UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
December 11, 2006

THE GOLDMAN SACHS GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**No. 001-14965**	**No. 13-4019460**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

85 Broad Street New York, New York	**10004**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(212) 902-1000**

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 2.02 Results of Operations and Financial Condition.

On December 12, 2006, The Goldman Sachs Group, Inc. (the Registrant) reported its earnings for its fiscal fourth quarter and fiscal year ended November 24, 2006. A copy of the Registrant's press release containing this information is being furnished as Exhibit 99.1 to this Report on Form 8-K and is incorporated herein by reference.

The information furnished pursuant to this Item 2.02, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the Exchange Act) or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933 or the Exchange Act.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

Effective December 11, 2006, the Registrant's Board of Directors approved amendments to the Registrant's Amended and Restated By-Laws (as amended, the "By-Laws") to adopt a majority vote standard for uncontested elections of directors. Under Section 2.2 of the By-Laws, a director in an uncontested election (*i.e.*, one in which the number of nominees does not exceed the number of directors to be elected) will be elected by a majority of the votes cast for or against the director at any meeting for the election of directors. In contested elections, the voting standard will continue to be a plurality of votes cast.

Under Section 2.10 of the By-Laws if, in an uncontested election, an incumbent director does not receive a majority vote, the director shall immediately tender his or her resignation to the Board. The Board will determine, through a process managed by the Corporate Governance and Nominating Committee and excluding the director in question, whether to accept the resignation. Absent a significant reason for the director to remain on the Board, the Board shall accept the resignation. The Board's decision and an explanation of any determination not to accept the director's resignation shall be disclosed promptly in a Current Report on Form 8-K.

The foregoing description of the amendments to the By-Laws is qualified in its entirety by reference to the full text of the By-Laws, a copy of which is being filed as Exhibit 3.1 to this Report on Form 8-K and incorporated herein by reference.

Item 8.01 Other Events.

On December 12, 2006, the Registrant reported net revenues of $37.67 billion and net earnings of $9.54 billion for the year ended November 24, 2006. Diluted earnings per common share were $19.69, an increase of 76% compared with $11.21 for the year ended November 25, 2005. Return on average tangible common shareholders' equity [(1)] (ROTE) was 39.8% and return on average common shareholders' equity (ROE) was 32.8% for 2006.

Fourth quarter net revenues were $9.41 billion and net earnings were $3.15 billion. Diluted earnings per common share were $6.59 compared with $3.35 for the same 2005 quarter and $3.26 for the third quarter of 2006. Annualized ROTE [1] was 50.0% and annualized ROE was 41.5% for the fourth quarter.

Excluding non-cash expenses of $637 million related to the accounting for certain share-based awards under SFAS No. 123-R [2], net earnings for the year were $9.96 billion [2], diluted earnings per common share were $20.57 [2], ROTE [1] was 41.8% [2] and ROE was 34.4% [2]. Excluding such non-cash expenses of $129 million for the fourth quarter, net earnings were $3.23 billion [2], diluted earnings per common share were $6.77 [2], annualized ROTE [1] was 51.7% [2] and annualized ROE was 42.8% [2].

Net Revenues

Investment Banking

Full Year

Net revenues in Investment Banking were $5.63 billion for the year, 53% higher than 2005. Net revenues in Financial Advisory were $2.58 billion, 35% higher than 2005, primarily reflecting strong growth in industry-wide completed mergers and acquisitions. Net revenues in the firm's Underwriting business were $3.05 billion, 73% higher than 2005. Net revenues were significantly higher in equity underwriting, reflecting increased client activity. Net revenues were also significantly higher in debt underwriting, primarily due to a significant increase in leveraged finance activity and, to a lesser extent, an increase in investment-grade activity. The firm's investment banking backlog at the end of 2006 was higher than at the end of 2005. [3]

Fourth Quarter

Net revenues in Investment Banking were $1.34 billion, 42% higher than the fourth quarter of 2005 and 4% higher than the third quarter of 2006. Net revenues in Financial Advisory were $627 million, 15% higher than the fourth quarter of 2005, reflecting increased client activity. Net revenues in the firm's Underwriting business were $717 million, 78% higher than the fourth quarter of 2005. Net revenues were significantly higher in debt underwriting, primarily due to an increase in leveraged finance and investment-grade activity, as well as in equity underwriting, primarily reflecting an increase in initial public offerings. The firm's investment banking backlog increased during the quarter. [3]

Trading and Principal Investments

Full Year

Net revenues in Trading and Principal Investments were $25.56 billion for the year, 52% higher than 2005.

Net revenues in Fixed Income, Currency and Commodities (FICC) were $14.26 billion for the year, 60% higher than 2005, primarily due to significantly higher net revenues in credit products (which includes distressed investing) and commodities. In addition, net revenues were higher in interest rate products, currencies and mortgages. During 2006, the business operated in an environment characterized by strong customer-driven activity and favorable market opportunities. In addition, corporate credit spreads tightened, the yield curve flattened and volatility levels were generally low in interest rate and currency markets.

Net revenues in Equities were $8.48 billion for the year, 50% higher than 2005, primarily reflecting significantly higher net revenues in derivatives, across all regions, as well as higher net revenues in shares. The increase also reflected the contribution from the firm's insurance business, which was acquired in 2006. In addition, principal strategies performed well, although net revenues were lower than a particularly strong 2005. During 2006, Equities operated in a favorable environment characterized by strong customer-driven activity, generally higher equity prices and favorable market opportunities, although volatility levels were generally low.

Principal Investments recorded net revenues of $2.82 billion, reflecting a $937 million gain related to the firm's investment in the ordinary shares of Industrial and Commercial Bank of China Limited (ICBC), a $527 million gain related to the firm's investment in the convertible preferred stock of Sumitomo Mitsui Financial Group, Inc. (SMFG) and $1.35 billion in gains and overrides from other principal investments.

Fourth Quarter

Net revenues in Trading and Principal Investments were $6.63 billion, 57% higher than the fourth quarter of 2005 and 37% higher than the third quarter of 2006.

Net revenues in FICC were $3.10 billion, 58% higher than the fourth quarter of 2005, reflecting higher net revenues in credit products, commodities and, to a lesser extent, interest rate products. These increases were partially offset by significantly lower net revenues in currencies as well as lower net revenues in mortgages. During the quarter, FICC operated in an environment characterized by solid customer-driven activity, tightening corporate credit spreads and generally low volatility levels in interest rate and currency markets.

Net revenues in Equities were $2.13 billion, 52% higher than the fourth quarter of 2005, primarily reflecting higher net revenues in shares and derivatives. The increase also reflected the contribution from the firm's insurance business, which was acquired in 2006. Net revenues in principal strategies were essentially unchanged compared with the fourth quarter of 2005. During the quarter, Equities operated in a favorable environment characterized by rising equity prices and solid customer-driven activity.

Principal Investments recorded net revenues of $1.40 billion, reflecting a $949 million gain related to the firm's investment in ICBC, $528 million in gains and overrides, primarily from other corporate principal investments, and a $78 million loss related to the firm's investment in SMFG.

Asset Management and Securities Services

Full Year

Net revenues in Asset Management and Securities Services were $6.47 billion for the year, 36% higher than 2005.

