committee considered the following key factors:

» The firm s **strong operating performance**, including:

The firm s returns, which were the highest in nearly a decade and outperformed the average for our U.S. and European Peers;

A 22% increase in EPS (excluding the impact of the charge related to U.S. Tax Legislation in 2017 and the related benefit in 2018), the firm s highest net revenues since 2010 and a 12% increase in pre-tax earnings; and

Management s **continued focus on expense discipline while investing for future growth**, with operating expenses rising in line with revenues despite substantial investments in new business initiatives and innovative technology;

» The strength of our client franchise, including:

The firm s **sustained strength in Investment Banking**, including our continued #1 position in announced and completed M&A, #1 ranking in equity and equity-related offerings, and strong positioning in debt underwriting (including #2 in high yield);

Success in our Investment Management business, including **record 2018 net revenues**; and

Strong wallet share with institutional clients in our market-making businesses, ranking #2 across our Institutional Client Services franchise[1]; and

» The **individual performance** of our Executive Leadership Team and Mr. Blankfein, including:

Embracing the responsibilities of their firmwide leadership roles, including by emphasizing the ongoing importance of firm culture, diversity and appropriate consideration of reputational and conduct issues; and

Our Executive Leadership Team s focus on developing their client-centric strategy for the firm s future growth, including driving front-to-back reviews of the firm s existing businesses and demonstrating accountability for the growth initiatives we publicly announced in September 2017.

[1] Wallet share and ranking through first nine months of 2018 as full-year data not yet available. Source: Coalition.

SAY ON PAY & SHAREHOLDER ENGAGEMENT

2018 Say on Pay Results. Our 2018 Say on Pay vote received the support of **approximately 88%** of our shareholders, which the Compensation Committee viewed positively.

Extensive Shareholder Engagement. In light of our Board s desire to continue to prioritize shareholder engagement, we (including, in certain cases, our Lead Director and the Chair of our Compensation Committee) **met with shareholders representing more than 40% of Common Stock outstanding** to discuss compensation-related matters and other areas of focus.

Board Responsiveness. The feedback we received in these discussions informed our Board and our Compensation Committee s actions for 2018:

STAKEHOLDER FEEDBACK	COMPENSATION COMMITTEE ACTION
	Equity-based annual compensation for our Executive Leadership Team continues to be paid entirely in PSUs

73% of CEO s 2018 annual variable compensation tied to ongoing performance metrics (compared to U.S. Peer average of approximately 55%)

PSU thresholds increased:

Absolute ROE threshold for maximum payout increased from 14% to 16%

Target for 100% payout under relative ROE goals now requires above median performance (increased from 50th percentile to 60th percentile)

Minimum absolute ROE threshold for any payout increased from 4% to 5%

(For additional key facts about our PSUs, see page 39)

Continued emphasis on shareholder engagement

Commitment to engagement by Lead Director and Compensation Committee Chair

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ADDITIONAL COMPENSATION DETERMINATIONS RELATING TO 1MDB

As more fully described in our Form 10-K filed February 26, 2019, the firm is cooperating with the United States Department of Justice (DOJ) and with other governmental and regulatory investigations relating to certain bond transactions the firm arranged for 1Malaysia Development Berhad (1MDB) in 2012 and 2013. The DOJ has made public documents that allege, among other things, that certain individuals, including two former non-executive employees and an unnamed non-executive employee co-conspirator who has been put on administrative leave, participated in a conspiracy to misappropriate proceeds of the 1MDB offerings for themselves and others and to pay bribes to various government officials to obtain and retain 1MDB business for the firm. The firm has also been named in certain related civil proceedings, including a shareholder derivative suit filed in February 2019 against the individuals who were members of our Board as of 2018 year-end alleging, among other things, breaches of fiduciary duties, including in connection with alleged insider trading, and violations of securities laws, including relating to the firm s stock repurchases and solicitation of proxies. In March 2019, the firm also received a demand from an alleged shareholder to investigate and bring claims against the current members of our Board, several current executive officers and a former executive officer and director based on their oversight and public disclosures regarding 1MDB and related internal controls. In addition, on December 17, 2018, the Attorney General of Malaysia issued a press statement that criminal charges in Malaysia had been filed against certain of the firm s non-U.S. subsidiaries (as well as certain individuals, including a former non-executive employee of the firm).

Our Board and our Compensation Committee have been and continue to be focused on the ongoing governmental, regulatory and civil proceedings relating to 1MDB and take these matters very seriously.

In light of the ongoing 1MDB investigation, our Board and Compensation Committee made two important compensation-related decisions in January 2019:

- First, they approved a new forfeiture provision in the 2018 year-end equity-based awards granted to our NEOs that provides our Board with the flexibility to reduce the size of the award granted to any NEO prior to payment and/or forfeit the underlying delivered Shares at Risk if it is later determined that the results of the 1MDB investigation would have impacted 2018 year-end compensation decisions for any such NEO; and

- Second, they deferred their decision under the LTIP awards originally granted in 2011 to Mr. Blankfein and two other retired executives who hold such awards until more information is available, given that the 1MDB investigation relates to events that occurred during the performance period of these awards. As a result, no amounts under these LTIP awards have yet been determined or paid. The Board will publicly disclose when a final determination is made.

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Corporate Governance Highlights *(see Corporate Governance, beginning on page 12)*

KEY FACTS ABOUT OUR BOARD

We strive to maintain a well-rounded and diverse Board that balances financial industry expertise with independence, and the institutional knowledge of longer-tenured directors with the fresh perspectives brought by newer directors. As summarized below, our directors bring to our Board a variety of skills and experiences developed across a broad range of industries, both in established and growth markets, and in each of the public, private and not-for-profit sectors.

NOMINEE SKILLS & EXPERIENCES

5	5	11	6	5	8	3	10
FINANCIAL SERVICES INDUSTRY	OTHER COMPLEX/ REGULATED INDUSTRIES	RISK MANAGEMENT	TALENT DEVELOPMENT	TECHNOLOGY	PUBLIC COMPANY GOVERNANCE	AUDIT/TAX/ ACCOUNTING	GLOBAL

KEY BOARD STATISTICS

	DIRECTOR NOMINEES	INDEPENDENCE OF NOMINEES
Board	11	9 of 11
Audit	4	All
Compensation	3	All
Governance	9	All
Public Responsibilities	3	All
Risk	7	6 of 7

13	**50**	**22**	**> 180**
BOARD MEETINGS IN 2018	**STANDING COMMITTEE MEETINGS IN 2018**	**DIRECTOR SESSIONS IN 2018 WITHOUT MANAGEMENT PRESENT**	**MEETINGS OF LEAD DIRECTOR / CHAIRS OUTSIDE OF BOARD MEETINGS**

DIVERSITY OF NOMINEES ENHANCES BOARD PERFORMANCE				
64%	**4.3 YEARS**	**63**	**54%**	**27%**
JOINED IN THE LAST 5 YEARS	MEDIAN TENURE	MEDIAN AGE	NOMINEES DIVERSE BY RACE, GENDER OR SEXUAL ORIENTATION	NOMINEES WHO ARE NON-U.S. OR DUAL CITIZENS

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DIRECTOR NOMINEES

AGE/INDEPENDENCE	DIRECTOR SINCE	OCCUPATION/CAREER HIGHLIGHTS	COMMITTEE MEMBERSHIP GOV	COMP	AUD	PRC	RISK	OTHER CURRENT LISTED PU BOARD
vid Solomon, 57 airman and CEO	October 2018	Chairman & CEO, The Goldman Sachs Group, Inc.						0
ebayo Ogunlesi, 65 ependent Lead Director	October 2012	Chairman & Managing Partner, Global Infrastructure Partners	C			Ex-Officio		2
chele Burns, 61 ependent	October 2011	Retired (Chairman & CEO, Mercer LLC; CFO of each of: Marsh & McLennan Companies, Inc., Mirant Corp. and Delta Air Lines, Inc.)		C				3

ew Faust, 71 ependent	July 2018	Professor, Harvard University (Retired, President, Harvard University)			0
rk Flaherty, 59 ependent	December 2014	Retired (Vice Chairman, Wellington Management Company)			0
en Kullman, 63 ependent	December 2016	Retired (Chairman & CEO, E.I. du Pont de Nemours and Company)		C	3
kshmi Mittal, 68 ependent	June 2008	Chairman & CEO, ArcelorMittal S.A.			1
er Oppenheimer, 56 ependent	March 2014	Retired (Senior Vice President and CFO, Apple, Inc.)	C		0
n Tighe, 56 ependent	December 2018	Retired (Vice Admiral, United States Navy)			1
vid Viniar, 63 n-Employee	January 2013	Retired (CFO, The Goldman Sachs Group, Inc.)			1

rk Winkelman, 72 ependent	December 2014	Private investor	C	0

* As per SEC rules.

C Designates Committee Chairs. Effective May 2, 2019, Ellen Kullman will become a member and the Chair of our Public Responsibilities Committee, at which time she will no longer be a member of our Risk Committee.

FOUNDATION IN SOUND GOVERNANCE PRACTICES AND ENGAGEMENT

Independent Lead Director with expansive duties (enhanced in 2019)

Regular **executive sessions** of independent and non-employee directors

Focus of our independent directors on **executive succession planning**

CEO evaluation process conducted by our Lead Director with our Governance Committee

Comprehensive process for **Board refreshment**, including a focus on diversity and on succession for Board leadership positions

Annual Board and Committee evaluations, which incorporate feedback on **individual director performance**

Candid, **one-on-one discussions** between our Lead Director and each non-employee director supplementing formal evaluations

Active, year-round shareholder engagement process, whereby we, including our Lead Director, meet and speak with our shareholders and other key constituents

Board and Committee oversight of **environmental, social and governance (ESG) matters**

Directors may **contact any employee** of our firm directly, and our Board and its Committees may **engage independent advisors** at their sole discretion
Annual elections of directors (i.e., no staggered board)

Proxy access right for shareholders, which right was adopted pro-actively after engagement with shareholders. In addition, shareholders are welcome to continue to **recommend director candidates** for consideration by our Governance Committee

Majority voting with resignation policy for directors in uncontested elections

Shareholders holding at least 25% of our outstanding shares of Common Stock can **call a special meeting** of shareholders

No supermajority vote requirements in our charter or By-laws

Executive retention and share ownership requirements require significant long-term share holdings by our NEOs

Director share ownership requirement of 5,000 shares or RSUs, with a transition period for new directors

» All RSUs granted as director compensation must be held until the year after a director retires from our Board. Directors are not permitted to hedge or pledge these RSUs

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Corporate Governance

Item 1. Election of Directors

Proposal Snapshot	**Item 1. Election of Directors**

What is being voted on: Election to our Board of 11 director nominees.

Board recommendation: After a review of the individual qualifications and experience of each of our director nominees and his or her contributions to our Board, our Board determined unanimously to recommend that shareholders vote FOR all of our director nominees.

OUR DIRECTORS

Recent Changes to our Board

We were pleased to welcome two new independent directors to our Board in 2018: Drew Faust in July 2018 and Jan Tighe in December 2018. Each of Dr. Faust and Vice Admiral Tighe was recommended to our Lead Director and to our Governance Committee by our independent director search firm. Both Dr. Faust and Vice Admiral Tighe bring to the Board and its Committees significant experience as described in their respective biographies below, and we look forward to their continued contributions.

Our Corporate Governance Guidelines provide that a director will typically retire at the annual meeting following his or her 75th birthday. In accordance with this policy, William George and James Johnson will not be standing for re-election and will be retiring from our Board on the eve of our 2019 Annual Meeting. We are grateful to Mr. George and Mr. Johnson for providing our Board with their informed counsel and judgment for many years. Effective May 2, 2019, Ellen Kullman will succeed Mr. George as the Chair of our Public Responsibilities Committee, drawing upon her background as the former CEO of DuPont, her public company board service and her other professional experience as described in her biography below.

In connection with the firm s recent executive leadership transition, Mr. Solomon joined our Board on October 1, 2018 and became Chairman of the Board on January 1, 2019. Mr. Blankfein retired from our Board on December 31, 2018.

For more information on our process for Board refreshment, see *Structure of our Board and Governance Practices Year-Round Review of Board Composition*.

Board of Directors Qualifications and Experience

Our director nominees have a great diversity of experience and bring to our Board a wide variety of skills, qualifications and viewpoints that strengthen their ability to carry out their oversight role on behalf of shareholders.

DIVERSITY OF SKILLS AND EXPERIENCES			
Financial services industry	Complex / Regulated industries	Global experience / Established & growth markets	Human Capital Management / Talent development
Academia	Technology / Cybersecurity	Audit, tax, accounting & preparation of financial statements	Compliance
Operations	Government / Military / Public policy & regulatory affairs	Risk & financial products / Credit evaluation	ESG
Risk management		Public company / Corporate governance	

CORE QUALIFICATIONS AND EXPERIENCES

Financial literacy	Demonstrated management/leadership ability
Strategic thinking	Leadership & expertise in their respective fields
Involvement in educational, charitable & community organizations	Extensive experience across public, private or not-for-profit sectors
Integrity & business judgment	Reputational focus

Given the nature of our business, our Governance Committee continues to believe that directors with current and prior financial industry experience, among other skills, are critical to our Board s effectiveness. We take very seriously, however, any actual or perceived conflicts of interest that may arise, and have taken various steps to address this.

For example, in addition to our policies on director independence and related person transactions, we maintain a policy with respect to outside director involvement with financial firms, such as private equity firms or hedge funds. Under this policy, in determining whether to approve any current or proposed affiliation of a non-employee director with a financial firm, our Board will consider, among other things, the legal, reputational, operational and business issues presented, and the nature, feasibility and scope of any restrictions, procedures or other steps that would be necessary or appropriate to ameliorate any perceived or potential future conflicts or other issues.

Diversity is an important factor in our consideration of potential and incumbent directors

Our Governance Committee considers a number of demographics and other factors, including race, gender,

ethnicity, sexual orientation, culture, nationality and work experiences (including military service), seeking to develop a board that, as a whole, reflects diverse viewpoints, backgrounds, skills, experiences and expertise.

Among the factors our Governance Committee considers in identifying and evaluating a potential director candidate is the extent to which the candidate would add to the diversity of our Board. The Committee considers the same factors in determining whether to re-nominate an incumbent director. In that connection, and using the self-identified characteristics of our directors, our nominees include four directors who are women, one director who is Black, one director who is of Indian descent, one director with career service in the military and three directors who are non-U.S. or dual citizens.

Diversity is also considered as part of the annual Board evaluation.

Director Tenure: A Balance of Experiences

Our nominees have an average and median tenure of approximately 4 years. This experience balances the institutional knowledge of our longer-tenured directors with the fresh perspectives brought by our newer directors.

Comprehensive Re-Nomination Process

Our Governance Committee appreciates the importance of critically evaluating individual directors and their contributions to our Board in connection with re-nomination decisions.

In considering whether to recommend re-nomination of a director for election at our Annual Meeting, our Governance Committee conducts a detailed review, considering factors such as:

The extent to which the director s **judgment, skills, qualifications and experience** (including that gained due to tenure on our Board) continue to contribute to the success of our Board;

Feedback from the annual Board evaluation and individual discussions between each non-employee director and our Lead Director;

Attendance and **participation** at, and **preparation** for, Board and Committee meetings;

Independence;

Shareholder feedback, including the support received by those director nominees elected at our 2018 Annual Meeting of Shareholders;

Outside board and other affiliations, including any actual or perceived conflicts of interest; and

The extent to which the director continues to contribute to the **diversity** of our Board.