Asset Management net revenues were $4.29 billion for the year, 45% higher than 2005, reflecting significantly higher management and other fees, principally due to strong growth in assets under management, and significantly higher incentive fees. During the year, assets under management increased $144 billion or 27% to $676 billion, reflecting non-money market net asset inflows of $77 billion, spread across all asset classes, money market net asset inflows of $17 billion (4), and market appreciation of $50 billion, primarily in equity and fixed income assets.

Securities Services net revenues were $2.18 billion, 22% higher than 2005, as the firm's prime brokerage business continued to generate strong results, primarily reflecting significantly higher global customer balances in securities lending and margin lending.

Fourth Quarter

Net revenues in Asset Management and Securities Services were $1.43 billion, 16% higher than the fourth quarter of 2005 and 2% lower than the third quarter of 2006.

Asset Management net revenues were $933 million, 19% higher than the fourth quarter of 2005. The increase was driven by significantly higher management and other fees, primarily due to growth in assets under management, partially offset by lower incentive fees. During the quarter, assets under management increased $47 billion or 7% to $676 billion, reflecting non-money market net asset inflows of $17 billion, spread across all asset classes, money market net asset inflows of $7 billion and market appreciation of $23 billion in equity and fixed income assets.

Securities Services net revenues were $496 million, 11% higher than the fourth quarter of 2005, as the firm's prime brokerage business continued to generate strong results, reflecting significantly higher global customer balances in securities lending and margin lending.

Expenses

Operating expenses were $23.11 billion for 2006, 36% higher than 2005.

Compensation and Benefits

Compensation and benefits expenses were $16.46 billion for 2006, 40% higher than 2005, primarily reflecting increased discretionary compensation due to higher net revenues, and increased employment levels. The ratio of compensation and benefits to net revenues for 2006 was 43.7% compared with 46.6% (5) for 2005. Employment levels increased 12% compared with the end of 2005, including 3% during the fourth quarter.

In the first quarter of 2006, the firm adopted SFAS No. 123-R, which requires that share-based awards granted to retirement-eligible employees be expensed in the year of grant. In addition to expensing current year awards, prior year awards must continue to be amortized over the relevant service period. Therefore, although there is no incremental economic cost to the firm, compensation and benefits in 2006 included both amortization of prior year awards as well as new awards granted to retirement-eligible employees for services rendered in 2006.

Compensation and benefits expenses in 2006 included $637 million in continued amortization of prior year awards held by employees that were retirement-eligible on the date of adoption of SFAS No. 123-R. This amount represented the majority of the expense to be recognized with respect to these awards. The ratio of compensation and benefits to net revenues, excluding the non-cash expenses of $637 million, was 42.0% (2) for 2006.

Beginning in the fourth quarter of 2006, “Cost of power generation” in the consolidated statements of earnings was reclassified to operating expenses. “Cost of power generation” was previously reported as a reduction to revenues. Prior periods have been reclassified to conform to the current presentation, with no impact to the firm’s reported net earnings (5). The effect of this reclassification on the ratio of compensation and benefits to net revenues was to decrease the ratio by approximately 30 basis points and 60 basis points for 2006 and 2005, respectively.

Non-Compensation Expenses

Full Year

Non-compensation expenses were $6.65 billion for 2006, 28% higher than 2005. Excluding non-compensation expenses related to consolidated entities held for investment purposes (6), non-compensation expenses were 24% higher than 2005, primarily due to higher brokerage, clearing, exchange and distribution fees (7) in Equities and FICC, and increased other expenses (7), primarily due to costs related to the firm’s insurance business, which was acquired in 2006. In addition, market development costs and professional fees were higher, reflecting increased levels of business activity, and occupancy expenses increased, primarily reflecting new office space and higher facility expenses.

Fourth Quarter

Non-compensation expenses were $1.92 billion, 31% higher than the fourth quarter of 2005 and 13% higher than the third quarter of 2006. Excluding non-compensation expenses related to consolidated entities held for investment purposes (6), the increase in non-compensation expenses compared with the fourth quarter of 2005 was primarily due to higher brokerage, clearing, exchange and distribution fees (7) in Equities and FICC, and increased other expenses (7), primarily due to costs related to the firm's insurance business, which was acquired in 2006. In addition, market development costs were higher, reflecting increased levels of business activity, and occupancy expenses increased, primarily due to new office space, higher facility expenses and $18 million of real estate exit costs.

Provision For Taxes

The effective income tax rate was 34.5% for 2006, up from 33.3% for the first nine months of 2006 and 32.0% for 2005. The increase in the effective income tax rate for 2006 compared with the first nine months of 2006 was primarily due to higher state and local taxes and a change in the geographic mix of earnings. The increase in the effective income tax rate for 2006 compared with 2005 was primarily related to a reduction in the impact of permanent benefits due to higher levels of earnings in 2006 and audit settlements in 2005.

Capital

As of November 24, 2006, total capital was $158.63 billion, consisting of $35.79 billion in total shareholders' equity (common equity of $32.69 billion and preferred stock of $3.10 billion) and $122.84 billion in unsecured long-term borrowings (8). Book value per common share was $72.62 based on common shares outstanding, including restricted stock units granted to employees with no future service requirements, of 450.1 million at year end. Tangible book value per common share was $61.47. (1)

The firm repurchased 50.2 million shares of its common stock at an average price of $155.64 per share, at a total cost of $7.82 billion during 2006, including 20.8 million shares of its common stock at an average price of $175.82 per share, at a total cost of $3.65 billion in the fourth quarter. The remaining share authorization under the firm's existing common stock repurchase program is 52.6 million shares.

Dividends

The Board of Directors of The Goldman Sachs Group, Inc. (the Board) declared a dividend of $0.35 per common share to be paid on February 22, 2007 to common shareholders of record on January 23, 2007. The Board also declared dividends of $391.28, $387.50, $391.28 and $386.17 per share of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, respectively (represented by depositary shares, each representing a 1/1000th interest in a share of preferred stock), to be paid on February 10, 2007 to preferred shareholders of record on January 26, 2007.

Cautionary Note Regarding Forward-Looking Statements

This Report on Form 8-K contains "forward-looking statements." These statements are not historical facts but instead represent only the firm's belief regarding future events, many of which, by their nature, are inherently uncertain and outside of the firm's control. It is possible that the firm's actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition 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, see "Risk Factors" in Part I, Item 1A of the firm's Annual Report on Form 10-K for the fiscal year ended November 25, 2005.

Statements about the firm's investment banking transaction backlog also may constitute forward-looking statements. Such statements are subject to the risk that the terms of these transactions may be modified or that they may not be completed at all; therefore, the net revenues that the firm expects to earn from these transactions may differ, possibly materially, from those currently expected. Important factors that could result in a modification of the terms of a transaction or a transaction not being completed include, in the case of underwriting transactions, a decline in general economic conditions, volatility in the securities markets generally or an adverse development with respect to the issuer of the securities and, in the case of financial advisory transactions, a decline in the securities markets, an adverse development with respect to a party to the transaction or a failure to obtain a required regulatory approval. For a discussion of other important factors that could adversely affect the firm's investment banking transactions, see "Risk Factors" in Part I, Item 1A of the firm's Annual Report on Form 10-K for the fiscal year ended November 25, 2005.