Each of our director nominees has been recommended for election by our Governance Committee and approved and re-nominated for election by our Board.

If elected by our shareholders, our director nominees, all of whom are currently members of our Board, will serve for a one-year term expiring at our 2020 Annual Meeting of Shareholders. Each director will hold office until his or her successor has been elected and qualified or until the director s earlier resignation or removal.

All of our directors must be elected by majority vote of our shareholders.

A director who fails to receive a majority of FOR votes will be required to tender his or her resignation to our Board.

Our Governance Committee will then assess whether there is a significant reason for the director to remain on our Board, and will make a recommendation to our Board regarding the resignation.

For detailed information on the vote required for the election of directors and the choices available for casting your vote, please see *Frequently Asked Questions*.

Biographical information about our director nominees follows. This information is current as of March 1, 2019 and has been confirmed by each of our director nominees for inclusion in our Proxy Statement. There are no family relationships among any of our directors and executive officers.

David M. Solomon, 57

Chairman and CEO

Director Since:
October 2018

Other U.S.-Listed Company Directorships

Current: None

Former (Past 5 Years): None

KEY EXPERIENCE AND QUALIFICATIONS

Engaged and motivating leader who embodies our firm s culture: With nearly 20 years of leadership roles at our firm, leverages firm-specific and industry knowledge to lead the firm and its people, develop the firm s strategy, embody the tone at the top and help protect and enhance our firm s culture, including through his commitment to talent development and diversity of our workforce, in each case providing his insights to our Board and keeping directors apprised of significant developments in our business and industry

Strategic thinker with deep business and industry expertise: Utilizes deep familiarity with all aspects of the firm s businesses, including from his experience as President and Chief Operating Officer, to develop and articulate the firm s strategic vision, assess attendant risks and guide the firm s growth

Actively engaged with constituents as the face of our firm: Committed to engaging with our external stakeholders, draws upon his extensive interaction with our clients, investors and other constituents to communicate feedback and offer insight and perspective to our Board

CAREER HIGHLIGHTS

Goldman Sachs

» Chairman (January 2019 Present) and Chief Executive Officer (October 2018 Present)

» President and Chief or Co-Chief Operating Officer (January 2017 September 2018)

» Co-Head of the Investment Banking Division (July 2006 December 2016)

» Co-Head of High Yield & Leveraged Loan Business and then Global Head of the Financing Group (variously, September 1999 July 2006)

OTHER PROFESSIONAL EXPERIENCE AND COMMUNITY INVOLVEMENT

Trustee, Hamilton College

Member, Board of Directors, Robin Hood Foundation

EDUCATION

Graduate of Hamilton College

Adebayo O. Ogunlesi, 65

Independent Lead Director

Director Since: October 2012

GS Committees

KEY EXPERIENCE AND QUALIFICATIONS

Strong leader, including leadership experience in the financial services industry: Founder, Chairman and Managing Partner of Global Infrastructure Partners and a former executive of Credit Suisse with over 20 years of leadership experience in the financial services industry, including investment banking and private equity

International business and global capital markets experience, including emerging markets: Advised and executed transactions and provided capital markets strategy advice globally

Expertise regarding governance and compensation: Service on the boards of directors and board committees of other public companies and not-for-profit entities, and, in particular, as chair or former chair of the nominating and corporate governance committees at each of Callaway Golf and Kosmos Energy, provides additional governance perspective

CAREER HIGHLIGHTS

Governance (Chair)

Ex-officio member:

Chairman and Managing Partner, Global Infrastructure Partners, a private equity firm that invests worldwide in infrastructure assets in the energy, transport, water and waste industry sectors (July 2006 Present)

» Audit

Credit Suisse, a financial services company

» Executive Vice Chairman and Chief Client Officer (2004 2006)

» Compensation

» Member of Executive Board and Management Committee (2002 2006)

» Public Responsibilities

» Head of Global Investment Banking Department (2002 2004)

Law Clerk to the Honorable Thurgood Marshall, Associate Justice of the U.S. Supreme Court (1980-1981)

» Risk

Other U.S.-Listed Company Directorships

OTHER PROFESSIONAL EXPERIENCE AND COMMUNITY INVOLVEMENT

Member, National Board of Directors, The NAACP Legal Defense and Educational Fund, Inc.

Current: Callaway Golf Company; Kosmos Energy Ltd.

Member, Board of Directors, Partnership for New York City Fund

Former (Past 5 Years): None

Member, Harvard University Global Advisory Council and Harvard Law School Leadership Council of New York

Member, Board of Dean s Advisors, Harvard Business School

EDUCATION

Graduate of Oxford University, Harvard Business School and Harvard Law School

M. Michele Burns, 61

Independent

Director Since:
October 2011

GS Committees

Compensation (Chair)

Governance

Risk

Other U.S.-Listed Company Directorships

Current: Anheuser-Busch InBev; Cisco Systems, Inc.;

KEY EXPERIENCE AND QUALIFICATIONS

Leadership, compensation, governance and risk expertise: Leverages current and former service on the boards of directors and board committees of other public companies and not-for-profit entities

Human capital management and strategic consulting: Background gained as former CEO of Mercer LLC

Accounting and the review and preparation of financial statements: Garnered expertise as former CFO of several global public companies

CAREER HIGHLIGHTS

Chief Executive Officer, Retirement Policy Center, sponsored by Marsh & McLennan Companies, Inc. (MMC); Center focuses on retirement public policy issues (October 2011 February 2014)

Chairman and Chief Executive Officer, Mercer LLC, a subsidiary of MMC and a global leader in human resource consulting, outsourcing and investment services (September 2006 early October 2011)

Chief Financial Officer, MMC, a global professional services and consulting firm (March 2006 September 2006)

Chief Financial Officer, Chief Restructuring Officer and Executive Vice President, Mirant Corporation, an energy company (May 2004 January 2006)

Executive Vice President and Chief Financial Officer, Delta Air Lines, Inc., an air carrier (including various other positions, 1999 April 2004)

Senior Partner and Leader, Southern Regional Federal Tax Practice, Arthur Andersen LLP, an accounting firm (including various other positions, 1981 1999)

Etsy, Inc.

Former (Past 5 Years):
Alexion Pharmaceuticals, Inc.

OTHER PROFESSIONAL EXPERIENCE AND COMMUNITY INVOLVEMENT

Center Fellow and Strategic Advisor, Stanford University Center on Longevity

Former Board Member and Treasurer, Elton John AIDS Foundation

EDUCATION

Graduate of University of Georgia (including for Masters)

Drew G. Faust, 71

Independent

Director Since: July 2018

GS Committees

Governance

Public Responsibilities

Risk

KEY EXPERIENCE AND QUALIFICATIONS

Human capital and diversity: As Former President of Harvard University, well-positioned to provide insight on the firm s strategies relating to diversity, recruiting and retention

Leadership and governance: Current and prior service on the boards of directors of public and/or not-for-profit entities provides additional perspective on governance

Operations and risk management: During her tenure at Harvard University she, among other things, broadened the university s international reach, promoted collaboration across disciplines and administrative units and helped to oversee the operational and other risks related to the university as well as the management of its endowment

CAREER HIGHLIGHTS

Harvard University

» President Emeritus and Arthur Kingsley Porter University President (January 2019 Present)

Other U.S.-Listed Company Directorships

» President (July 2007 June 2018)

» Lincoln Professor of History (January 2001 December 2018)

Current: None

Former (Past 5 Years): Staples, Inc.

» Founding Dean, Radcliffe Institute for Advanced Study (January 2001 July 2007)

University of Pennsylvania (1975 2000); various faculty positions including as the Annenberg Professor of History and the Director of the Women s Studies Program

OTHER PROFESSIONAL EXPERIENCE AND COMMUNITY INVOLVEMENT

Member, Educational Advisory Board, John Simon Guggenheim Memorial Foundation

Member, American Academy of Arts & Sciences

Former Member, Board of Directors, The Broad Institute Inc.

Former Member, Board of Directors, Harvard Management Company Inc.

EDUCATION

Graduate of Bryn Mawr College and the University of Pennsylvania (Masters and Ph.D.)

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Mark A. Flaherty, 59

Independent

Director Since: December 2014

GS Committees

Audit

Governance

Risk

Other U.S.-Listed Company Directorships

Current: None

Former (Past 5 Years): None

KEY EXPERIENCE AND QUALIFICATIONS

Investment management: Leverages over 20 years of experience in the investment management industry, including at Wellington Management Company

Perspective on institutional investors approach to company performance and corporate governance: Experience developed through his tenure at Wellington and Standish, Ayer and Wood

Risk expertise: Draws upon years of experience in the financial industry

CAREER HIGHLIGHTS

Wellington Management Company, an investment management company

» Vice Chairman (2011 2012)

» Director of Global Investment Services (2002 2012)

» Partner, Senior Vice President (2001 2012)

Standish, Ayer and Wood, an investment management company

» Executive Committee Member (1997 1999)

» Partner (1994 1999)

» Director, Global Equity Trading (1991 1999)

Director, Global Equity Trading, Aetna, a diversified healthcare benefit company (1987 1991)

OTHER PROFESSIONAL EXPERIENCE AND COMMUNITY INVOLVEMENT

Member, Board of Trustees, The Newman School

Member, Board of Directors, Boston Scholar Athletes

Former Member, Board of Trustees, Providence College

EDUCATION

Graduate of Providence College

Ellen J. Kullman, 63

Independent

Director Since:
December 2016

KEY EXPERIENCE AND QUALIFICATIONS

Leadership and strategy: During her tenure as Chair and CEO of DuPont, a highly-regulated science and technology-based company with global operations, led the company through a period of strategic transformation and growth

Corporate governance and compensation: Leverages service on the boards of directors and board committees (including in leadership roles) of other public companies and not-for-profit entities

Focus on reputational, risk and ESG matters: Draws upon experiences gained from DuPont and other board roles, including in connection with her new role as Chair of our Public Responsibilities Committee

GS Committees

Public Responsibilities (Chair)*

Compensation

Governance

Risk*

Other U.S.-Listed Company Directorships

Current: Amgen Inc.; Dell Technologies Inc.; United Technologies Corporation

Former (Past 5 Years): E.I. du Pont de Nemours and Company

CAREER HIGHLIGHTS

E.I. du Pont de Nemours and Company, a provider of basic materials and innovative products and services for diverse industries

» Chairman and Chief Executive Officer (2009 2015)

» President (October 2008 December 2008)

» Executive Vice President, DuPont Coatings and Color Technologies, DuPont Electronic and Communication Technologies; DuPont Performance Materials, DuPont Safety and Protection, Marketing and Sales, Pharmaceuticals, Risk Management and Safety and Sustainability (2006 2008)

» Various positions, including Group Vice President, DuPont Safety and Protection (1988 2006)

OTHER PROFESSIONAL EXPERIENCE AND COMMUNITY INVOLVEMENT

Member, Board of Overseers, Tufts University School of Engineering

Trustee, Northwestern University

Member, National Academy of Engineering

Member, The Business Council

Co-Chair, Paradigm for Parity

EDUCATION

Graduate of Tufts University and Kellogg School of Management, Northwestern University

*Effective May 2, 2019, Ms. Kullman will become a member and the Chair of our Public Responsibilities Committee, at which time she will no longer be a member of our Risk Committee.

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Lakshmi N. Mittal, 68

Independent

Director Since: June 2008

GS Committees

Compensation

Governance

Public Responsibilities

Other U.S.-Listed Company Directorships

KEY EXPERIENCE AND QUALIFICATIONS

Leadership, business development and operations: Founder of Mittal Steel Company and Chairman and Chief Executive Officer of ArcelorMittal, the world s leading integrated steel and mining company

International business and growth markets: Leading company with operations in over 18 countries on four continents provides global business expertise and perspective on public responsibilities

Corporate governance and international governance: Current and prior service on the boards of directors of other international public companies and not-for-profit entities assists with committee responsibilities

CAREER HIGHLIGHTS

ArcelorMittal S.A., a steel and mining company

» Chairman and Chief Executive Officer (May 2008 Present)

» President and Chief Executive Officer (November 2006 May 2008)

Chief Executive Officer, Mittal Steel Company N.V. (1976 November 2006)

OTHER PROFESSIONAL EXPERIENCE AND COMMUNITY INVOLVEMENT

Current: ArcelorMittal S.A.

Former (Past 5 Years): None

Member, International Business Council of the World Economic Forum

Trustee, Cleveland Clinic

Member, Governing Board, Indian School of Business

Member, European Round Table of Industrialists

Chairman, Governing Council, LNM Institute of Information Technology

Member, Harvard University Global Advisory Council

EDUCATION

Graduate of St. Xavier s College in India

Peter Oppenheimer, 56

Independent

KEY EXPERIENCE AND QUALIFICATIONS

Capital and risk management: Garnered experience as CFO and Controller at Apple and Divisional CFO at ADP

Review and preparation of financial statements: Over 20 years as a CFO or controller provides valuable experience and perspective as Audit Committee Chair

Oversight of technology and technology risks: Leverages prior experience in overseeing information systems at Apple

Director Since: March 2014

GS Committees

Audit (Chair)

CAREER HIGHLIGHTS

Apple, Inc., a designer and manufacturer of electronic devices and related software and services

» Senior Vice President (retired September 2014)

Governance

Risk

Other U.S.-Listed Company Directorships

Current: None

Former (Past 5 Years): None

» Senior Vice President and Chief Financial Officer (2004 June 2014)

» Senior Vice President and Corporate Controller (2002 2004)

» Vice President and Corporate Controller (1998 2002)

» Vice President and Controller, Worldwide Sales (1997 1998)

» Senior Director, Finance and Controller, Americas (1996 1997)

Divisional Chief Financial Officer, Finance, MIS, Administration and Equipment Leasing Portfolio at Automatic Data Processing, Inc. (ADP), a leading provider of human capital management and integrated computing solutions (1992 1996)

Consultant, Information Technology Practice at Coopers & Lybrand, LLP (1988 1992)

OTHER PROFESSIONAL EXPERIENCE AND COMMUNITY INVOLVEMENT

Secretary, Community Board, French Hospital Medical Center

Board Member, Pacific Coast Health Center

EDUCATION

Graduate of California Polytechnic State University and the Leavey School of Business, University of Santa Clara

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Jan E. Tighe, 56

Independent

Director Since: December 2018

KEY EXPERIENCE AND QUALIFICATIONS

Technology and technology risk: Over 20 years of senior executive experience in cybersecurity and information technology, including leading complex cyber and intelligence operations and creating a Navy digital transformation roadmap, which experiences provide perspective to aid in oversight of the firm s deployment of technology and the management of technology risk

Strategic planning and operations: Experience in strategic planning, risk assessment and executing on naval strategies across a variety of positions, including as a Fleet Commander and as a university president

Leadership and governance: Retired Vice Admiral who served in numerous leadership roles in the U.S. Navy and with the National Security Agency, culminating in service as a managing director on the U.S. Navy s Corporate Board

GS Committees

Audit

Governance

Risk

-

Other U.S.-Listed Company Directorships

CAREER HIGHLIGHTS

United States Navy, Vice Admiral and various positions of increasing authority and responsibility (1980 2018), including:

» Deputy Chief of Naval Operations for Information Warfare and Director, Naval Intelligence (2016 2018)

» Fleet Commander or Deputy Commander, U.S. Fleet Cyber Command/U.S. Tenth Fleet (2013 2016)

» University President, Naval Postgraduate School (2012 2013)

Current: Huntsman Corporation

Former (Past 5 Years): None

» Director, Decision Superiority Division of the Chief of Naval Operations Staff (2011 2012)

» Deputy Director of Operations, U.S. Cyber Command (2010 2011)

» Executive Assistant to General Keith Alexander, U.S. Cyber Command and National Security Agency/Central Security Service (2009 2010)

» Commander, National Security Agency/Central Security Service Hawaii (2006 2009)

OTHER PROFESSIONAL EXPERIENCE AND COMMUNITY INVOLVEMENT

Member and Global Security Expert, Strategic Advisory Group, Paladin Capital Group

Member of the National Security Sector Advisory Committee, The MITRE Corporation

Governance Fellow, National Association of Corporate Directors

EDUCATION

Graduate of U.S. Naval Academy and Naval Postgraduate School (including for Ph.D.)