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
SEGMENT NET REVENUES
(UNAUDITED)
$ in millions

	Year Ended Nov. 24, 2006	Year Ended Nov. 25, 2005	% Change From Nov. 25, 2005
Investment Banking			
Financial Advisory	**$ 2,580**	$ 1,905	35%
Equity underwriting	**1,365**	704	94
Debt underwriting	**1,684**	1,062	59
Total Underwriting	**3,049**	1,766	73
Total Investment Banking	**5,629**	3,671	53
Trading and Principal Investments			
FICC (5)	**14,262**	8,940	60
Equities trading	**4,965**	2,675	86
Equities commissions	**3,518**	2,975	18
Total Equities	**8,483**	5,650	50
SMFG	**527**	1,475	(64)
ICBC	**937**	—	N.M.
Other corporate and real estate gains and losses	**949**	569	67
Overrides	**404**	184	120
Total Principal Investments	**2,817**	2,228	26
Total Trading and Principal Investments	**25,562**	16,818	52
Asset Management and Securities Services			
Management and other fees	**3,332**	2,629	27
Incentive fees	**962**	327	194
Total Asset Management	**4,294**	2,956	45
Securities Services	**2,180**	1,793	22
Total Asset Management and Securities Services	**6,474**	4,749	36
Total net revenues	**$ 37,665**	$ 25,238	49

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
SEGMENT NET REVENUES
(UNAUDITED)
$ in millions

	Three Months Ended			% Change From	
	Nov. 24, 2006	**Aug. 25, 2006**	**Nov. 25, 2005**	**Aug. 25, 2006**	**Nov. 25, 2005**
Investment Banking					
Financial Advisory	**$ 627**	$ 609	$ 546	3%	15%
Equity underwriting	**330**	270	205	22	61
Debt underwriting	**387**	409	197	(5)	96
Total Underwriting	**717**	679	402	6	78
Total Investment Banking	**1,344**	1,288	948	4	42
Trading and Principal Investments					
FICC (5)	**3,104**	2,860	1,967	9	58
Equities trading	**1,235**	707	602	75	105
Equities commissions	**896**	844	800	6	12
Total Equities	**2,131**	1,551	1,402	37	52
SMFG	**(78)**	261	723	N.M.	N.M.
ICBC	**949**	(8)	—	N.M.	N.M.
Other corporate and real estate gains and losses	**323**	142	109	127	196
Overrides	**205**	35	20	N.M.	N.M.
Total Principal Investments	**1,399**	430	852	N.M.	64
Total Trading and Principal Investments	**6,634**	4,841	4,221	37	57
Asset Management and Securities Services					
Management and other fees	**910**	822	682	11	33
Incentive fees	**23**	96	105	(76)	(78)
Total Asset Management	**933**	918	787	2	19
Securities Services	**496**	537	447	(8)	11
Total Asset Management and Securities Services	**1,429**	1,455	1,234	(2)	16
Total net revenues	**$ 9,407**	$ 7,584	$ 6,403	24	47

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)
In millions, except per share amounts

	Year Ended		% Change From
	Nov. 24, 2006	**Nov. 25, 2005**	**Nov. 25, 2005**
Revenues			
Investment banking	**$ 5,613**	$ 3,599	56%
Trading and principal investments	**24,027**	15,452	55
Asset management and securities services	**4,527**	3,090	47
Interest income	**35,186**	21,250	66
Total revenues	**69,353**	43,391	60
Interest expense	**31,688**	18,153	75
Revenues, net of interest expense (5)	**37,665**	25,238	49
Operating expenses			
Compensation and benefits (5)	**16,457**	11,758	40
Brokerage, clearing, exchange and distribution fees (7)	**1,985**	1,416	40
Market development	**492**	378	30
Communications and technology	**544**	490	11
Depreciation and amortization	**521**	501	4
Amortization of identifiable intangible assets	**173**	124	40
Occupancy	**850**	728	17
Professional fees	**545**	475	15
Cost of power generation (5)	**406**	386	5
Other expenses (7)	**1,132**	709	60
Total non-compensation expenses	**6,648**	5,207	28
Total operating expenses	**23,105**	16,965	36
Pre-tax earnings	**14,560**	8,273	76
Provision for taxes	**5,023**	2,647	90
Net earnings	**9,537**	5,626	70
Preferred stock dividends	**139**	17	N.M.
Net earnings applicable to common shareholders	**$ 9,398**	$ 5,609	68
Earnings per common share			
Basic	**$ 20.93**	$ 11.73	78%
Diluted	**19.69**	11.21	76
Diluted, excluding the impact of the continued amortization of prior year share-based awards in 2006 (2)	**20.57**	11.21	83
Average common shares outstanding			
Basic	**449.0**	478.1	(6)
Diluted	**477.4**	500.2	(5)
Selected Data			
Ratio of compensation and benefits to net revenues (5)	**43.7%**	46.6%	
Ratio of compensation and benefits to net revenues, excluding the impact of the continued amortization of prior year share-based awards in 2006 (2) (5)	**42.0**	46.6	

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)
In millions, except per share amounts and employees

	Three Months Ended			% Change From	
	Nov. 24, 2006	Aug. 25, 2006	Nov. 25, 2005	Aug. 25, 2006	Nov. 25, 2005
Revenues					
Investment banking	**$ 1,337**	$ 1,285	$ 932	4%	43%
Trading and principal investments	**6,051**	4,368	3,907	39	55
Asset management and securities services	**982**	975	820	1	20
Interest income	**9,756**	9,351	6,486	4	50
Total revenues	**18,126**	15,979	12,145	13	49
Interest expense	**8,719**	8,395	5,742	4	52
Revenues, net of interest expense (5)	**9,407**	7,584	6,403	24	47
Operating expenses					
Compensation and benefits (5)	**2,505**	3,530	2,458	(29)	2
Brokerage, clearing, exchange and distribution fees (7)	**571**	523	403	9	42
Market development	**154**	117	110	32	40
Communications and technology	**148**	141	125	5	18
Depreciation and amortization	**143**	126	130	13	10
Amortization of identifiable intangible assets	**45**	50	31	(10)	45
Occupancy	**237**	221	194	7	22
Professional fees	**178**	135	153	32	16
Cost of power generation (5)	**98**	101	99	(3)	(1)
Other expenses (7)	**343**	278	221	23	55
Total non-compensation expenses	**1,917**	1,692	1,466	13	31
Total operating expenses	**4,422**	5,222	3,924	(15)	13
Pre-tax earnings	**4,985**	2,362	2,479	111	101
Provision for taxes	**1,833**	768	847	139	116
Net earnings	**3,152**	1,594	1,632	98	93
Preferred stock dividends	**48**	39	8	N.M.	N.M.
Net earnings applicable to common shareholders	**$ 3,104**	$ 1,555	$ 1,624	100	91
Earnings per common share					
Basic	**$ 7.06**	$ 3.46	$ 3.53	104%	100%
Diluted	**6.59**	3.26	3.35	102	97
Diluted, excluding the impact of the continued amortization of prior year share-based awards in 2006 (2)	**6.77**	3.45	3.35	96	102
Average common shares outstanding					
Basic	**439.8**	449.4	459.4	(2)	(4)
Diluted	**470.7**	477.4	485.2	(1)	(3)
Selected Data					
Employees at period end (9) (10)	**26,467**	25,647	23,623	3	12
Ratio of compensation and benefits to net revenues (5)	**26.6%**	46.5%	38.4%		
Ratio of compensation and benefits to net revenues, excluding the impact of the continued amortization of prior year share-based awards in 2006 (2) (5)	**25.3**	44.8	38.4		