David A. Viniar, 63

Non-Employee

KEY EXPERIENCE AND QUALIFICATIONS

Financial industry, in particular risk management and regulatory affairs: Over 30 years of experience in various roles at Goldman Sachs, as well as service as chair of the audit and risk committee of Square, Inc., provides valuable perspective to our Board

Unique insight into our firm s financial reporting, controls and risk management: As our former CFO, able to provide unique insight about our risks to our Risk Committee

Capital management processes and assessments: Experience gained through serving as Goldman Sachs CFO for over 10 years

Director Since: January 2013

GS Committees

Risk

Other U.S.-Listed Company Directorships

Current: Square, Inc.

Former (Past 5 Years): None

CAREER HIGHLIGHTS

Goldman Sachs

» Executive Vice President and Chief Financial Officer (May 1999 January 2013)

» Head of Operations, Technology, Finance and Services Division (December 2002 January 2013)

» Head of the Finance Division and Co-Head of Credit Risk Management and Advisory and Firmwide Risk (December 2001 December 2002)

» Co-Head of Operations, Finance and Resources (March 1999 December 2001)

OTHER PROFESSIONAL EXPERIENCE AND COMMUNITY INVOLVEMENT

Trustee, Garden of Dreams Foundation

Former Trustee, Union College

EDUCATION

Graduate of Union College and Harvard Business School

Mark O. Winkelman, 72

Independent

Director Since: December 2014

GS Committees

Risk (Chair)

Audit

Governance

Other U.S.-Listed Company Directorships

Current: None

Former (Past 5 Years):

Anheuser-Busch InBev

KEY EXPERIENCE AND QUALIFICATIONS

Knowledge about our firm, including our fixed income business, and an understanding of the risks we face: Utilizes his previous tenure at Goldman Sachs as well as his service on the board of our subsidiary, Goldman Sachs International

Audit and financial expertise, corporate governance and leadership: Leverages prior service on the board of directors and the audit and finance committees of Anheuser-Busch InBev and service on the boards of directors and audit, finance and other committees of not-for-profit entities

Financial services industry: Experience gained through his role as operating partner at J.C. Flowers and through other industry experience

CAREER HIGHLIGHTS

Private investor (Present)

Operating Partner, J.C. Flowers & Co., a private investment firm focusing on the financial services industry (2006 2008)

Goldman Sachs

» Retired Limited Partner (1994 1999)

» Management Committee Member and Co-Head of Fixed Income Division (1987 1994)

» Various positions at the firm, including Head of J. Aron Division (1978 1987)

Senior Investment Officer, The World Bank (1974 1978)

OTHER PROFESSIONAL EXPERIENCE AND COMMUNITY INVOLVEMENT

Director and Risk Committee Chair, Goldman Sachs International

Trustee, Penn Medicine

Trustee Emeritus, University of Pennsylvania

EDUCATION

Graduate of Erasmus University in the Netherlands and The Wharton School, University of Pennsylvania

INDEPENDENCE OF DIRECTORS

9 of our 11 director nominees are independent

Our Board determined, upon the recommendation of our Governance Committee, that Ms. Burns, Dr. Faust, Mr. Flaherty, Ms. Kullman, Mr. Mittal, Mr. Ogunlesi, Mr. Oppenheimer, Vice Admiral Tighe and Mr. Winkelman are independent within the meaning of NYSE rules and our Director Independence Policy. Mr. George and Mr. Johnson, who are retiring from our Board on the eve of the 2019 Annual Meeting, were also determined to be independent. Furthermore, our Board has determined that all of our independent directors satisfy the heightened audit committee independence standards under SEC and NYSE rules, and that Compensation Committee members also satisfy the relevant heightened standards under NYSE rules.

Process for Independence Assessment

A director is considered independent under NYSE rules if our Board determines that the director does not have any direct or indirect material relationship with Goldman Sachs. Our Board has established a Policy Regarding Director Independence (Director Independence Policy) that provides standards to assist our Board in determining which relationships and transactions might constitute a material relationship that would cause a director not to be independent.

To assess independence, our Governance Committee and our Board review detailed information regarding our independent directors, including employment and public company and not-for-profit directorships, as well as information regarding immediate family members and affiliated entities.

Through the course of this review, our Governance Committee and our Board consider relationships between the independent directors (and their immediate family members and affiliated entities) on the one hand, and Goldman Sachs and its affiliates on the other, in accordance with our Director Independence Policy. This includes a review of revenues to the firm from, and payments or donations made by us to, relevant entities affiliated with our directors (or their immediate family members) as a result of ordinary course transactions or contributions to not-for-profit organizations.

For more information on the categories of transactions that our Governance Committee and our Board reviewed, considered and determined to be immaterial under our Director Independence Policy, see *Annex B Additional Details on Director Independence.*

Structure of our Board and Governance Practices

BOARD OF DIRECTORS

CHAIRMAN AND CEO: DAVID SOLOMON; LEAD DIRECTOR: ADEBAYO OGUNLESI

AUDIT COMMITTEE	COMPENSATION COMMITTEE	GOVERNANCE COMMITTEE	PUBLIC RESPONSIBILITIES COMMITTEE	RISK COMMITTEE
4 Members: All Independent	**3 Members:** All Independent	**9 Members:** All Independent	**3 Members:** All Independent	**7 Members:** 6 Independent

OUR BOARD COMMITTEES

Our Board has five standing Committees: Audit, Compensation, Governance, Public Responsibilities and Risk. The specific membership of each Committee allows us to take advantage of our directors diverse skill sets, which enables deep focus on Committee matters.

Each of our Committees:

- Operates pursuant to a written charter (available on our website at www.gs.com/charters)
- Evaluates its performance annually

Reviews its charter annually

The firm s **reputation is of critical importance**. In fulfilling their duties and responsibilities, each of our standing Committees and our Board consider the potential effect of any matter on our reputation.

AUDIT

ALL INDEPENDENT	KEY SKILLS & EXPERIENCES REPRESENTED	KEY RESPONSIBILITIES
*Peter Oppenheimer** Mark Flaherty Jan Tighe Mark Winkelman Adebayo Ogunlesi (ex-officio)	Audit/Tax/Accounting Preparation or oversight of financial statements Compliance Technology	Assist our Board in its oversight of our financial statements, legal and regulatory compliance, independent auditors qualification, independence and performance, internal audit function performance and internal controls over financial reporting Decide whether to appoint, retain or terminate our independent auditors Pre-approve all audit, audit-related, tax and other services, if any, to be provided by the independent auditors Appoint and oversee the work of our Director of Internal Audit and annually assess her performance Prepare the Audit Committee Report

* Multiple members of our Audit Committee, including the Chair, have been determined to be audit committee financial experts.

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COMPENSATION

ALL INDEPENDENT	KEY SKILLS & EXPERIENCES REPRESENTED	KEY RESPONSIBILITIES
Michele Burns William George** James Johnson** Ellen Kullman Lakshmi Mittal Adebayo Ogunlesi (ex-officio)	Setting of executive compensation Evaluation of executive and firmwide compensation programs Human capital management, including diversity	Determine and approve the compensation of our CEO and other executive officers Approve, or make recommendations to our Board for it to approve, our incentive, equity-based and other compensation plans Assist our Board in its oversight of the development, implementation and effectiveness of our policies and strategies relating to our human capital management function, including: » recruiting; » retention; » career development and progression; » management succession (other than that within the purview of our Governance Committee); and » diversity and employment practices Prepare the Compensation Committee Report

GOVERNANCE

ALL INDEPENDENT	KEY SKILLS & EXPERIENCES REPRESENTED	KEY RESPONSIBILITIES
Adebayo Ogunlesi Michele Burns Drew Faust Mark Flaherty William George** James Johnson** Ellen Kullman Lakshmi Mittal Peter Oppenheimer Jan Tighe Mark Winkelman	Corporate governance Talent development and succession planning Current and prior public company board service	Recommend individuals to our Board for nomination, election or appointment as members of our Board and its Committees Oversee the evaluation of the performance of our Board and our CEO Review and concur with the succession plans for our CEO and other members of senior management Take a leadership role in shaping our corporate governance, including developing, recommending to our Board and reviewing on an ongoing basis the corporate governance principles and practices that apply to us Review periodically the form and amount of non-employee director compensation and make recommendations to our Board with respect thereto

PUBLIC RESPONSIBILITIES

ALL INDEPENDENT	KEY SKILLS & EXPERIENCES REPRESENTED	KEY RESPONSIBILITIES
*William George*** *Ellen Kullman*** Drew Faust James Johnson** Lakshmi Mittal	Reputational risk ESG Government and regulatory affairs Philanthropy	Assist our Board in its oversight of our firm s relationships with major external constituencies and our reputation Oversee the development, implementation and effectiveness of our policies and strategies relating to citizenship, corporate engagement and relevant significant public policy issues Review ESG issues affecting our firm, including through the periodic review of the ESG report

Adebayo Ogunlesi

(ex-officio)

RISK		
MAJORITY INDEPENDENT	**KEY SKILLS & EXPERIENCES REPRESENTED**	**KEY RESPONSIBILITIES**
Mark Winkelman Michele Burns Drew Faust Mark Flaherty Ellen Kullman** Peter Oppenheimer Jan Tighe Adebayo Ogunlesi (ex-officio) **Non-independent** David Viniar	Understanding of how risk is undertaken, mitigated and controlled in complex industries Technology and cybersecurity Understanding of financial products Expertise in capital adequacy and deployment	Assist our Board in its oversight of our firm s overall risk-taking tolerance and management of financial and operational risks, such as market, credit and liquidity risk, including reviewing and discussing with management: » our firm s capital plan, regulatory capital ratios, capital management policy and internal capital adequacy assessment process, and the effectiveness of our financial and operational risk management policies and controls; » our liquidity risk metrics, management, funding strategies and controls, and the contingency funding plan; and » our market, credit, operational and model risk management strategies, policies and controls

** William George and James Johnson will not be standing for re-election and will be retiring from our Board on the eve of the 2019 Annual Meeting. Effective May 2, 2019, Ellen Kullman will become a member and the Chair of our Public Responsibilities Committee, at which time she will no longer be a member of our Risk Committee.

BOARD AND COMMITTEE EVALUATIONS

Board and Committee evaluations play a critical role in ensuring the effective functioning of our Board. It is important to take stock of Board, Committee and director performance and to solicit and act upon feedback received from each member of our Board. To this end, under the leadership of our Lead Director, our Governance Committee is responsible for evaluating the performance of our Board annually, and each of our Board s Committees also annually conducts a self-evaluation.

BOARD LEADERSHIP STRUCTURE

Current Board Leadership Structure

We review Board leadership structure annually. Conducting regular assessments allows our Board to discuss and debate whether the most efficient and appropriate leadership structure is in place to meet the needs of our Board and our firm, which may evolve over time. We are committed to independent leadership on our Board. If at any time the Chairman is not an independent director, our independent directors will appoint an independent Lead Director.

Strong Independent Lead Director   Combined Chairman-CEO: Why our Structure is Effective

In 2018, in connection with Mr. Blankfein s retirement and Mr. Solomon s assumption of the CEO role, our Governance Committee conducted a thorough review of our Board s leadership structure. The review considered a variety of factors, including our governance practices and shareholder feedback on our Board and its leadership structure, as described on the following page.

As a result of this review, our Governance Committee determined that after a transition period having Mr. Solomon serve as both Chairman and CEO   working together with a strong independent Lead Director   is the most effective leadership structure for our Board and our firm at this time.

Ultimately, we believe that our current leadership structure, together with strong governance practices, creates a productive relationship between our Board and management, including strong independent oversight that benefits our shareholders.

We will continue to conduct Board leadership assessments annually. If at any time our Governance Committee determines it would be appropriate to appoint an independent Chairman, it will not hesitate to do so.

KEY COMPONENTS OF REVIEW

CHAIRMAN-CEO	FIRM	TRENDS &

& LEAD DIRECTOR RESPONSIBILITIES	**POLICIES & PRACTICES TO ENSURE STRONG INDEPENDENT BOARD OVERSIGHT**	**SHAREHOLDER FEEDBACK & VOTING RESULTS REGARDING BOARD LEADERSHIP**	**PERFORMANCE**	**DEVELOPMENTS REGARDING LEADERSHIP STRUCTURE**

EMPOWERED LEAD DIRECTOR WITH EXPANSIVE LIST OF ENUMERATED DUTIES

Key Pillars of Lead Director Role

BENEFITS OF A COMBINED ROLE

A combined Chairman-CEO structure provides our firm with a senior leader who serves as a primary liaison between our Board and management, and as the primary public face of our firm

» This structure demonstrates clear accountability to shareholders, clients and others

Our CEO has extensive knowledge of all aspects of our current business, operations and risks, which he brings to Board discussions as Chairman

» A combined Chairman-CEO can serve as a knowledgeable resource for independent directors both at and between Board meetings

» Combining the roles at our firm has been effective in promoting strong and effective leadership of the firm, particularly in times of economic challenge and regulatory change affecting our industry

STRONG GOVERNANCE PRACTICES SUPPORT

INDEPENDENT BOARD OVERSIGHT

Nine independent directors and one non-employee director, the majority of which have executive-level

SHAREHOLDER FEEDBACK & ENGAGEMENT

We have generally received positive shareholder feedback on the nature of our Lead Director role and experience

Independent and engaged Chairs of all standing Committees

Regular executive sessions of independent directors chaired by Lead Director supplemented by additional sessions of non-employee directors without management present

All directors may suggest inclusion of additional subjects on agendas and any director may call an executive session

Annual Board and Committee evaluations that include feedback on individual director performance

Independent director participation and oversight of key governance processes, such as CEO performance, compensation and succession planning

All directors free to contact any employee of the firm directly

Our Chairman and CEO and our Lead Director meet and speak with each other regularly about our Board and our firm

our annual leadership structure review

» In considering the strength of our Board leadership structure, many investors cite our Lead Director s extensive engagement with shareholders and the insight into the Board s perspectives and focus areas provided by the letter in our proxy statement that comes from our Lead Director