NON-COMPENSATION EXPENSES
(UNAUDITED)
$ in millions

	Year Ended		% Change From
	Nov. 24, 2006	Nov. 25, 2005	Nov. 25, 2005
Non-compensation expenses of consolidated investments (6)	**$ 501**	$ 265	89%
Non-compensation expenses excluding consolidated investments			
Brokerage, clearing, exchange and distribution fees (7)	**1,985**	1,416	40
Market development	**461**	361	28
Communications and technology	**537**	487	10
Depreciation and amortization	**444**	467	(5)
Amortization of identifiable intangible assets	**169**	124	36
Occupancy	**738**	674	9
Professional fees	**534**	468	14
Cost of power generation (5)	**406**	386	5
Other expenses (7)	**873**	559	56
Subtotal	**6,147**	4,942	24
Total non-compensation expenses, as reported	**$ 6,648**	$ 5,207	28

	Three Months Ended			% Change From	
	Nov. 24, 2006	Aug. 25, 2006	Nov. 25, 2005	Aug. 25, 2006	Nov. 25, 2005
Non-compensation expenses of consolidated investments (6)	**$ 130**	$ 153	$ 101	(15)%	29%
Non-compensation expenses excluding consolidated investments					
Brokerage, clearing, exchange and distribution fees (7)	**571**	523	403	9	42
Market development	**148**	108	103	37	44
Communications and technology	**146**	139	124	5	18
Depreciation and amortization	**119**	103	113	16	5
Amortization of identifiable intangible assets	**43**	48	31	(10)	39
Occupancy	**210**	188	166	12	27
Professional fees	**176**	132	150	33	17
Cost of power generation (5)	**98**	101	99	(3)	(1)
Other expenses (7)	**276**	197	176	40	57
Subtotal	**1,787**	1,539	1,365	16	31
Total non-compensation expenses, as reported	**$ 1,917**	$ 1,692	$ 1,466	13	31

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
SELECTED FINANCIAL DATA
(UNAUDITED)

Average Daily VaR (11)
$ in millions

	Three Months Ended			Twelve Months Ended	
	Nov. 24, 2006	Aug. 25, 2006	Nov. 25, 2005	Nov. 24, 2006	Nov. 25, 2005
Risk Categories					
Interest rates	**$ 51**	$ 55	$ 45	**$ 49**	$ 37
Equity prices	**75**	61	44	**72**	34
Currency rates	**14**	21	15	**21**	17
Commodity prices	**29**	31	25	**30**	26
Diversification effect (12)	**(63)**	(76)	(49)	**(71)**	(44)
Total	**$ 106**	$ 92	$ 80	**$ 101**	$ 70

Assets Under Management (13)
$ in billions

	As of			% Change From	
	Nov. 30, 2006	Aug. 31, 2006	Nov. 30, 2005	Aug. 31, 2006	Nov. 30, 2005
Alternative investments	**$ 145**	$ 139	$ 110	4%	32%
Equity	**215**	193	167	11	29
Fixed income	**198**	186	154	6	29
Total non-money market assets	**558**	518	431	8	29
Money markets	**118**	111	101	6	17
Total assets under management	**$ 676**	$ 629	$ 532	7	27

	Three Months Ended			Year Ended	
	Nov. 30, 2006	Aug. 31, 2006	Nov. 30, 2005	Nov. 30, 2006	Nov. 30, 2005
Balance, beginning of period	**$ 629**	$ 593	$ 520	**$ 532**	$ 452
Net asset inflows / (outflows)					
Alternative investments	**6**	13	2	**32**	11
Equity	**4**	4	4	**16**	25
Fixed income	**7**	10	(1)	**29**	16
Total non-money market net asset inflows / (outflows)	**17**	27	5	**77**	52
Money markets	**7**	3 (4)	3	**17** (4)	11
Total net asset inflows / (outflows)	**24**	30	8	**94**	63
Net market appreciation / (depreciation)	**23**	6	4	**50**	17
Balance, end of period	**$ 676**	$ 629	$ 532	**$ 676**	$ 532

Principal Investments
$ in millions

	As of November 24, 2006		
	Corporate	Real Estate	Total
Private	$ 2,741	$ 555	**$ 3,296**
Public	934	33	**967**
Subtotal	3,675	588	**4,263**
SMFG convertible preferred stock (14)	4,505	—	**4,505**
ICBC ordinary shares (15)	5,194	—	**5,194**
Total	**$ 13,374**	**$ 588**	**$ 13,962**

Footnotes

(1) Tangible common shareholders' equity equals total shareholders' equity less preferred stock, goodwill and identifiable intangible assets, excluding power contracts. The firm does not deduct power contracts because, unlike other intangible assets, less than 50% of these assets are supported by common shareholders' equity. In the fourth quarter of 2006, management amended its calculation of tangible common shareholders' equity to deduct insurance-related intangible assets (value of business acquired (VOBA) and deferred acquisition costs (DAC)) from total shareholders' equity, because more than 50% of these assets are supported by common shareholders' equity. Prior periods have been restated to conform to the current period presentation.

Management believes that ROTE is meaningful because it measures the performance of businesses consistently, whether they were acquired or developed internally. ROTE is computed by dividing net earnings (or annualized net earnings for annualized ROTE) applicable to common shareholders by average monthly tangible common shareholders' equity.

The following table sets forth a reconciliation of total shareholders' equity to tangible common shareholders' equity:

	Average for the		As of
	Year Ended November 24, 2006	Three Months Ended November 24, 2006	November 24, 2006
	(unaudited, $ in millions)		
Total shareholders' equity	$ 31,048	$ 33,034	$ 35,786
Preferred stock	(2,400)	(3,100)	(3,100)
Common shareholders' equity	28,648	29,934	32,686
Goodwill and identifiable intangible assets, excluding power contracts	(5,013)	(5,089)	(5,019)
Tangible common shareholders' equity	$ 23,635	$ 24,845	$ 27,667

(2) Statement of Financial Accounting Standards (SFAS) No. 123-R, "Share-Based Payment," focuses primarily on accounting for transactions in which an entity obtains employee services in exchange for share-based payments. In the first quarter of 2006, the firm adopted SFAS No. 123-R, which requires that share-based awards granted to retirement-eligible employees be expensed in the year of grant. In addition to expensing current year awards, prior year awards must continue to be amortized over the relevant service period. Therefore, compensation and benefits expenses in 2006 included (and, to a lesser extent, 2007 and 2008 will include) both amortization of prior year awards and new awards granted to retirement-eligible employees. Management believes that presenting the firm's results excluding the impact of the continued amortization of prior year share-based awards granted to retirement-eligible employees increases the comparability of period-to-period operating results and allows for a more meaningful representation of the relationship of current period compensation to net revenues.

The following tables set forth a reconciliation of net earnings, diluted earnings per common share, common shareholders' equity and the ratio of compensation and benefits to net revenues, as reported, to these items excluding the impact of the continued amortization of prior year share-based awards granted to retirement-eligible employees:

	Year Ended	Three Months Ended	
	November 24, 2006	November 24, 2006	August 25, 2006
	(unaudited, $ in millions)		
Net earnings	$ 9,537	$ 3,152	$ 1,594
Impact of the continued amortization of prior year share-based awards, net of tax	421	81	90
Net earnings, excluding the impact of the continued amortization of prior year share-based awards	9,958	3,233	1,684
Preferred stock dividends	(139)	(48)	(39)
Net earnings applicable to common shareholders, excluding the impact of the continued amortization of prior year share-based awards	$ 9,819	$ 3,185	$ 1,645

	Year Ended	Three Months Ended	
	November 24, 2006	November 24, 2006	August 25, 2006
	(unaudited)		
Diluted earnings per common share	$ 19.69	$ 6.59	$ 3.26
Impact of the continued amortization of prior year share-based awards, net of tax	0.88	0.18	0.19
Diluted earnings per common share, excluding the impact of the continued amortization of prior year share-based awards	$ 20.57	$ 6.77	$ 3.45

Footnotes (continued)

	Average for the Year Ended November 24, 2006	Average for the Three Months Ended November 24, 2006	Average for the Three Months Ended August 25, 2006
	(unaudited, $ in millions)		
Total shareholders' equity	$ 31,048	$ 33,034	$ 32,618
Preferred stock	(2,400)	(3,100)	(2,850)
Common shareholders' equity	28,648	29,934	29,768
Impact of the continued amortization of prior year share-based awards, net of tax	(122)	(192)	(147)
Common shareholders' equity, excluding the impact of the continued amortization of prior year share-based awards	28,526	29,742	29,621
Goodwill and identifiable intangible assets, excluding power contracts (see footnote 1 above)	(5,013)	(5,089)	(5,094)
Tangible common shareholders' equity (see footnote 1 above), excluding the impact of the continued amortization of prior year share-based awards	$ 23,513	$ 24,653	$ 24,527

	Year Ended November 24, 2006	Three Months Ended November 24, 2006	Three Months Ended August 25, 2006
	(unaudited, $ in millions)		
Compensation and benefits	$ 16,457	$ 2,505	$ 3,530
Impact of the continued amortization of prior year share-based awards	(637)	(129)	(133)
Compensation and benefits, excluding the impact of the continued amortization of prior year share-based awards	$ 15,820	$ 2,376	$ 3,397
Total net revenues	$ 37,665	$ 9,407	$ 7,584
Ratio of compensation and benefits to net revenues, excluding the impact of the continued amortization of prior year share-based awards	42.0%	25.3%	44.8%

The firm's ratio of compensation and benefits to net revenues, excluding the impact of the continued amortization of prior year share-based awards, is computed by dividing compensation and benefits, excluding the impact of the continued amortization of prior year share-based awards, by net revenues.

(3) The firm's investment banking backlog represents an estimate of future net revenues from investment banking transactions where management believes that future revenue realization is more likely than not.

(4) Includes the transfer of $8 billion for the three months ended August 31, 2006 and for the year ended November 30, 2006, of money market assets under management to interest-bearing deposits at Goldman Sachs Bank USA, a wholly owned subsidiary of The Goldman Sachs Group, Inc. These deposits are not included in assets under management.

(5) Beginning in the fourth quarter of 2006, "Cost of power generation" in the consolidated statements of earnings was reclassified to operating expenses. "Cost of power generation" was previously reported as a reduction to revenues. Compensation and benefits includes direct payroll costs associated with the firm's consolidated power generation operations and cost of power generation includes the other direct costs associated with these power generation facilities and related contractual assets (e.g., fuel, operations, maintenance, depreciation and amortization). In the segment net revenue tables, this reclassification increased "Trading and Principal Investments — FICC" net revenues. Prior periods have been reclassified to conform to the current presentation, with no impact to the firm's reported net earnings. The effect of this reclassification increased operating expenses as follows:

	Year Ended Nov. 24, 2006	Year Ended Nov. 25, 2005	Year Ended Nov. 26, 2004	Three Months Ended Nov. 24, 2006	Three Months Ended Aug. 25, 2006	Three Months Ended May 26, 2006	Three Months Ended Feb. 24, 2006	Three Months Ended Nov. 25, 2005
	(unaudited, $ in millions)							
Compensation and benefits	$ 78	$ 70	$ 29	$ 23	$ 20	$ 22	$ 13	$ 18
Cost of power generation	406	386	372	98	101	122	85	99
Total	$ 484	$ 456	$ 401	$ 121	$ 121	$ 144	$ 98	$ 117

Footnotes (continued)

(6) Consolidated entities held for investment purposes includes entities that are held strictly for capital appreciation, have a defined exit strategy and are engaged in activities that are not closely related to the firm's principal businesses. For example, these investments include consolidated entities that hold real estate assets, such as golf courses and hotels in Asia, but exclude investments in entities that primarily hold financial assets. Management believes that it is meaningful to review non-compensation expenses excluding expenses related to these consolidated entities in order to evaluate trends in non-compensation expenses related to the firm's principal business activities.

(7) Beginning in the fourth quarter of 2006, third party research and brokerage fees and asset management sales and distribution fees have been reclassified from other expenses to brokerage, clearing, exchange and distribution fees in the consolidated statements of earnings. Prior periods have been reclassified to conform to the current presentation.

(8) Beginning in November 2006, secured borrowings have been reclassified to collateralized financings, a new caption in the consolidated statement of financial condition. Secured long-term borrowings are no longer included within total capital.

(9) Excludes 3,868, 9,901 and 7,382 employees as of November 2006, August 2006 and November 2005, respectively, of consolidated entities held for investment purposes. Compensation and benefits includes \$64 million, \$83 million and \$60 million for the three months ended November 24, 2006, August 25, 2006 and November 25, 2005, respectively, attributable to these consolidated entities.

(10) Beginning in 2006, includes 1,326 and 1,281 employees as of November 2006 and August 2006, respectively, of Goldman Sachs' consolidated property management and loan servicing subsidiaries. November 2005 has been restated to conform to the current presentation and includes 1,198 employees.

(11) VaR is the potential loss in value of Goldman Sachs' trading positions due to adverse market movements over a one-day time horizon with a 95% confidence level. The modeling of the risk characteristics of the firm's trading positions involves a number of assumptions and approximations. While management believes that these assumptions and approximations are reasonable, there is no standard methodology for estimating VaR, and different assumptions and/or approximations could produce materially different VaR estimates. For a further discussion of the calculation of VaR, see Part II, Item 7A "Quantitative and Qualitative Disclosures About Market Risk" in the firm's Annual Report on Form 10-K for the year ended November 25, 2005 and in Part I, Item 3 "Quantitative and Qualitative Disclosures About Market Risk" in the firm's Quarterly Report on Form 10-Q for the quarter ended August 25, 2006.