Our Lead Director, Adebayo Ogunlesi, has engaged with the firm s shareholders and other key constituents, including our regulators, to discuss a variety of topics, including our Board leadership structure and his responsibilities as Lead Director, Board effectiveness, the Board s independent oversight of strategy, Board culture and Board and management succession planning

» In 2018, Mr. Ogunlesi met with 20 investors representing approximately 30% of our shares outstanding

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Key responsibilities of our Chairman-CEO	**Powers and duties of our Independent Lead Director**
Chairs Board meetings	Provides independent leadership
Chairs annual shareholder meeting	Sets agenda for Board meetings, working with our Chairman (including adding items to and approving the agenda), and approves the form and type of related materials, as well as reviews and concurs in the agendas for each Committee meeting
Serves as the public face of our Board and our firm	Approves the schedule for Board and committee meetings
Provides input to Lead Director on agenda for Board meetings (which the Lead Director sets and approves) and reviews schedule for Board meetings	Presides at executive sessions of the independent directors
Guides discussions at Board meetings and encourages directors to voice their views	Calls meetings of the Board, including meetings of the independent directors
Serves as a resource for our Board	

Communicates significant business developments and time-sensitive matters to our Board	Presides at each Board meeting at which the Chairman is not present
Establishes the tone at the top in coordination with our Board, and embodies these values for our firm	Engages with the independent directors and non-employee directors at and between Board and Committee meetings, including:
Responsible for managing the day-to-day business and affairs of our firm	» to identify matters for discussion, including for discussion at executive sessions of the independent directors
Sets and leads the implementation of corporate policy and strategy	» to facilitate communication with the Chairman (as set forth below)
Interacts regularly with our COO, CFO and other senior leadership of our firm	» one-on-one engagement regarding the performance and functioning of the collective Board, individual director performance and other matters as appropriate
Manages senior leadership of our firm	Serves as an adviser to the Chairman, including by:
Meets frequently with clients and shareholders, providing an opportunity to understand and respond to concerns and feedback; communicates feedback to our Board	» engaging with the Chairman between Board meetings
	» facilitating communication between the independent directors and the Chairman, including by presenting the Chairman s views, concerns and issues to the independent directors as well as assisting with informing or engaging non-employee directors, as appropriate
	» raising to the Chairman views, concerns and issues of the independent directors, including decisions reached and suggestions made, at executive sessions, in each case as appropriate

Oversees the Board s governance processes, including Board evaluations, succession planning and other governance-related matters

Leads the annual CEO evaluation

Meets directly with management and non-management employees of the firm

Consults and directly communicates with shareholders and other key constituents, as appropriate

YEAR-ROUND REVIEW OF BOARD COMPOSITION

Our Governance Committee seeks to build and maintain an effective,

well-rounded, financially literate and diverse Board that operates

in an atmosphere of candor and collaboration.

In identifying and recommending director candidates, our Governance Committee places primary emphasis on the criteria set forth in our Corporate Governance Guidelines, including:

- Judgment, character, expertise, skills and knowledge useful to the oversight of our business;
- Diversity of viewpoints, backgrounds, work and other experiences and other demographics;
- Business or other relevant experience; and
- The extent to which the interplay of the candidate s expertise, skills, knowledge and experience with that of other members of our Board will build a strong and effective Board that is collegial and responsive to the needs of our firm.

Board Process for Identification and Review of Director Candidates to Join Our Board

Identifying and recommending individuals for nomination, election or re-election to our Board is a principal responsibility of our Governance Committee. The Committee carries out this function through an ongoing, year-round process, which includes the Committee s annual evaluation of our Board and individual director evaluations. Each director and director candidate is evaluated by our Governance Committee based on his or her individual merits, taking into account our firm s needs and the composition of our Board.

To assist in this evaluation, the Committee utilizes as a discussion tool a matrix of certain skills and experiences that would be beneficial to have represented on our Board and on our Committees at any particular point in time. For example, the Committee is focused on what skills are beneficial for service in key Board positions, such as Lead Director and Committee Chairs, and conducts a succession planning process for those positions.

Our Governance Committee welcomes candidates recommended by shareholders and will consider these candidates in the same manner as other candidates. Shareholders wishing to submit potential director candidates for consideration by our Governance Committee should follow the instructions in *Frequently Asked Questions*.

DIRECTOR EDUCATION

Director education about our firm and our industry is an ongoing process, which begins when a director joins our Board.

Upon joining our Board, new directors are provided with a comprehensive orientation about our firm, including our business, strategy and governance. For example, new directors typically meet with senior leaders covering each of our revenue-producing divisions and regions, as well as with senior leaders from key control-side functions.

New directors will also undergo in-depth training on the work of each of our Board s Committees, such as Audit and Risk Committee orientation sessions with our CFO, Controller, Treasurer and CRO, as well as a session with the Director of Internal Audit. Additional training is also provided when a director assumes a leadership role, such as becoming a Committee Chair.

Board and Committee presentations, roundtables, regular communications and firm and other industry events help to keep directors appropriately apprised of key developments in our businesses and in our industry, including material changes in regulation, so that they can carry out their oversight responsibilities.

COMMITMENT OF OUR BOARD

Commitment of our Directors 2018 Meetings

Our Board and its Committees met frequently in 2018.

	2018 MEETINGS
Board	13
Audit	18
Compensation	7
Governance	7

	5
Public Responsibilities	
Risk	13
Executive Sessions of Independent Directors without Management*	5
Additional Executive Sessions of Non-Employee Directors without Management**	17

* Chaired by our Lead Director.

** Led by our independent Committee Chairs.

Each of our current directors attended over 75% (the threshold for disclosure under SEC rules) of the meetings of our Board and the Committees on which he or she served as a regular member during 2018. Overall attendance at Board and Committee meetings during 2018 was over 97% for our directors as a group.

We encourage our directors to attend our annual meetings. All of our directors who were members of the Board at the time attended the 2018 Annual Meeting.

Commitment of our Directors Beyond the Boardroom

Engagement beyond the boardroom provides our directors with additional insights into our businesses, risk management and industry, as well as valuable perspectives on the performance of our firm, our CEO and other members of senior management.

The commitment of our directors extends well beyond preparation for, and attendance at, regular and special meetings.

ONGOING COLLABORATION	CONSTITUENT ENGAGEMENT	REGULARLY INFORMED
Frequent interactions with each other, senior management and key employees around the globe on topics including strategy, performance, risk management, culture and talent development	Regular engagement with key constituents, including regulators, and engagement with our shareholders. Participation in firm and industry conferences and other events on behalf of the Board	Receive postings on significant developments and weekly informational packages that include updates on recent developments, press coverage and current events that relate to our business, our people and our industry

Our Lead Director and Committee Chairs provide additional independent leadership outside the boardroom.

For example, each Chair sets the agenda for his or her respective Committee meetings, and reviews and provides feedback on the form and type of related materials, in each case taking into account whether their

Committee is appropriately carrying out its core responsibilities and focusing on the key issues facing the firm, as may be applicable from time to time. To do so, each Chair engages with key members of management and subject matter experts in advance of each Committee meeting.

In addition, our Lead Director also sets the Board agenda (working with our Chairman) and approves the form and type of related materials. Our Lead Director also approves the schedule of Board and Committee meetings, taking into account whether there is sufficient time for discussion of all agenda items at each Board and Committee meeting.

In carrying out their leadership roles during 2018:

Lead Director *Adebayo Ogunlesi*	**Risk Chair** *Michele Burns /* *Mark Winkelman**	**Public Responsibilities Chair** *Bill George*	**Compensation Chair** *James Johnson /* *Michele Burns**	**Audit Chair** *Peter Oppenheimer*
Over 70 meetings	**Over 40 meetings**	**Over 10 meetings**	**Over 30 meetings**	**Over 40 meetings**
Includes meetings with: CEO, COO, CFO, Secretary to the Board, General Counsel, Shareholders, CRO, Treasurer, Director of Investor Relations, Regulators, Independent	**Includes meetings with:** CEO, COO, CFO, Secretary to the Board, CRO, Controller, Treasurer, Regulators, other key risk management and treasury employees	**Includes meetings with:** CEO, COO, Secretary to the Board, Regulators	**Includes meetings with:** CEO, COO, CFO, Secretary to the Board, General Counsel, Global Head of HCM, Global Head of Employee Experience, Global Head of Executive Compensation, Independent Compensation Consultant, Director of Investor Relations, Shareholders, Regulators	**Includes meetings with:** CEO, COO, CFO, Secretary to the Board, General Counsel, Controller, Treasurer, Director of Internal Audit, Head of Global Compliance, Regulators, Independent Auditors

Director Compensation Consultant, Director Search Firm

* Chair transition during 2018.

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Board Oversight of our Firm

KEY AREAS OF BOARD OVERSIGHT

Our Board is responsible for, and committed to, the oversight of the business and affairs of our firm. In carrying out this responsibility, our Board advises our senior management to help drive success for our clients and long-term value creation for our shareholders, and oversees management s efforts to ensure that the firm s cultural expectations are appropriately communicated and embraced throughout the firm. Our Board discusses and receives regular updates on a wide variety of matters affecting our firm.

CONSIDERATION OF OUR REPUTATION UNDERSCORES OUR BOARD AND COMMITTEE OVERSIGHT

Strategy

Our Board oversees and provides advice and guidance to senior management on the formulation and implementation of the firm s strategic plans, including the development of growth strategies by our new senior management team.

» This occurs year-round through presentations and discussions covering firmwide, divisional and regional strategy, business planning and growth initiatives, both during and outside Board meetings.

Our Board s focus on overseeing risk management enhances our directors ability to provide insight and feedback to senior management, and if necessary to challenge management, on its development and implementation of the firm s strategic direction.

Our Lead Director helps facilitate our Board s oversight of strategy by ensuring that directors receive adequate information about strategy and by discussing strategy with independent directors at executive sessions.

Risk Management

In the normal course, our firm commits capital and otherwise incurs risk as an inherent part of serving our clients needs. Our intention is to manage risks or, where possible, to mitigate them. In doing so, we endeavor not to undertake risks that could materially impair our firm, including our capital and liquidity position, ability to generate revenues and reputation.

Management is responsible for the day-to-day identification, assessment, monitoring and decision-making regarding the risks we face. Our Board is responsible for overseeing the management of the firm s most significant risks on an enterprise-wide basis, which includes setting the types and levels of risk the firm is willing to take. This oversight is executed by our full Board as well as each of its Committees, in particular our Risk Committee, and is carried out in conjunction with the Board s oversight of firm strategy.

BOARD RISK MANAGEMENT OVERSIGHT INCLUDES:

Strategic and financial considerations

Legal, regulatory, reputational and compliance risks

Other risks considered by Committees

RISK COMMITTEE RISK MANAGEMENT OVERSIGHT INCLUDES:

Overall risk-taking tolerance and risk governance, including our Enterprise Risk Management Framework

Our Risk Appetite Statement (in coordination with our full Board)

Liquidity, market, credit, operational and model risks

Our Capital Plan, capital ratios and capital adequacy

REPUTATIONAL RISK MANAGEMENT

Technology and cybersecurity risks, including oversight of management s processes, monitoring and controls related thereto

PUBLIC RESPONSIBILITIES COMMITTEE RISK MANAGEMENT OVERSIGHT INCLUDES:

Brand and reputational risk, including client and business standards considerations, as well as the receipt of reports from the Firmwide Reputational Risk Committee regarding certain transactions that may present heightened reputational risk

ESG risk

COMPENSATION COMMITTEE RISK MANAGEMENT OVERSIGHT INCLUDES:

Firmwide compensation program and policies that are consistent with the safety and soundness of our firm and do not raise risks reasonably likely to have a material adverse effect on our firm

Jointly with our Risk Committee, annual CRO compensation-related risk assessment

AUDIT COMMITTEE RISK MANAGEMENT OVERSIGHT INCLUDES:

Financial, legal and compliance risk, in coordination with our full Board

Coordination with our Risk Committee, including with respect to our risk assessment and risk management practices

GOVERNANCE COMMITTEE RISK MANAGEMENT OVERSIGHT INCLUDES:

Board composition and Board and executive succession

Spotlight on Reputational Risk Management

Over the past several years, our firm has taken a number of steps that have enhanced our Board s and our firm s oversight of reputational risk, including:

Conversion of our Board s Public Responsibilities Committee into a standing committee with specific responsibility for oversight of our firm s reputation

Implementation of a **comprehensive Enterprise Risk Framework**, including formation of a management-level Enterprise Risk Committee, a common firmwide risk taxonomy and risk dashboard, a revised Risk Appetite Statement that **addresses both financial and non-financial risks** and the enhancement of our **three lines of defense** structure

Development and **implementation of a Reputational Risk Framework** and formation of a management-level **Firmwide Reputational Risk Committee** and **control-side regional vetting groups** to review transactions with potential heightened reputational risks; numerous **transaction- and client-level controls** embedded in our firm s multi-faceted committee and working group structure

Development of **regular metrics for our Board** that track data on conduct, controls, business integrity matters and other key metrics

Training programs for both the control side and the revenue side

Enhancement and realignment of our firm s **Compliance function**, as well as the implementation of wide-ranging programs to **strengthen the stature and authority of the control-side functions**

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CEO Performance

Under the direction of our Lead Director, our Governance Committee annually evaluates CEO performance.

» The evaluation process includes an executive session of independent directors, a closed session with our CEO and additional discussions between our Lead Director and our CEO throughout the year.

The Committee reviews the results of our CEO s evaluation under our 360 degree review process (360° Review Process, as described further on page 41) and also assesses our CEO s performance both as CEO and as Chairman of the Board against the key criteria and responsibilities for these roles that were developed by our Governance Committee.

In light of our recent CEO transition, in December 2018 the Governance Committee evaluated each of Mr. Solomon and Mr. Blankfein in accordance with this process.

Executive Succession Planning

Our Governance Committee has long utilized a framework relating to executive succession planning under which the Committee has defined specific criteria for, and responsibilities of, each of the CEO, COO and CFO roles. The Committee then focuses on the particular skill set needed to succeed in these roles at our firm both on a long-term and an emergency basis.

Our Lead Director also meets on this topic separately with our CEO and facilitates additional discussions with our independent directors about executive succession planning throughout the year, including at executive sessions.

Even after our recent executive transitions, succession planning remains a priority for our Governance Committee, which has worked with Mr. Solomon to ensure an appropriate emergency succession protocol and to develop our long-term succession plan.

Financial Performance & Reporting

Our Board, including through its Committees, is continually kept apprised by management of the firm s financial performance and key drivers thereof. For example, our Board generally receives an update on financial performance from our CFO at each meeting, which update provides critical information to the Board and its Committees that assists them in carrying out their responsibilities.

Our Board, through its Audit Committee, is responsible for overseeing management s preparation and presentation of our annual and quarterly financial statements and the effectiveness of our internal control over financial reporting.

» Each quarter, our Audit Committee meets with members of our management, the Director of Internal Audit and our independent registered public accounting firm to review and discuss our financial statements, as well as our quarterly earnings release.

In addition, our Audit Committee is directly responsible for overseeing the independence, performance and compensation of our independent registered public accounting firm. In this regard, our Audit Committee and Audit Committee Chair are directly involved with the periodic selection of the lead engagement partner (see *Audit Matters Item 3. Ratification of PwC as our Independent Registered Public Accounting Firm for 2019*).

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Culture & Conduct

Our Board places significant focus in its oversight duties on reputational risk and management s operation of the firm responsibly for the long-term.