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

(13) In the first quarter of 2006, the methodology for classifying certain non-money market assets was changed. The changes were primarily to reclassify certain assets allocated to external investment managers out of alternative investment assets and to reclassify currency funds into alternative investment assets. The changes did not impact total assets under management and prior periods have been reclassified to conform to the current presentation. Substantially all assets under management are valued as of calendar month end.

(14) Excludes an economic hedge on the unrestricted shares of common stock underlying the investment. As of November 24, 2006, the fair value of this hedge was \$3.07 billion. Includes the effect of foreign exchange revaluation on the investment, for which the firm also maintains an economic hedge.

(15) Includes economic interests of \$3.28 billion as of November 24, 2006 assumed by investment funds managed by Goldman Sachs.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are filed (in the case of Exhibit 3.1) or furnished (in the case of Exhibit 99.1) as part of this Report on Form 8-K:

3.1 Amended and Restated By-Laws.

99.1 Press Release of the Registrant dated December 12, 2006 containing financial information for its fiscal fourth quarter and fiscal year ended November 24, 2006.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE GOLDMAN SACHS GROUP, INC.
(Registrant)

Date: December 12, 2006

By: /s/ David A. Viniar
Name: David A. Viniar
Title: Chief Financial Officer

Exhibit 3.1

As Amended and Restated on December 11, 2006

AMENDED AND RESTATED

BY-LAWS

OF

THE GOLDMAN SACHS GROUP, INC.

ARTICLE I

Stockholders

Section 1.1. Annual Meetings. An annual meeting of stockholders shall be held for the election of directors at such date, time and place either within or without the State of Delaware as may be designated by the Board of Directors from time to time. Any other business properly brought before the meeting may be transacted at the annual meeting.

Section 1.2. Special Meetings. Special meetings of stockholders may be called at any time by, and only by, the Board of Directors, to be held at such date, time and place either within or without the State of Delaware as may be stated in the notice of the meeting.

Section 1.3. Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by law, the written notice of any meeting shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation.

Section 1.4. Adjournments. Any meeting of stockholders, annual or special, may be adjourned from time to time, to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 1.5. Quorum. At each meeting of stockholders, except where otherwise required by law, the certificate of incorporation or these by-laws, the holders of a majority of the outstanding shares of stock entitled to vote on a matter at the meeting, present in person or represented by proxy, shall constitute a quorum. For purposes of the foregoing, where a separate vote by class or classes is required for any matter, the holders of a majority of the outstanding shares of such class or classes, present in person or represented by proxy, shall constitute a quorum to take action with respect to that vote on that matter. Two or more classes or series of stock shall be considered a single class if the holders thereof are entitled to vote together as a single class at the meeting. In the absence of a quorum of the holders of any class of stock entitled to vote on a matter, the meeting of such class may be adjourned from time to time in the manner provided by Sections 1.4 and 1.6 of these by-laws until a quorum of such class shall be so present or represented. Shares of its own capital stock belonging on the record date for the meeting to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Section 1.6. Organization. Meetings of stockholders shall be presided over by a Chairman of the Board, if any, or in the absence of a Chairman of the Board by a Vice Chairman of the Board, if any, or in the absence of a Vice Chairman of the Board by a Chief Executive Officer, or in the absence of a Chief Executive Officer by a President, or in the absence of a President by a Chief Operating Officer, or in the absence of a Chief Operating Officer by a Vice President, or in the absence of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman chosen at the meeting. A Secretary, or in the absence of a Secretary an Assistant Secretary, shall act as secretary of the meeting, but in the absence of a Secretary and any Assistant Secretary the chairman of the meeting may appoint any person to act as secretary of the meeting.

The order of business at each such meeting shall be as determined by the chairman of the meeting. The chairman of the meeting shall have the right and authority to adjourn a meeting of stockholders without a vote of stockholders and to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting and are not inconsistent with any rules or regulations adopted by the Board of Directors pursuant to the provisions of the certificate of incorporation, including the establishment of procedures for the maintenance of order and safety, limitations on the time allotted to questions or comments on the affairs of the Corporation, restrictions on entry to such meeting after the time prescribed for the commencement thereof and the opening and closing of the voting polls for each item upon which a vote is to be taken.

Section 1.7. Inspectors. Prior to any meeting of stockholders, the Board of Directors, a Chairman of the Board, a Vice Chairman of the Board, a Chief Executive Officer, a President, a Chief Operating Officer, a Vice President or any other officer designated by the Board shall appoint one or more inspectors to act at such meeting and make a written report thereof and may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at the meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall ascertain the number of shares outstanding and the voting power of each, determine the shares represented at the meeting and the validity of proxies and ballots, count all votes and ballots, determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors and certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons to assist them in the performance of their duties. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxy or vote, nor any revocation thereof or change thereto, shall be accepted by the inspectors after the closing of the polls. In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted therewith, any information provided by a stockholder who submits a proxy by telegram, cablegram or other electronic transmission from which it can be determined that the proxy was authorized by the stockholder, ballots and the regular books and records of the Corporation, and they may also consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for such purpose, they shall, at the time they make their certification, specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 1.8. Voting; Proxies. Unless otherwise provided in the certificate of incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder which has voting power upon the matter in question. If the certificate of incorporation provides for more or less than one vote for any share on any matter, every reference in these by-laws to a majority or other proportion of shares of stock shall refer to such majority or other proportion of the votes of such shares of stock. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power, regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with a Secretary. Voting at meetings of stockholders need not be by written ballot unless so directed by the chairman of the meeting or the Board of Directors. In all matters, unless otherwise required by law, the certificate of incorporation or these by-laws, a majority of the votes cast for or against the matter at the meeting by stockholders entitled to vote on the subject matter shall be the act of the stockholders. Where a separate vote by class or classes is required, the affirmative vote of the holders of a majority (or, in the case of an election of directors, a plurality) of the votes cast for or against the matter at the meeting by stockholders in that class or classes entitled to vote on the subject matter shall be the act of such class or classes, except as otherwise required by law, the certificate of incorporation or these by-laws.

Section 1.9. Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty nor less than ten days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty days prior to the action for which a record date is being established. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 1.10. List of Stockholders Entitled to Vote. A Secretary shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the municipality where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present.

Section 1.11. Advance Notice of Stockholder Nominees for Director and Other Stockholder Proposals. (a) The matters to be considered and brought before any annual or special meeting of stockholders of the Corporation shall be limited to only such matters, including the nomination and election of directors, as shall be brought properly before such meeting in compliance with the procedures set forth in this Section 1.11.

(b) For any matter to be properly brought before any annual meeting of stockholders, the matter must be (i) specified in the notice of annual meeting given by or at the direction of the Board of Directors, (ii) otherwise brought before the annual meeting by or at the direction of the Board of Directors or (iii) brought before the annual meeting in the manner specified in this Section 1.11(b)(x) by a stockholder that holds of record stock of the Corporation entitled to vote at the annual meeting on such matter (including any election of a director) or (y) by a person (a "Nominee Holder") that holds such stock through a nominee or "street name" holder of record of such stock and can demonstrate to the Corporation such indirect ownership of, and such Nominee Holder's entitlement to vote, such stock on such matter. In addition to any other requirements under applicable law, the certificate of incorporation and these by-laws, persons nominated by stockholders for election as directors of the Corporation and any other proposals by stockholders shall be properly brought before an annual meeting of stockholders only if notice of any such matter to be presented by a stockholder at such meeting (a "Stockholder Notice") shall be delivered to a Secretary at the principal executive office of the Corporation not less than ninety nor more than one hundred and twenty days prior to the first anniversary date of the annual meeting for the preceding year; provided, however, that if and only if the annual meeting is not scheduled to be held within a period that commences thirty days before and ends thirty days after such anniversary date (an annual meeting date outside such period being referred to herein as an "Other Meeting Date"), such Stockholder Notice shall be given in the manner provided herein by the later of (i) the close of business on the date ninety days prior to such Other Meeting Date or (ii) the close of business on the tenth day following the date on which such Other Meeting Date is first publicly announced or disclosed. Any stockholder desiring to nominate any person or persons (as the case may be) for election as a director or directors of the Corporation at an annual meeting of stockholders shall deliver, as part of such Stockholder Notice, a statement in writing setting forth the name of the person or persons to be nominated, the number and class of all shares of each class of stock of the Corporation owned of record and beneficially by each such person, as reported to such stockholder by such person, the information regarding each such person required by paragraphs (a), (e) and (f) of Item 401 of Regulation S-K adopted by the Securities and Exchange Commission, each such person's signed consent to serve as a director of the Corporation if elected, such stockholder's name and address, the number and class of all shares of each class of stock of the Corporation owned of record and beneficially by such stockholder and, in the case of a Nominee Holder, evidence establishing such Nominee Holder's indirect ownership of stock and entitlement to vote such stock for the election of directors at the annual meeting. Any stockholder who gives a Stockholder Notice of any matter (other than a nomination for director) proposed to be brought before an annual meeting of stockholders shall deliver, as part of such Stockholder Notice, the text of the proposal to be presented and a brief written statement of the reasons why such stockholder favors the proposal and setting forth such stockholder's name and address, the number and class of all shares of each class of stock of the Corporation owned of record and beneficially by such stockholder, any material interest of such stockholder in the matter proposed (other than as a stockholder), if applicable, and, in the case of a Nominee Holder, evidence establishing such Nominee Holder's indirect ownership of stock and entitlement to vote such stock on the matter proposed at the annual meeting. As used in these by-laws, shares "beneficially owned" shall mean all shares which such person is deemed to beneficially own pursuant to Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934 (the "Exchange Act"). If a stockholder is entitled to vote only for a specific class or category of directors at a meeting (annual or special), such stockholder's right to nominate one or more individuals for election as a director at the meeting shall be limited to such class or category of directors.

Notwithstanding any provision of this Section 1.11 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation at the next annual meeting of stockholders is increased by virtue of an increase in the size of the Board of Directors and either all of the nominees for director at the next annual meeting of stockholders or the size of the increased Board of Directors is not publicly announced or disclosed by the Corporation at least one hundred days prior to the first anniversary of the preceding year's annual meeting, a Stockholder Notice shall also be considered timely hereunder, but only with respect to nominees to stand for election at the next annual meeting as the result of any new positions created by such increase, if it shall be delivered to a Secretary at the principal executive office of the Corporation not later than the close of business on the tenth day following the first day on which all such nominees or the size of the increased Board of Directors shall have been publicly announced or disclosed.

(c) Except as provided in the immediately following sentence, no matter shall be properly brought before a special meeting of stockholders unless such matter shall have been brought before the meeting pursuant to the Corporation's notice of such meeting. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any stockholder entitled to vote for the election of such director(s) at such meeting may nominate a person or persons (as the case may be) for election to such position(s) as are specified in the Corporation's notice of such meeting, but only if the Stockholder Notice required by Section 1.11(b) hereof shall be delivered to a Secretary at the principal executive office of the Corporation not later than the close of business on the tenth day following the first day on which the date of the special meeting and either the names of all nominees proposed by the Board of Directors to be elected at such meeting or the number of directors to be elected shall have been publicly announced or disclosed.

(d) For purposes of this Section 1.11, a matter shall be deemed to have been "publicly announced or disclosed" if such matter is disclosed in a press release reported by the Dow Jones News Service, the Associated Press or a comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission.

(e) In no event shall the adjournment of an annual meeting or a special meeting, or any announcement thereof, commence a new period for the giving of notice as provided in this Section 1.11. This Section 1.11 shall not apply to (i) any stockholder proposal made pursuant to Rule 14a-8 under the Exchange Act or (ii) any nomination of a director in an election in which only the holders of one or more series of Preferred Stock of the Corporation issued pursuant to Article FOURTH of the certificate of incorporation are entitled to vote (unless otherwise provided in the terms of such stock).

(f) The chairman of any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall have the power and duty to determine whether notice of nominees and other matters proposed to be brought before a meeting has been duly given in the manner provided in this Section 1.11 and, if not so given, shall direct and declare at the meeting that such nominees and other matters shall not be considered.

Section 1.12. Approval of Stockholder Proposals. Except as otherwise required by law, any matter (other than a nomination for director) that has been properly brought before an annual or special meeting of stockholders of the Corporation by a stockholder (including a Nominee Holder) in compliance with the procedures set forth in Section 1.11 shall require for approval thereof the affirmative vote of the holders of not less than a majority of all outstanding shares of Common Stock of the Corporation and all other outstanding shares of stock of the Corporation entitled to vote on such matter, with such outstanding shares of Common Stock and other stock considered for this purpose as a single class. Any vote of stockholders required by this Section 1.12 shall be in addition to any other vote of stockholders of the Corporation that may be required by law, the certificate of incorporation or these by-laws, by any agreement with a national securities exchange or otherwise.

ARTICLE II

Board of Directors

Section 2.1. Powers; Number; Qualifications. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, except as may be otherwise required by law or provided in the certificate of incorporation. The number of directors of the Corporation shall be fixed only by resolution of the Board of Directors from time to time. If the holders of any class or classes of stock or series thereof are entitled by the certificate of incorporation to elect one or more directors, the preceding sentence shall not apply to such directors and the number of such directors shall be as provided in the terms of such stock. Directors need not be stockholders.

Section 2.2. Election; Term of Office; Vacancies. Directors elected at each annual meeting of stockholders shall hold office until the next annual meeting of stockholders, and until their successors are elected and qualified or until their earlier resignation or removal. Each director shall be elected by a majority of the votes cast for or against the director at any meeting for the election of directors, provided that if the number of director nominees exceeds the number of directors to be elected, the directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at any such meeting and entitled to vote on the election of directors. If an incumbent director is not elected, the director shall immediately tender his or her resignation to the

Board of Directors. Vacancies and newly created directorships resulting from any increase in the authorized number of directors (other than any directors elected in the manner described in the next sentence) or from any other cause shall be filled by, and only by, a majority of the directors then in office, although less than a quorum, or by the sole remaining director. Whenever the holders of any class or classes of stock or series thereof are entitled by the certificate of incorporation to elect one or more directors, vacancies and newly created directorships of such class or classes or series may be filled by, and only by, a majority of the directors elected by such class or classes or series then in office, or by the sole remaining director so elected. Any director elected or appointed to fill a vacancy or a newly created directorship shall hold office until the next annual meeting of stockholders, and until his or her successor is elected and qualified or until his or her earlier resignation or removal.