Oversight of the firm s culture is an important element of our Board s oversight of the firm s reputation, particularly because our people are our greatest asset. Our culture and the conduct we expect from our people is embedded in, and stems from, our Business Principles and our Code of Business Conduct and Ethics (which are available on our website at www.gs.com).

Our Board sets the tone at the top, and holds senior management accountable for embodying, maintaining and communicating a culture that emphasizes the importance of compliance with both the letter and spirit of the laws, rules and regulations that govern us.

This is carried out at our Board and across our Committees through a variety of means, including oversight of strategy, the receipt of metrics (such as with respect to conduct and business integrity matters, voluntary attrition and complaints, if any, in the retail consumer business), regular discussions with the firm s Compliance, Legal, Risk and Internal Audit functions, oversight of CEO and senior management performance and compensation, and discussion of lessons learned from firm or industry events, as appropriate.

» These are topics on which our firm regularly engages with our shareholders, regulators and other constituents.

Chairman s Forum: 44 sessions in 8 cities globally between September 2017 and November 2018 focusing on conduct, culture and reputational risk management.

Spotlight on Diversity: Under Board oversight, our firm is committed to greater diversity in our hiring and promotion decisions to sustain and enhance our culture.

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Shareholder Engagement

Shareholder Engagement

Commitment to Active Engagement with our Shareholders and Other Constituents

Constituents views regarding matters affecting our firm are important to our Board. We employ a year-round approach to engagement that includes proactive outreach as well as responsiveness to targeted areas of focus.

Our Approach

We engage on a year-round basis with a wide range of constituents, including shareholders, ESG rating firms, fixed income investors, proxy advisory firms, prospective shareholders and thought leaders, among others. We also conduct additional targeted outreach ahead of our annual meeting each year, and otherwise as needed.

Firm engagement is led by our Investor Relations team, including targeted outreach and open lines of communication for inbound inquiries. Board-level engagement is led by our Lead Director, who meets regularly with shareholders and other key constituents, and may include other directors as appropriate. Feedback is provided to all directors from these interactions to inform Board and Committee work.

Depth of Engagement

We continued to conduct year-round, proactive engagement on corporate governance matters in 2018:

- Targeted outreach to top 200 shareholders ahead of 2018 Annual Meeting
- IR met with shareholders representing more than 40% of Common Stock outstanding during 2018
- Lead Director and/or Compensation Committee Chair met with 20 investors in 2018, representing approximately 30% of Common Stock outstanding

2018 engagement covered:

Spotlight on Sustainability: An Integrated Approach

Sustainability is integrated across our firm. It encompasses how we drive commercial solutions, manage our operations, recruit and support our people and engage philanthropically within our communities.

Managing ourselves responsibly, and leveraging our business model to drive sustainability-related commercial solutions for clients, will underpin our ability to drive shareholder value creation over time.

More information can be found in our annual sustainability report, available at **www.gs.com/esg-report**. Our 2018 report will be available at the end of April 2019.

Environmental & Social Risk Management	**Key Priorities / Targets**
Comprehensive policies that guide our approach to environmental and social risk management codified in our *Environmental Policy Framework.* Assessment of environmental and social risk is integrated into transactional due diligence process; as appropriate, we engage with companies to understand and mitigate potential risk factors. Nearly 1,300 transactions reviewed in 2018 by the Environmental Markets Group.	$150 billion of capital deployment toward clean energy by 2025. » $80 billion progress at 2018 year-end. Target $2 billion in green operational investments by 2020. Committed to invest $500 million in women-founded, women-led and women-owned businesses. Achieved carbon neutrality across our own operations from 2015 onwards. On track to meet our 100% renewables goal for our global electricity needs by 2020. Goal of 50% representation of women in incoming analyst class by 2021 as part of commitment to have women represent 50% of our global talent over time.

Compensation Matters

Compensation Discussion and Analysis

The following table shows our Compensation Committee s determinations regarding our NEOs 2018 annual compensation as well as 2017 information for those individuals who were NEOs in that year (dollar amounts shown in millions). This table is different from the SEC-required 2018 Summary Compensation Table on page 58. Our NEOs include our Executive Leadership Team (Messrs. Solomon, Waldron and Scherr) and Mr. Blankfein. Our other NEOs are R. Martin Chavez, Richard Gnodde and Timothy O Neill, who served as Vice Chairmen during all or part of 2018.

	YEAR	SALARY/ FIXED ALLOWANCE ($)[a]	ANNUAL VARIABLE COMPENSATION ($)			TOTAL ($)	EQUITY-BASED AWARDS AS % OF ANNUAL VARIABLE COMP.	EQUITY-BASED AWARDS AS % OF TOTAL
			CASH	PSUS[a]	RSUS[a]			
EXECUTIVE LEADERSHIP TEAM								
David M. Solomon Chairman and CEO	2018	1.89	5.70	15.41		23.00	73	67
	2017	1.85	5.75	13.41		21.00	70	64
	2018	1.59	6.81	11.60		20.00	63	58

John E. Waldron President and COO								
Stephen M. Scherr Executive Vice President and CFO	2018	1.56	6.08	10.36		18.00	63	58
OTHER NEOS[b]								
R. Martin Chavez	2018	1.85	4.55		10.61	17.00	70	62
	2017	1.73	5.18	12.09		19.00	70	64
Richard J. Gnodde[c]	2018	1.85/8.15			9.00	19.00	100	63
	2017	1.85/8.15			9.00	19.00	100	63
Timothy J. O Neill	2018	1.59	6.44		10.97	19.00	63	58
RETIRED CEO								
Lloyd C. Blankfein	2018	2.00	4.26		14.25	20.50	77	69
	2017	2.00	4.40	17.60		24.00	80	73

(a)

Salaries for Messrs. Solomon, Waldron, Scherr and O Neill were increased at the time of their respective changes in role/title. The number of PSUs or RSUs awarded as part of our NEOs 2018 annual compensation was determined by reference to the closing price of our Common Stock on the grant date ($199.09 on January 17, 2019). This resulted in grants as follows: Mr. Solomon 77,413 PSUs; Mr. Waldron 58,265 PSUs; Mr. Scherr 52,033 PSUs; Mr. Chavez 53,268 RSUs; Mr. Gnodde 15,094 RSUs (in respect of his fixed allowance) and 48,863 RSUs (in respect of his variable compensation); Mr. O Neill 55,101 RSUs; and Mr. Blankfein 71,551 RSUs. (For additional information regarding Mr. Gnodde s grant, see footnote (c).)

(b) Effective January 1, 2019, Messrs. Chavez, Gnodde and O Neill no longer hold the title or the role of Vice Chairman, which title and role have been discontinued, and are no longer executive officers of the firm.

(c) For each of 2018 and 2017, Mr. Gnodde, who is based in the U.K., received a cash salary of $1.85 million and a fixed allowance of $8.15 million, payable approximately 37% in equity-based awards, with the remainder in cash. Mr. Gnodde received a higher level of fixed compensation than our U.S.-based NEOs as a result of applicable U.K. regulations. See page 49 for more details. Generally, RSUs awarded to our employees include a right to receive dividend equivalent payments. However, under applicable U.K. regulations, RSUs granted to Mr. Gnodde and certain other U.K. employees in respect of their variable compensation for 2018 and 2017 cannot include this right and therefore do not have the same value as awards granted to our other employees. To make up for this relative loss in value, affected U.K. employees receive additional RSUs (Additional RSUs). In this regard, for 2018 Mr. Gnodde received 3,657 Additional RSUs (which are reflected in the amounts described in footnote (a)). See page 51 for more detail regarding the terms of these Additional RSUs.

Our Compensation Committee made its annual compensation determinations for our NEOs in the context of our Compensation Principles, which encompass a pay for performance philosophy, and after consideration of a number of other factors, including stakeholder feedback (see pages 46-48 for more detail).

The Committee believed it was appropriate to reward our Executive Leadership Team and other NEOs for the firm s strong improvement in operating performance in 2018 as well as their outstanding individual performance.

» The Committee considered firmwide performance in a holistic manner without ascribing specific weight to any single financial metric, and considered a number of factors, including ROE, BVPS, EPS, net revenues and pre-tax earnings in making compensation determinations (including, where appropriate, adjusted to reflect the impact of U.S. Tax Legislation).

» In particular, the Committee focused on the firm s ROE (on an absolute and relative basis), BVPS growth and EPS growth in assessing firmwide performance.

» In addition, the Committee considered the firm s year-over-year growth in net revenues and pre-tax earnings as indicators of management s ability to grow the firm s business in a cost-effective manner.

KEY FIRMWIDE

PERFORMANCE METRICS CONSIDERED BY OUR COMPENSATION COMMITTEE

Our **ROE (Ex. U.S. Tax Legislation)**** was 12.7% for 2018, the highest since 2009

Our **BVPS** was $207.36 at year-end 2018

Our **EPS (Ex. U.S. Tax Legislation)**** was $24.02 for 2018

Given that many of our NEOs served in more than one role during 2018, the Committee took into account a number of factors in determining their 2018 compensation, including their responsibilities, length of service in their prior and new roles, historical compensation, both for these individuals and with respect to these roles, and an analysis of prior year peer compensation.

Net revenues increased to $36.6 billion, the highest since 2010

» Thus, the 2018 compensation amounts awarded to the members of our Executive Leadership Team are below the 2017 levels for the individuals who had previously served in those roles, mainly because the Executive Leadership Team did not serve in their new roles for the entire year.

Our **pre-tax earnings** increased to $12.5 billion, the highest since 2010

Given that the NEOs role changes occurred during 2018, the Committee also determined it was appropriate to adjust the percentage of year-end variable compensation paid in the form of equity-based awards up or down from their 2017 levels, taking into account the amount of time each executive spent in his prior role vs. his new role (e.g., 73% for Mr. Solomon on a pro rata basis given he served as our CEO for one-quarter of 2018).

* Reflects change vs. 2017.

** For a reconciliation of these non-GAAP measures with the corresponding GAAP measures, please see *Annex A*.

Say on Pay & Shareholder Engagement

2018 Say on Pay Results. Our 2018 Say on Pay vote received the support of **approximately 88%** of our shareholders, which the Compensation Committee viewed positively.

Extensive Shareholder Engagement. In light of our Board s desire to continue to prioritize shareholder engagement, we (including, in certain cases, our Lead Director and the Chair of our Compensation Committee) **met with shareholders representing more than 40% of Common Stock outstanding** to discuss compensation-related matters and other areas of focus.

Board Responsiveness. The feedback we received in these discussions informed our Board and our Compensation Committee s actions for 2018:

STAKEHOLDER FEEDBACK	COMPENSATION COMMITTEE ACTION
	Equity-based annual compensation for our Executive Leadership Team continues to be paid entirely in PSUs
	73% of CEO s 2018 annual variable compensation tied to ongoing performance metrics (compared to U.S. Peer average of

approximately 55%)

PSU thresholds increased:

Absolute ROE threshold for maximum payout **increased from 14% to 16%**

Target for 100% payout under relative ROE goals now requires above median performance **(increased from 50th percentile to 60th percentile)**

Minimum absolute ROE threshold for any payout **increased from 4% to 5%**

(For additional key facts about our PSUs,

see page 39)

Continued emphasis on **shareholder engagement**

Commitment to engagement **by Lead Director and Compensation Committee Chair**

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2018 Year-End PSUs Key Facts

PSUs represent 100% of the 2018 year-end equity-based compensation granted to our Executive Leadership Team (who have ultimate responsibility for firmwide performance and are uniquely positioned to drive our strategic plan).

PSUs will be paid at 0-150% of the initial award based on our average ROE over 2019 2021, using the increased absolute and relative metrics described in the below table.

» Performance thresholds were made more aspirational for 2018 awards; see below for additional detail.

For purposes of the relative ROE metric, our peer group consists of Bank of America, Citigroup, JPMorgan Chase, Morgan Stanley, Barclays, Credit Suisse, Deutsche Bank and UBS (i.e., our U.S. Peers and European Peers).

» Our Compensation Committee continues to believe that this peer group is appropriate given that it comprehensively reflects those firms that have a significant presence across our collection of businesses (including market making, investment banking and investment management) and who have regulatory requirements similar to ours.

After the end of the performance period, the PSUs will settle one-half in cash and one-half in Shares at Risk (i.e., stock received from PSUs (after applicable tax withholding) will be subject to transfer restrictions through January 2024, five years from the grant date).

PSUs and, in certain cases, underlying Shares at Risk provide for forfeiture or recapture in a number of situations. For more detail on our forfeiture and recapture provisions, see pages 53-54.

3-YEAR AVERAGE ABSOLUTE ROE	% EARNED	3-YEAR AVERAGE RELATIVE ROE	% EARNED*
<5% (Increased)	0%	<25th percentile	25%

5% to <16% (Increased)	Based on relative ROE; see scale at right	25th percentile	50%
³16% (Increased)	150%	***60th percentile (Increased)***	100%
* % earned is scaled if performance is between specified thresholds		³ 75th percentile	150%

INCREASED PERFORMANCE THRESHOLDS

Increased ROE Thresholds. In response to stakeholder feedback on the importance of aspirational PSU goals and to reflect the impact of both U.S. Tax Legislation and our financial performance, our Compensation Committee determined it was appropriate to make the following changes to our PSU performance thresholds:

» **Absolute ROE threshold for maximum payout** was increased to 16% (from 14%).

For illustrative purposes, the highest three-year average reported ROE achieved by us or any of our U.S. Peers or European Peers over any period since 2010 was 11.2%, nearly 500 basis points below the 16% required for maximum payout.

» **Target for 100% payout under relative ROE goals** now requires above median performance (increased from 50th percentile to 60th percentile).

» **Minimum absolute ROE threshold** for any payout was increased to 5% (from 4%).

2018 Firmwide Performance

Our Compensation Committee places substantial importance on firmwide performance when assessing NEO compensation amounts.

Key factors the Committee considered included:

The firm s strong operating performance, including:

- » The firm s returns, which were the highest in nearly a decade and outperformed the average for U.S. and European Peers;
- » A 22% increase in EPS (excluding the impact of the charge related to U.S. Tax Legislation in 2017 and the related benefit in 2018), the firm s highest net revenues since 2010 and a 12% increase in pre-tax earnings; and
- » Management s continued focus on expense discipline while investing for future growth, with operating expenses rising in line with revenues despite substantial investments in new business initiatives and innovative technology.

The strength of our client franchise, including:

- » The firm s sustained strength in Investment Banking, including our continued #1 position in announced and completed M&A, #1 ranking in equity and equity-related offerings, and strong positioning in debt underwriting (including #2 in high yield);
- » Success in our Investment Management business, including record 2018 net revenues; and
- » Strong wallet share with institutional clients in our market-making businesses, ranking #2 across our Institutional Client Services franchise.[1]

In assessing our firmwide performance, the Committee reviewed ROE, BVPS, EPS, net revenues and pre-tax earnings, as well as net earnings, stock price performance, compensation and benefits expense, non-compensation expense and Compensation Ratio. All metrics were considered on a year-over-year basis, as well as, where relevant, relative to our U.S. Peers and European Peers, and in the context of the broader environment in which the firm operates, on a reported and Ex. U.S. Tax Legislation basis, as applicable.

2018 CEO Annual Compensation: U.S. Peer Comparison

We believe peer comparability is an important factor in assessing our pay for performance alignment.

The chart at right provides additional information on our pay for performance alignment in the context of 2018 annual CEO pay determinations and annual ROE for each of our U.S. Peers.

1 Wallet share and ranking through first nine months of 2018 as full-year data not available. Source: Coalition.

2 For GS, 2018 annual compensation is shown for Mr. Solomon, our current CEO. Annual compensation includes base salary, cash year-end variable compensation paid and deferred cash/equity-based awards granted, in each case for 2018 performance, as reported in SEC filings for each of our peers.

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2018 Individual Performance

In determining each of our NEO s 2018 annual compensation, our Compensation Committee also considered each NEO s key individual performance highlights and achievements. Our NEOs are evaluated under our 360° Review Process, which includes feedback in key areas such as those summarized in the graphic below:

CEO

Under the direction of our Lead Director, our Governance Committee evaluated the performance of Messrs. Solomon and Blankfein, including a summary of their evaluations under the 360° Review Process (see page 32 for more detail). Our Compensation Committee considered these evaluations and also discussed Messrs. Solomon s and Blankfein s performance as part of its executive session to determine their compensation.

Other NEOs

Mr. Solomon discussed the performance of our other NEOs, including a summary of their evaluations under the 360° Review Process, with our Compensation Committee. In addition, Mr. Solomon submitted variable compensation recommendations to the Committee for these other NEOs, but did not make recommendations about his own compensation.

	KEY RESPONSIBILITIES & PERFORMANCE ACHIEVEMENTS	2018 ANNUAL COMPENSATION
David M. Solomon Chairman and CEO *(previously served as President and COO)*	As Chairman and CEO, Mr. Solomon is responsible for managing our business operations and overseeing our firm, leading development and implementation of corporate policy and strategy and serving as primary liaison between our Board and the management of the firm. Successfully transitioned to this new role and guided the firm through the transition of various executive roles, including our COO and CFO. Enhanced our One Firm approach to client engagement, creating a senior leadership group focused on more effectively bringing the firm s full set of capabilities to clients. Demonstrated broad, active and productive engagement with clients in all regions and divisions. As part of the firm s client-centric strategy for future growth, drove a front-to-back review of the firm s existing businesses and demonstrated accountability for the growth initiatives we publicly announced in September 2017. Deeply committed to fostering key values of the firm, including diversity and people initiatives; critical role in the creation and oversight of the firm s Global Diversity Committee.	

In addition to his role as the leader of our organization and people, also serves as the primary public face of our firm.

	KEY RESPONSIBILITIES & PERFORMANCE ACHIEVEMENTS	2018 ANNUAL COMPENSATION
John E. Waldron President and COO *(previously served as Co-Head of the Investment Banking Division)*	As President and COO, manages our day-to-day business operations and executes on firmwide priorities; closely collaborates with our CFO on issues relating to risk management, firmwide operations and client focus, among others. Successfully transitioned to this new role, including by effectively partnering with our CEO and CFO to develop and execute the firm s strategy. Spearheaded an initiative to deliver holistic service to global clients across all of our businesses and maintain appropriate attention to reputational risk, in particular through his chairmanship of the Firmwide Client and Business Standards Committee and Firmwide Reputational Risk Committee. As Co-Head of Investment Banking, played a critical role in sustaining and enhancing our global position in M&A and underwriting, including devoting significant time and attention to the development of our client franchise. Drove the review and improvement of various people initiatives, including the PMD selection process; our 2018 PMD class includes the highest percentage of women and black partners in the firm s history.	

Serves as a key liaison to our clients and other constituents.

	KEY RESPONSIBILITIES & PERFORMANCE ACHIEVEMENTS	2018 ANNUAL COMPENSATION*
Stephen M. Scherr Executive Vice President and CFO *(previously served as CEO of Goldman Sachs Bank USA and Head of the Consumer and Commercial Banking Division (CCBD))*	As CFO, manages the firm s overall financial condition, as well as financial analysis and reporting, and oversees our operations and technology functions; closely collaborates with our COO on issues relating to risk management, firmwide operations and client focus, among others. Successfully transitioned to this new role, including through his involvement in critical control functions relating to risk, capital, liquidity and reputational matters and effectively partnering with our CEO and COO to develop and execute the firm s strategy. Played a key role in leading the firm s stakeholder dialogue, in particular as a champion of providing greater transparency to investors. Devoted significant attention to oversight of the financial risks faced by the firm, including as Co-Chair of the Firmwide Risk Committee. As CEO of Goldman Sachs Bank USA and Head of CCBD, led our effort to build a significant digital consumer business that represents a meaningful growth opportunity for the firm, including the successful launch of Marcus in the U.K.	

Serves as a primary liaison to our investors.

*Percentages do not add to 100% due to rounding.

R. Martin Chavez

Co-Head of the Securities Division

(previously served as a Vice Chairman and as Executive Vice President and CFO)

KEY RESPONSIBILITIES & PERFORMANCE ACHIEVEMENTS	2018 ANNUAL COMPENSATION
Effectively transitioned to his new role as Co-Head of the Securities Division, leveraging technical knowledge and understanding of the markets to drive greater client impact and operational efficiency.	
Served as a point of contact with a broad group of regulators on a range of issues impacting our firm, our clients and the industry.	
Devoted significant attention to oversight of the financial risks faced by the firm, including as Co-Chair of the Firmwide Risk Committee.	
Continued to be a highly effective spokesperson for, and champion of, diversity both internally and externally.	

Richard J. Gnodde

KEY RESPONSIBILITIES & PERFORMANCE ACHIEVEMENTS	2018 ANNUAL COMPENSATION
Continued to be an outstanding leader in the firm s businesses in the EMEA and APAC regions, effectively connecting with clients, government officials and regulators.	

CEO of Goldman Sachs International *(previously served as a* *Vice Chairman)*	Played a key role in articulating and executing on a clear growth strategy for the EMEA and APAC regions, with a focus on driving further revenue growth. Dedicated significant time and energy to addressing issues related to Brexit across a number of constituencies, including our people and our clients. Remained focused on issues relating to culture, conduct and reputational risk management and promoting a culture of compliance.

Timothy J. O Neill

Co-Head of the Consumer and Investment Management Division

(previously served as a Vice Chairman)

KEY RESPONSIBILITIES & PERFORMANCE ACHIEVEMENTS	2018 ANNUAL COMPENSATION
As Co-Head of the Consumer and Investment Management Division, demonstrated strong leadership and oversight of the execution of the firm s strategy.	
Drove a record level of Assets under Supervision and the further expansion of the investment platform both organically and through acquisitions.	
Deeply engaged with clients and valued for his perspective and understanding of the markets, the industry and wealth management strategies.	
Served as a strong culture carrier and advocate of the firm s diversity efforts in the Americas, including through his role as Co-Chair of the Americas Diversity Committee.	

Lloyd C. Blankfein

KEY RESPONSIBILITIES & PERFORMANCE ACHIEVEMENTS	2018 ANNUAL COMPENSATION

Former Chairman and CEO	Played an integral role in developing and executing the firm s plan for succession, facilitating a smooth transition to new leadership.
	Continued to demonstrate high levels of engagement with and commitment to clients across all divisions, including through hundreds of one-on-one meetings.
	Served as a crucial point of contact with government officials and the media on key matters impacting our firm, the industry and the global economy.
	Maintained an intense focus on culture, conduct and reputational risk management, including through the 2018 Chairman s Forum.

KEY PAY PRACTICES

Our Compensation Committee believes the design of our executive compensation program is integral in furthering our Compensation Principles, including paying for performance and effective risk management. The following chart summarizes certain of our key pay practices.

What We Do

Engage proactively with shareholders and other constituents (see page 34)

Review and carefully consider stakeholder feedback in structuring and determining executive compensation

Grant equity-based awards as a significant portion of our NEOs annual variable compensation (for 2018 at least 63%)

Align pay with firmwide performance, including through use of PSUs and RSUs

Tie 100% of equity-based compensation granted to our current Executive Leadership Team to ongoing performance metrics

Apply significant shareholding requirements through:

» Stock Ownership Guidelines

» Retention requirements

» Shares at Risk underlying year-end equity-based awards; transfer restrictions generally apply for five years after grant date to all or substantially all shares delivered to our NEOs (after applicable tax withholding), in most cases even if the NEO leaves our firm

Exercise judgment responsive to the cyclical nature of our business, including consideration of appropriate risk-based metrics

Maintain a clawback policy that applies to variable compensation awards

Provide for annual assessment by our CRO of our compensation programs to ensure programs do not encourage imprudent risk-taking

Utilize an independent compensation consultant

What We Don t Do

û No employment, golden parachute or other agreements providing for severance pay with our executive officers

û No guaranteed bonus arrangements with our executive officers

- û No tax gross-ups for our executive officers
- û No repricing of underwater stock options without shareholder approval
- û No excessive perquisites
- û No ongoing service-based pension benefit accruals for executive officers
- û No hedging transactions or short sales of our common stock permitted for any executive officer

FRAMEWORK FOR COMPENSATION DECISIONS

Our Compensation Committee continues to believe that, in order to achieve our overarching goal of enhancing shareholder value while promoting the safety and soundness of our firm, it is important to retain discretion to determine compensation forms and amounts for our senior executives, while tying compensation to ongoing performance metrics where appropriate. Our business is dynamic and requires us to respond rapidly to changes in our operating environment. A rigid, formulaic program based solely on metrics without the use of discretion could hinder our ability to do so. Equity-based awards comprise a significant portion of annual variable compensation for our NEOs and help to ensure long-term alignment without the disadvantages of purely formulaic compensation.

Our Compensation Committee has responded to stakeholder feedback by changing our executive compensation program over time, which has helped to ensure that our program continues to be appropriately aligned with our Compensation Principles and shareholder expectations.

Our Compensation Principles

Our Compensation Principles guide our Compensation Committee in its review of compensation at our firm, including the Committee s determination of NEO compensation. The full text of our Compensation Principles is available on our public website at www.gs.com/corpgov. Key elements of our Compensation Principles include:

PAYING FOR PERFORMANCE	ENCOURAGING FIRMWIDE ORIENTATION & CULTURE	DISCOURAGING IMPRUDENT RISK-TAKING	ATTRACTING & RETAINING TALENT
Firmwide compensation should directly relate to firmwide performance over the cycle.	Employees should think and act like long-term shareholders, and compensation should reflect the performance of the firm as a whole.	Compensation should be carefully designed to be consistent with the safety and soundness of our firm. Risk profiles must be taken into account in	Compensation should reward an employee s ability to identify and create value, but the recognition of individual performance should be

		annual performance reviews, and factors like liquidity risk and cost of capital should also be considered.	considered in the context of the competitive market for talent.

Compensation Committee Framework Regarding NEO Compensation

In addition to our Compensation Principles, our Compensation Committee is guided by our Compensation Framework, which more broadly governs the variable compensation process for employees who could expose the firm to material amounts of risk (such as our NEOs). The Committee considered the following factors in determining the amount and form of compensation to be awarded to each of our NEOs (firmwide performance and individual performance are discussed above on pages 40-44):

Stakeholder Feedback

In making NEO compensation decisions, our Compensation Committee reviews and carefully considers:

» Specific feedback received from shareholders and other constituents; and

» The results of our Say on Pay votes.

Our 2018 Say on Pay vote received the support of approximately 88% of our shareholders. While our Compensation Committee viewed this outcome positively, it also believed it was critical that it continue to engage with our shareholders regarding our compensation program. This engagement ultimately resulted in several changes to the program for 2018 (see page 38).

CRO Input & Risk Management

Effective risk management underpins everything that we do, and our compensation programs are carefully designed to be consistent with the safety and soundness of our firm.

Our CRO presented his annual risk assessment jointly to our Compensation Committee and our Risk Committee in order to assist with the evaluation of our program s design.

» This assessment is focused on whether our program is consistent with regulatory guidance providing that financial services firms should ensure that variable compensation does not encourage imprudent risk-taking.

» Our CRO s view was that the various components of our compensation programs and policies work together to balance risk and reward in a manner that does not encourage imprudent risk-taking.

Market for Talent

Our Compensation Committee reviews the competitive market for talent as part of its review of our compensation program s effectiveness in attracting and retaining talent, and to help determine our NEOs compensation.

» Our goal is always to be in a position to appoint people from within the firm to our most senior leadership positions and our executive compensation program is intended to incentivize our people to stay at Goldman Sachs and to aspire to these senior roles.

The Committee conducts an evaluation of our existing NEO compensation program, comparing it to those of our U.S. Peers and European Peers.

The Committee performs this evaluation with information and assistance from our Global Head of Human Capital Management (HCM). The evaluation is based on compensation information (including plan design and compensation levels for named executive officers at peer firms) and financial performance of our peers obtained from an analysis of public filings by our Finance and HCM Divisions, as well as surveys regarding incentive compensation practices conducted by Willis Towers Watson.

Regulatory Considerations

Our Compensation Committee also considers regulatory matters and the views of our regulators when determining NEO compensation. Throughout 2018, our senior management briefed the Committee on relevant regulatory developments.

Independent Compensation Consultant Input

Our Compensation Committee recognizes the importance of using an independent compensation consulting firm that is appropriately qualified and that provides services solely to the Committee and not to our firm. Accordingly, the Committee again retained Semler Brossy as its independent compensation consultant in 2018.

The Committee uses Semler Brossy because of the quality of its advice as well as its:

» Extensive experience working with a broad cross-section of companies;

» Multi-faceted business perspective; and

» Expertise in the areas of executive compensation, management incentives and performance measurement.

In 2018, the Committee asked Semler Brossy to assess our compensation program for our PMDs, including our NEOs.

VIEWS OF INDEPENDENT COMPENSATION CONSULTANT

The PMD pay program has continued to:

- ***Be aligned with, and sensitive to, firm performance;***
- ***Contain features that reinforce significant alignment with shareholders and a long-term focus; and***
- ***Utilize policies and procedures, including subjective determinations, that facilitate the firm s approach to risk-taking and risk management by supporting the mitigation of known and perceived risks.***

Semler Brossy did not recommend, and was not involved in determining, the amount of any NEO s compensation.

In addition to providing its assessment of our compensation program for PMDs, Semler Brossy also participated in the discussion of our CRO s compensation-related risk assessment and reviewed the peer compensation and financial information provided to the Committee by our Finance and HCM Divisions and Willis Towers Watson (as described above).

IN FEBRUARY 2018, OUR COMPENSATION COMMITTEE DETERMINED THAT SEMLER BROSSY HAD NO CONFLICTS OF INTEREST IN PROVIDING SERVICES TO THE COMMITTEE AND WAS INDEPENDENT UNDER THE FACTORS SET FORTH IN THE NYSE RULES FOR COMPENSATION COMMITTEE ADVISORS BASED ON THESE FACTORS:

Semler Brossy provides services only to the Committee (and not to our firm).	Semler Brossy has no significant business or personal relationship with any member of the Committee or any executive officer.	The fees our firm paid to Semler Brossy are not material to Semler Brossy s total revenues.	None of Semler Brossy s principals owns any shares of our Common Stock.

OVERVIEW OF COMPENSATION ELEMENTS

Fixed Compensation

Fixed compensation provides our NEOs with a predictable level of income that is competitive with our peers.

We made no changes to NEO base salary levels ($2.0 million for our CEO and $1.85 million for our other NEOs, in each case on an annual basis), and our Compensation Committee believes that these salary levels are competitive in the market for talent. Salaries for Messrs. Solomon, Waldron, Scherr and O Neill were increased at the time of their changes in role/title.

The requirements of the European Union s Fourth Capital Requirements Directive limit the amount of variable compensation that is permitted to be granted to certain U.K. employees by reference to their fixed compensation. In this regard, Mr. Gnodde received a fixed allowance of $8.15 million for 2018, in addition to his base salary.

» In order to generally align the equity component of Mr. Gnodde s overall 2018 compensation with that of the other NEOs, this fixed allowance was paid approximately 37% in RSUs, with the remainder paid in cash.

» The fixed allowance RSUs will deliver as Shares at Risk in three approximately equal installments in each of 2020, 2021 and 2022. Substantially all of the Shares at Risk delivered to Mr. Gnodde (after applicable tax withholding) will be restricted from sale until January 2024. However, as required by regulatory guidance, these fixed allowance RSUs are not subject to the clawback and forfeiture provisions that apply to year-end RSUs (e.g., cause and/or non-compete/non-solicit provisions).

Annual Variable Compensation

Variable compensation provides our NEOs with the opportunity to realize cash and equity-based incentives that are aligned with firmwide and individual performance.

In 2018, we paid annual variable compensation to our NEOs in the form of cash and PSUs or RSUs. Certain material terms of each of the equity-based components are summarized below. Additional detail regarding other material terms is provided as follows:

» Clawback and forfeiture provisions are described more fully on pages 53-54; and

» Treatment upon a termination of employment or change in control is described more fully in *Executive Compensation Potential Payments Upon Termination or Change in Control* on pages 65-68.

Annual Variable Compensation PSUs Overview of Material Terms

Provide recipient with annual variable compensation that has a metrics-based outcome; the ultimate value paid to the NEO is tied to firm performance both through stock price and metrics-based structure (ROE is used given it is a risk-based metric that is an important indicator of the firm s operating performance and is viewed by many shareholders as a key performance metric).

PSUs will be paid at 0-150% of the initial award based on our average ROE over 2019 2021, using both absolute and relative metrics; see chart on page 39 for more detail on calculation methodology and enhancements made to metrics.

Awards will be settled in 2022, with 50% settled in cash based on the average closing price of our Common Stock over a ten-trading-day period, and 50% settled in Shares at Risk (i.e., shares (after applicable tax withholding) that are subject to transfer restrictions through January 2024, five years after the PSU grant date).

» Transfer restrictions generally prohibit the sale, transfer, hedging or pledging of underlying Shares at Risk, even if the NEO leaves our firm (subject to limited exceptions; see pages 65-68 for more detail).

Average ROE is the average of the annual ROE for each year during the performance period.

» Annual ROE for the firm is calculated as annualized net earnings applicable to common shareholders divided by average common shareholders equity, as publicly reported by Goldman Sachs in its annual report.

» For purposes of determining ROE of our peers with respect to the PSUs relative metrics, annual ROE is as reported in the peer company s publicly disclosed annual report, rounded to one decimal place.

» If a peer company s ROE is not reported in this form, its ROE will be its annualized net earnings applicable to common shareholders divided by average common shareholders equity and will be calculated using available publicly disclosed information.

If the Committee determines it is necessary or appropriate to maintain the intended economics of PSUs, it may make adjustments, including to the firm s or a peer company s ROE as it deems equitable in light of changed circumstances (e.g., unusual or non-recurring events), resulting from changes in accounting methods, practices or policies, changes in capital structure, a material change in the firm s or a peer company s revenue mix or business activities or such other changed circumstances as the Committee may deem appropriate; any adjustments to the firm s or a peer company s ROE for purposes of the relative ROE calculation will be based on publicly disclosed financial information.

The Committee may adjust the applicable peer group in certain specified circumstances (e.g., a merger or a material change in a peer company s revenue mix or business activities).

Each PSU includes a cumulative dividend equivalent right payable only if and when that PSU settles.

PSUs have no additional service-based vesting requirement; however, they (and underlying Shares at Risk) provide for forfeiture or recapture in a number of situations. For more detail on our forfeiture and recapture provisions, see pages 53-54.

Annual Variable Compensation RSUs Overview of Material Terms

Provide recipients with annual equity-based incentives; value tied to firm performance through stock price.

Vested at grant; our general program provides that underlying shares are delivered in three approximately equal installments on first, second and third anniversaries of grant.

» For year-end RSUs granted to Mr. Gnodde, due to applicable U.K. regulatory requirements, underlying shares will be delivered in five approximately equal installments on the third through seventh anniversaries of grant.

Shares delivered in respect of RSUs are Shares at Risk, meaning that, for our NEOs, transfer restrictions generally apply for five years after the equity award grant date to all or substantially all shares delivered in respect of RSUs under the award (after applicable tax withholding).

» Approximately 50% of shares delivered in respect of RSUs are transferable upon delivery to permit NEOs to satisfy tax withholding obligations.

» For Mr. Gnodde, Shares at Risk delivered on or after the fifth anniversary of grant will be subject to transfer restrictions for one year following delivery due to applicable U.K. regulatory requirements; additionally, Shares at Risk delivered in respect of Additional RSUs will only be subject to transfer restrictions for one year following delivery.

Transfer restrictions generally prohibit the sale, transfer, hedging or pledging of Shares at Risk, even if the recipient leaves our firm (subject to limited exceptions; see pages 65-68 for more detail).

Each RSU includes a dividend equivalent payment right (other than those granted to Mr. Gnodde as part of his annual variable compensation, which cannot include this right due to applicable U.K. regulatory requirements; see page 36 for more detail).

Determinations Regarding LTIP Awards and Certain Outstanding PSUs

Our outstanding LTIP awards, first granted in 2011, have eight-year performance periods.

The Compensation Committee discontinued granting the awards in 2016.

As described in our Proxy Statement for our 2011 Annual Meeting of Shareholders, Mr. Blankfein was granted an LTIP award in January 2011 (2011 LTIP Award). The 2011 LTIP Award had a performance period from January 2011 through December 2018. The ongoing governmental, regulatory and civil proceedings relating to 1MDB relate to events that occurred during this performance period, and the Compensation Committee concluded that it was appropriate to defer its decision under the awards until more information is available. As a result, no amounts under the 2011 LTIP Award have yet been determined or paid. The Board will publicly disclose when a final determination is made.

Although no amounts are earned by or paid to the recipient under the LTIP awards until the end of the applicable performance period (and, in the case of the 2011 LTIP Award, until individual performance is assessed for that period), the notional values of these awards are adjusted upward or downward for each year of the performance period by an amount equal to our annual ROE , subject (in the case of all LTIP awards other than the 2011 LTIP Award) to an annual 12% cap (for example, the average increase in value in 2018 for the outstanding LTIP awards granted to Mr. Blankfein was approximately 12.3%).

» For this purpose, as well as under the PSUs granted for services in 2015 (2015 Year-End PSUs), ROE is calculated for each year by dividing net earnings applicable to common shareholders by average monthly common shareholders equity, adjusted for the after-tax effects of amounts that would be excluded from Pre-Tax Earnings under The Goldman Sachs Amended and Restated Restricted Partner Compensation Plan (RPCP).

» The types of amounts that could be excluded from Pre-Tax Earnings include, but are not limited to, amounts related to: exit or disposal activities, impairment or disposal of long-lived assets or impairment of goodwill and other intangible assets, net provisions for litigation and other regulatory proceedings and items that are unusual in nature or infrequent in occurrence and that are separately disclosed, in each case if the aggregate net effect of such amounts on Pre-Tax Earnings exceeds a pre-established threshold (for relevant RPCP provisions, see page 3 of Exhibit 10.1 of our Quarterly Report on Form 10-Q for the period ended February 24, 2006, filed April 5, 2006).

Adjustments to Certain Outstanding PSUs and LTIP Awards

The outstanding PSUs and LTIP awards contemplate that the Committee shall, in order to maintain the intended economics of the awards, make certain adjustments to the calculation of ROE and, in the case of the LTIP awards, changes in BVPS for events such as legal, regulatory and/or accounting changes, or other actions that impact capital.

As contemplated in our Proxy Statement for our 2018 Annual Meeting of Shareholders, the Committee considered the impact of U.S. Tax Legislation on the economics of the outstanding PSUs and LTIP awards for the remainder of these awards performance periods, consistent with their terms, and accordingly made the changes described below.

2015 Year-End PSUs and Outstanding LTIP Awards

The Committee determined it was appropriate to adjust the calculation of 2018 ROE and 2018 BVPS in order to lower the performance calculations under the award due to a true-up in the firm s original estimate for the impact of the changes that resulted from U.S. Tax Legislation. This change resulted in a decrease to ROE of approximately 65 basis points and a decrease to the change in BVPS of approximately 70 basis points (with the latter change applicable only to the LTIP awards).

2017 Year-End PSUs

The Committee determined it was appropriate to increase the absolute ROE threshold for maximum payout for the 2017 Year-End PSUs to 15% (from 14%) in light of the impact of U.S. Tax Legislation on the firm and the industry more broadly and other factors, in order to maintain the intended economics of the award.

OTHER COMPENSATION POLICIES AND PRACTICES

Stock Ownership Guidelines and Retention Requirements

In January 2015 our Board adopted Stock Ownership Guidelines to supplement the longstanding retention requirements applied through our Shareholders Agreement (described below). These guidelines provide that:

- Our CEO must retain beneficial ownership of a number of shares of Common Stock equal in value to 10x his base salary for so long as he remains our CEO.

- Each of our COO and CFO must retain beneficial ownership of a number of shares of Common Stock equal in value to 6x his base salary for so long as he remains in such a position at the firm.

- Transition rules apply in the event that an individual becomes newly appointed to a position subject to these guidelines.

Each member of our Executive Leadership Team met these Stock Ownership Guidelines in 2018.

Separate from the Stock Ownership Guidelines, our Shareholders Agreement imposes retention requirements on each member of our Executive Leadership Team with respect to shares of Common Stock received in respect of equity awards.

- Our CEO is required, for so long as he holds that position, to retain (including, in certain cases, ownership through estate planning entities established by him) at least 75% of the shares of Common Stock received (net of payment of any option exercise price and withholding taxes) as compensation (After-Tax Shares) since becoming CEO.

- Similarly, each of our COO and CFO is required (for so long as he remains in such a position at the firm) to retain at least 50% of After-Tax Shares received since being appointed to such a position.

Recapture Provisions

We have a longstanding practice of including robust recapture provisions in our incentive compensation awards. In addition, we added a new recapture provision to our NEOs 2018 year-end equity-based awards relating to the 1MDB investigation. The chart below summarizes our conduct-related recapture rights, which in many cases include both forfeiture and repayment rights (collectively, Recapture):

	CAUSE	FAILURE TO CONSIDER RISK	1MDB INVESTIGATION *(NEW)*
WHO	Each employee who receives equity- based awards as part of his or her year-end compensation (since IPO)	Each employee who receives equity-based awards as part of his or her year-end compensation (since 2009 year-end)	Each of our NEOs
WHEN	If such employee engages in conduct constituting cause, including: Is convicted in a criminal proceeding on certain misdemeanor charges, on a felony charge or an equivalent charge; Engages in employment disqualification conduct under applicable law; Willfully fails to perform his or her duties to the firm; Violates any securities or commodities laws, rules or regulations of any relevant exchange or association of which the firm is a member;	If, during the time period specified in the award agreement, such employee participated (including, in certain cases, participation in a supervisory role) in transactions on behalf of the firm or our clients without appropriately considering risk to the firm or the broader financial system, which have or reasonably could be expected to result in a material adverse impact on the firm, the employee s business unit or the broader financial system	If the results of the investigation relating to 1MDB would have impacted the number of 2018 RSUs or PSUs granted to such NEO

	Violates any of our policies concerning hedging, pledging or confidential or proprietary information, or materially violates any other of our policies; Impairs, impugns, denigrates, disparages or negatively reflects upon our name, reputation or business interests; or Engages in conduct detrimental to us		
WHAT	All outstanding PSUs, RSUs and Shares at Risk at the time cause occurs[1]	All equity-based awards (e.g., PSUs and RSUs (and underlying Shares at Risk)) covered by the specified time period[1]	2018 PSUs and RSUs (and underlying Shares at Risk) are subject to forfeiture if it is determined that the size of the award should be reduced

Our Compensation Committee adopted a comprehensive, standalone clawback policy in January 2015 that applies to all of our NEOs and generally permits recovery of awards (including equity-based awards, underlying Shares at Risk and historical LTIP awards, as applicable).

In addition to the Recapture provisions described above, 2018 year-end PSUs and RSUs (and, in certain cases, underlying Shares at Risk) provide for Recapture if:

» Our firm is determined by bank regulators to be in default or in danger of default as defined under the Dodd-Frank Wall Street Reform and Consumer Protection Act, or fails to maintain for 90 consecutive business days, the required minimum Tier 1 capital ratio (as defined under Federal Reserve Board regulations);

» The events covered by our Sarbanes-Oxley Clawback occur[2]

[1] If after delivery, payment or release of transfer restrictions, we determine that a forfeiture event had previously occurred we can require repayment to us of the award (including amounts withheld to pay withholding taxes) and any other amounts paid or delivered in respect thereof.

[2] The clawback policy expands the Sarbanes-Oxley clawback provisions to apply to variable compensation (whether cash- or equity-based) paid to any of our NEOs (even though the Sarbanes-Oxley Act provision on which it is based

requires the clawback to apply only to our CEO and CFO).

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- The NEO associates with any business that constitutes a Covered Enterprise (as defined on page 67);
- The NEO solicits our clients or prospective clients to transact business with a Covered Enterprise, or to refrain from doing business with us or interferes with any of our client relationships;
- The NEO or an entity with which he is associated solicits or hires certain employees of the firm; or
- The NEO fails to perform obligations under any agreement with us.

In addition, Mr. Gnodde s year-end RSUs (and, in certain cases, underlying Shares at Risk) are subject to several recapture provisions mandated by U.K. regulations. These provisions contemplate recapture in the event of:

- A material downturn in financial performance suffered by the firm or certain business units before delivery of underlying shares;
- A material failure of risk management suffered by the firm or certain business units on or before December 31, 2025;
- Serious misconduct that is sufficient to justify summary termination of employment under English law occurring on or before December 31, 2025 (to the extent not otherwise covered by the cause clawback described above); or
- A failure of supervision that is deemed to occur in the event of the serious misconduct of an employee during 2018, over whom Mr. Gnodde has supervisory responsibility, where that serious misconduct relates to compliance, control or risk.

In addition, Mr. Gnodde s year-end RSUs are subject to recapture if he associates with a material Covered Enterprise before January 1, 2024.

Our LTIP awards (which were granted between 2011 and 2016) are also subject to robust clawback and forfeiture provisions, generally consistent with those described for cause and failure to consider risk described above.

Hedging Policy; Pledging of Common Stock

Our NEOs are prohibited from hedging any shares of our Common Stock, even shares they can freely sell, for so long as they remain executive officers. In addition, our NEOs and all other employees are prohibited from hedging their equity-based awards. Our employees, other than our executive officers, may hedge only shares of our Common Stock that they can otherwise sell. However, they may not enter into uncovered hedging transactions and may not short shares of our Common Stock. Employees also may not act on investment decisions with respect to our Common Stock, except during applicable window periods. None of our executive officers has any shares of Common Stock subject to a pledge.

Qualified Retirement Benefits

During 2018, each of our NEOs (other than Mr. Gnodde) participated in The Goldman Sachs 401(k) Plan (401(k) Plan), which is our U.S. broad-based tax-qualified retirement plan. In 2018 these individuals were eligible to make pre-tax, and/or Roth after-tax contributions to our 401(k) Plan and receive a dollar-for-dollar matching contribution from us on the amount they contributed, up to a maximum of $11,000. For 2018, these individuals each received a matching contribution of $11,000.

During 2018, Mr. Gnodde participated in a U.K. defined contribution arrangement known as LifeSight (the U.K. Defined Contribution Arrangement). Under the terms of the U.K. Defined Contribution Arrangement, eligible employees receive a firm contribution up to a capped percentage of salary (which, for 2018, equaled £13,365) and are also able to make their own contributions to the plan. For 2018, Mr. Gnodde received a firm contribution of £13,365.

Perquisites and Other Benefits

Our NEOs received in 2018 certain benefits that are considered perquisites for purposes of the SEC rules regarding compensation disclosure. While our Compensation Committee was provided with the estimated value of these items, it determined, as in prior years, not to give these amounts significant consideration in determining our NEOs 2018 variable compensation.

During 2018, we made available to our NEOs (other than Messrs. Gnodde and O Neill) a car and driver and, in some cases, other services for security and/or business purposes. Car and driver services were contracted through a third party for Messrs. Waldron and Scherr. We also offered our NEOs benefits and tax counseling services, generally provided or arranged by our subsidiary, The Ayco Company, L.P. (Ayco), to assist them with tax and regulatory compliance and to provide them with more time to focus on the needs of our business.

Our NEOs participate in our executive medical and dental program and receive executive life insurance while they remain PMDs. Our NEOs also receive long-term disability insurance coverage. Our NEOs (and their covered dependents) are also eligible for a retiree healthcare program and receive certain other perquisites, some of which have no incremental cost to us. See All Other Compensation and footnote (b) in *Executive Compensation 2018 Summary Compensation Table*.

Section 162(m)

Section 162(m) of the Internal Revenue Code generally limits our annual corporate tax deduction for compensation paid to each of our covered employees to $1 million. Under Section 162(m) as in effect prior to 2018, our covered employees for a year were our CEO and our next three most highly compensated executive officers (other than our CFO) on the last day of that year, and compensation that qualified as performance-based compensation under Section 162(m) did not count against the $1 million deduction limit. Moreover, because covered employee status prior to 2018 was determined on a discrete annual basis, compensation paid to a person after the person ceased to be a covered employee (e.g., because the person left the firm or changed roles before the end of the year) was not subject to the $1 million deduction limit. Amounts awarded pursuant to our RPCP, our shareholder-approved plan under which we historically awarded variable compensation to Management Committee members (including our NEOs), were intended to constitute qualified performance-based compensation under Section 162(m).

U.S. Tax Legislation modified Section 162(m) to, among other things, eliminate the exclusion for qualified performance-based compensation and broaden the group of people who are considered covered employees. Beginning in 2018, covered employees include anyone who served as CEO or CFO during any part of a year and the next three most highly compensated NEOs for that year. In addition, once a person is considered a covered employee, that person remains a covered employee in all subsequent years (including after the person leaves the firm or changes roles). As a result of the changes to Section 162(m), beginning in 2018 generally we will not be entitled to a U.S. tax deduction for compensation paid in any year to our NEOs and our other covered employees in excess of $1 million. We may be able to deduct in 2018 or thereafter certain compensation paid to our covered employees to the extent it is eligible for transition relief under U.S. Tax Legislation and any rules promulgated thereunder. However, there is no guarantee that such compensation will be deductible, and the firm may determine that certain compensation cannot qualify for such transition relief or that it does not wish to take or refrain from taking steps necessary to qualify for such relief.

Because U.S. Tax Legislation eliminated the benefit of determining variable compensation under the RPCP, for 2018 Management Committee members (including our NEOs) did not participate in the RPCP, but instead participated in The Goldman Sachs Partner Compensation Plan (PCP), the plan under which we determine variable compensation for all of our other PMDs.

SENIOR CHAIRMAN AGREEMENT WITH MR. BLANKFEIN

On December 19, 2018, our Board approved a letter agreement between the firm and Mr. Blankfein in connection with Mr. Blankfein s previously announced retirement and transition to Senior Chairman. This agreement provided that Mr. Blankfein would become Senior Chairman of the firm as of January 1, 2019. In this capacity, he serves as a resource for both our Board and management, which may include providing advice, client outreach, performing speaking engagements on behalf of the firm, office visits and other mutually agreed activities as appropriate.

Under the agreement, while Mr. Blankfein serves as Senior Chairman, he continues to receive benefits generally provided to PMDs. Mr. Blankfein is not an employee and does not receive any salary or incentive compensation. Additionally, our Board has determined that it is appropriate for security reasons for the firm to provide Mr. Blankfein with a car and security driver through December 31, 2019 for business use.

GS GIVES

As a key element of the firm s overall impact investing platform, we established our GS Gives program to coordinate, facilitate and encourage global philanthropy by our PMDs. The firm contributed approximately $130 million for the 2018 GS Gives program, with PMD compensation being reduced to fund this contribution.

GS Gives underscores our commitment to philanthropy through diversified and impactful giving, harnessing the collaborative spirit of the firm s partnership, while also inspiring our firm s next generation of philanthropists. We ask our PMDs to make recommendations of not-for-profit organizations to receive grants from the firm s contributions to GS Gives.

Grant recommendations from our PMDs help to ensure that GS Gives invests in a diverse group of charities that improve the lives of people in communities where we work and live. We encourage our PMDs to make recommendations of grants to organizations consistent with GS Gives mission of fostering innovative ideas, solving economic and social issues, and enabling progress in underserved communities globally. GS Gives undertakes diligence procedures for donations and has no obligation to follow recommendations made to us by our PMDs.

In 2018, GS Gives accepted the recommendations of over 550 current and retired PMDs and granted over $154 million to over 2,300 not-for-profit organizations around the world. GS Gives made grants in support of a broad range of large-scale initiatives, including ongoing need-based financial aid at colleges and universities globally; the third-annual Analyst Impact Fund competition, a Partnership Committee-led initiative in which teams of analysts in all regions enter to win a GS Gives grant recommendation for charities of their choosing, with 2018 s winning teams addressing global homelessness, human trafficking, disease eradication in rural communities and access to clean water; cutting-edge cancer care in London; and innovative educational efforts across Japan. The U.S. Dollar equivalent amounts donated in 2018 by GS Gives based on the following individuals recommendations were: Mr. Solomon $2.0 million; Mr. Waldron $1.7 million; Mr. Scherr $1.6 million; Mr. Chavez $1.8 million; Mr. Gnodde $2.0 million; Mr. O Neill $2.1 million; and Mr. Blankfein $3.7 million.

Executive Compensation

The 2018 Summary Compensation Table below sets forth compensation information relating to 2018, 2017 and 2016. In accordance with SEC rules, compensation information for each NEO is only reported beginning with the year that such executive became an NEO. For a discussion of 2018 NEO compensation, please read *Compensation Discussion and Analysis* above.

Pursuant to SEC rules, the 2018 Summary Compensation Table is required to include for a particular year only those equity-based awards granted <u>during</u> that year, rather than awards granted <u>after</u> year-end, even if awarded for services in that year. SEC rules require disclosure of cash compensation to be included in the year earned, even if payment is made after year-end.

Generally, we grant equity-based awards and pay any cash variable compensation (as well as fixed allowances) for a particular year shortly after that year s end. As a result, annual equity-based awards, cash variable compensation and Mr. Gnodde s fixed allowance are disclosed in each row of the table as follows:

2018

Bonus is cash variable compensation **for 2018**

Stock Awards are PSUs, restricted stock and RSUs awarded **for 2017** (including Mr. Gnodde s equity-based fixed allowance for 2017)

2017

Bonus is cash variable compensation **for 2017**

Stock Awards are PSUs and RSUs awarded **for 2016** (including Mr. Gnodde s equity-based fixed allowance for 2016)

2016

Bonus is cash variable compensation **for 2016**

Stock Awards are PSUs and RSUs awarded **for 2015**

2018 SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	SALARY ($)	BONUS ($)	STOCK AWARDS[(a)] ($)	CHANGE IN PENSION VALUE [(b)] ($)	ALL OTHER COMPENSATION[(c)] ($)	TOTAL ($)
David M. Solomon Chairman and CEO	2018	1,887,500	5,700,375	12,775,034		299,926	20,662,835
	2017	1,850,000	5,745,000	8,547,708	196	233,207	16,376,111
John E. Waldron President and COO	2018	1,587,500	6,812,625	8,236,810		177,922	16,814,857
Stephen M. Scherr Executive Vice President and CFO	2018	1,556,827	6,083,974	7,488,028		170,784	15,299,613

R. Martin Chavez	2018	1,850,000	4,545,000	11,518,639		152,828	18,066,467
Executive Vice President and CFO (through November 4, 2018); Vice Chairman (until year-end 2018)	2017	1,733,333	5,180,000	8,679,168		141,329	15,733,830
Richard J. Gnodde	2018	6,995,000(d)		10,973,443		93,191	18,061,634
Vice Chairman (until year-end 2018)	2017	6,995,000(d)		9,258,175	35,477	105,766	16,394,418
Timothy J. O Neill Vice Chairman (until year-end 2018)	2018	1,587,500	6,442,625	8,736,067		177,564	16,943,756
Lloyd C. Blankfein	2018	2,000,000	4,255,000	16,772,822		362,836	23,390,658
Former Chairman and CEO	2017	2,000,000	4,400,000	15,240,145	4,909	350,212	21,995,266
	2016	2,000,000	4,000,000	13,867,044	2,524	337,330	20,206,898

Note: Mr. Solomon succeeded Mr. Blankfein as CEO in October 2018 and became Chairman of our Board in January 2019. Mr. Waldron succeeded Mr. Solomon as our President and COO in October 2018. Mr. Scherr succeeded

Mr. Chavez as CFO in November 2018. Messrs. Chavez, Gnodde and O Neill served as Vice Chairmen during all or part of 2018. Effective January 1, 2019, Messrs. Chavez, Gnodde and O Neill no longer hold the title or role of Vice Chairman, which title and role have been discontinued, and are no longer executive officers of the firm. Salaries for Messrs. Solomon, Waldron, Scherr and O Neill were increased at the time of their respective changes in role/title.

(a) Amounts included for 2018 represent the grant date fair value, in accordance with the Financial Accounting Standards Board s Accounting Standards Codification 718 Compensation Stock Compensation (ASC 718), of PSUs, restricted stock and RSUs granted in January 2018 for services in 2017 (2017 Year-End PSUs, 2017 Year-End Restricted Stock and 2017 Year-End RSUs, respectively). For Mr. Gnodde, 2017 Year-End RSUs also include the Additional RSUs paid for 2017 and the equity-based component of his 2017 fixed allowance (2017 Fixed Allowance RSUs). Grant date fair value for 2017 Year-End PSUs, 2017 Year-End Restricted Stock and 2017 Year-End RSUs is determined by multiplying the aggregate number of units or shares, as applicable, by $250.97, the closing price per share of Common Stock on the NYSE on January 18, 2018, the grant date. For the portion of the 2017 Year-End PSUs granted to Messrs. Solomon, Chavez and Blankfein that are stock-settled, the value includes an approximately 9% liquidity discount to reflect the transfer restrictions on the Common Stock underlying these PSUs. For 2017 Year-End Restricted Stock granted to Messrs. Waldron, Scherr and O Neill, the value includes an approximately 17% liquidity discount to reflect the transfer restrictions on these shares. For 2017 Fixed Allowance RSUs granted to Mr. Gnodde, the value includes an approximately 13% liquidity discount to reflect the transfer restrictions on the Common Stock underlying these RSUs. For 2017 Year-End RSUs granted to Mr. Gnodde other than the 2017 Fixed Allowance RSUs, the value includes an approximately 12% discount to reflect both the transfer restrictions on the Common Stock underlying these RSUs and the lack of dividend equivalent payment rights in respect of such RSUs (see page 36 for more details). Amounts included for 2017 represent the grant date fair value, in accordance with ASC 718, of PSUs and RSUs granted in January 2017 for services in 2016 (2016 Year-End PSUs and 2016 Year-End RSUs, respectively). For Mr. Gnodde, 2016 Year-End RSUs also include the equity-based component of his 2016 fixed allowance (2016 Fixed Allowance RSUs). Grant date fair value for 2016 Year-End PSUs and 2016 Year-End RSUs is determined by multiplying the aggregate number of units by $231.41, the closing price per share of Common Stock on the NYSE on January 19, 2017, the grant date. For the portion of the 2016 Year-End PSUs granted to Mr. Blankfein that are stock-settled, the value includes an approximately 10% liquidity discount to reflect the transfer restrictions on the Common Stock underlying these PSUs. For 2016 Year-End RSUs granted to Messrs. Solomon and Chavez, as well as the 2016 Fixed Allowance RSUs granted to Mr. Gnodde, the value includes an approximately 12% liquidity discount to reflect the transfer restrictions on the Common Stock underlying these RSUs. For 2016 Year-End RSUs granted to Mr. Gnodde other than the 2016 Fixed Allowance RSUs, the value includes an approximately 6% liquidity discount to reflect the transfer restrictions on the Common Stock underlying these RSUs. The amount included for Mr. Blankfein for 2016 represents the grant date fair value, in accordance with ASC 718, of PSUs and RSUs granted in January 2016 for services in 2015 (2015 Year-End PSUs and 2015 Year-End RSUs, respectively). Grant date fair value for 2015 Year-End PSUs and 2015 Year-End RSUs is determined by multiplying the aggregate number of units by $151.65, the closing price per share of Common Stock on the NYSE on January 21, 2016, the grant date. The value for 2015 Year-End RSUs includes an approximately 11% liquidity discount to reflect the transfer restrictions on the Common Stock underlying these 2015 Year-End RSUs.

(b) For 2018, the change in pension value was negative for each NEO (other than Mr. Chavez, who is not a participant in any applicable plan) as follows: Mr. Solomon $(150); Mr. Waldron $(1,033); Mr. Scherr $(7,858); Mr. Gnodde $(99,282); Mr. O Neill $(1,211); and Mr. Blankfein $(2,574).

(c) See the chart and accompanying narrative on the following page, which describe the benefits and perquisites for 2018 contained in the All Other Compensation column above.

(d) Represents Mr. Gnodde s salary $1,850,000 and the cash component of his fixed allowance $5,145,000.

NAME	DEFINED CONTRIBUTION PLAN EMPLOYER CONTRIBUTION ($)	TERM LIFE INSURANCE PREMIUM ($)	EXECUTIVE MEDICAL AND DENTAL PLAN PREMIUM ($)	LONG-TERM DISABILITY INSURANCE PREMIUM ($)	EXECUTIVE LIFE PREMIUM ($)	BENEFITS AND TAX COUNSELING SERVICES* ($)	CAR** ($)
David M. Solomon	11,000	118	83,964	665	17,825	118,667	53,479
John E. Waldron							