Section 2.3. Regular Meetings. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board may from time to time determine, and if so determined notice thereof need not be given.

Section 2.4. Special Meetings. Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the Board, by a Chairman of the Board, if any, by a Vice Chairman of the Board, if any, by a Chairperson of the Corporate Governance and Nominating Committee, if any, by a Chief Executive Officer, if any, by a President, if any, by a Chief Operating Officer, if any, or by any two directors. Reasonable notice thereof shall be given by the person or persons calling the meeting.

Section 2.5. Participation in Meetings by Conference Telephone Permitted. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the Board of Directors, or any committee designated by the Board, may participate in a meeting of the Board or of such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this by-law shall constitute presence in person at such meeting.

Section 2.6. Quorum; Vote Required for Action. At each meeting of the Board of Directors, one-half of the number of directors equal to (i) the total number of directors fixed by resolution of the board of directors (including any vacancies) plus (ii) the number of directors elected by a holder or holders of Preferred Stock voting separately as a class, as described in the fourth paragraph of Article EIGHTH of the certificate of incorporation (including any vacancies), shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board unless the certificate of incorporation or these by-laws shall require a vote of a greater number. In case at any meeting of the Board a quorum shall not be present, the members or a majority of the members of the Board present may adjourn the meeting from time to time until a quorum shall be present.

Section 2.7. Organization. Meetings of the Board of Directors shall be presided over by a Chairman of the Board, if any, or in the absence of a Chairman of the Board by a Vice Chairman of the Board, if any, or in the absence of a Vice Chairman of the Board, by a Chief Executive Officer, or in the absence of a Chief Executive Officer, by a President, or in the absence of a President, by a Chief Operating Officer, or in the absence of a Chief Operating Officer, by a chairman chosen at the meeting. A Secretary, or in the absence of a Secretary an Assistant Secretary, shall act as secretary of the meeting, but in the absence of a Secretary and any Assistant Secretary the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8. Action by Directors Without a Meeting. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or of such committee, as the case may be, then in office consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 2.9. Compensation of Directors. Unless otherwise restricted by the certificate of incorporation or these by-laws, the Board of Directors shall have the authority to fix the compensation of directors.

Section 2.10. Director Resignation and Removal. (a) Any director may resign at any time upon written notice to the Board of Directors or to a Chairman of the Board, a Vice Chairman of the Board, a Chief Executive Officer, a President, a Chief Operating Officer or a Secretary. Such resignation shall take effect at the time specified therein and, unless otherwise specified therein (and except for a resignation described in subsection (b) below), no acceptance of such resignation shall be necessary to make it effective. No director may be removed except as provided in the certificate of incorporation.

(b) In the case of a resignation required to be tendered under Section 2.2 of these by-laws, the Board of Directors will determine, through a process managed by the Corporate Governance and Nominating Committee and excluding the incumbent director in question, whether to accept the resignation at or before its next regularly scheduled Board meeting after the date of the meeting for the election of directors. Absent a significant reason for the director to remain on the Board of Directors, the Board shall accept the resignation. The Board's decision and an explanation of any determination not to accept the director's resignation shall be disclosed promptly in a Form 8-K filed with the United States Securities and Exchange Commission.

ARTICLE III

Committees

Section 3.1. Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors or in these by-laws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by law to be submitted to stockholders for approval or (ii) adopting, amending or repealing these by-laws.

Section 3.2. Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board may adopt, amend and repeal rules for the conduct of its business. In the absence of a provision by the Board or a provision in the rules of such committee to the contrary, a majority of the entire authorized number of members of such committee shall constitute a quorum for the transaction of business, the vote of a majority of the members present at a meeting at the time of such vote if a quorum is then present shall be the act of such committee, and in other respects each committee shall conduct its business in the same manner as the Board conducts its business pursuant to Article II of these by-laws.

ARTICLE IV

Officers

Section 4.1. Officers; Election or Appointment. The Board of Directors shall take such action as may be necessary from time to time to ensure that the Corporation has such officers as are necessary, under Section 5.1 of these by-laws and the Delaware General Corporation Law as currently in effect or as the same may hereafter be amended, to enable it to sign stock certificates. In addition, the Board of Directors at any time and from time to time may elect (i) one or more Chairmen of the Board and/or one or more Vice Chairmen of the Board from among its members, (ii) one or more Chief Executive Officers, one or more Presidents and/or one or more Chief Operating Officers, (iii) one or more Vice Presidents, one or more Treasurers and/or one or more Secretaries and/or (iv) one or more other officers, in the case of each of (i), (ii), (iii) and (iv) if and to the extent the Board deems desirable. The Board of Directors may give any officer such further designations or alternate titles as it considers desirable. In addition, the Board of Directors at any time and from time to time may authorize any officer of the Corporation to appoint one or more officers of the kind described in clauses (iii) and (iv) above. Any number of offices may be held by the same person and directors may hold any office unless the certificate of incorporation or these by-laws otherwise provide.

Section 4.2. Term of Office; Resignation; Removal; Vacancies. Unless otherwise provided in the resolution of the Board of Directors electing or authorizing the appointment of any officer, each officer shall hold office until his or her successor is elected or appointed and qualified or until his or her earlier resignation or removal. Any officer may resign at any time upon written notice to the Board or to such person or persons as the Board may designate. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein no acceptance of such resignation shall be necessary to make it effective. The Board may remove any officer with or without cause at any time. Any officer authorized by the Board to appoint a person to hold an office of the Corporation may also remove such person from such office with or without cause at any time, unless otherwise provided in the resolution of the Board providing such authorization. Any such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation, but the election or appointment of an officer shall not of itself create contractual rights. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled by the Board at any regular or special meeting or by an officer authorized by the Board to appoint a person to hold such office.

Section 4.3. Powers and Duties. The officers of the Corporation shall have such powers and duties in the management of the Corporation as shall be stated in these by-laws or in a resolution of the Board of Directors which is not inconsistent with these by-laws and, to the extent not so stated, as generally pertain to their respective offices, subject to the control of the Board. A Secretary or such other officer appointed to do so by the Board shall have the duty to record the proceedings of the meetings of the stockholders, the Board of Directors and any committees in a book to be kept for that purpose. The Board may require any officer, agent or employee to give security for the faithful performance of his or her duties.

ARTICLE V

Stock

Section 5.1. Certificates; Uncertificated Shares. The shares of stock in the Corporation shall be represented by certificates, provided that the Board of Directors of the Corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to any such shares represented by a certificate theretofore issued until such certificate is surrendered to the Corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by or in the name of the Corporation by a Chairman or Vice Chairman of the Board or a President or Vice President, and by a Treasurer, Assistant Treasurer, Secretary or Assistant Secretary, representing the number of shares of stock in the Corporation owned by such holder. If such certificate is manually signed by one officer or manually countersigned by a transfer agent or by a registrar, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. Certificates representing shares of stock of the Corporation may bear such legends regarding restrictions on transfer or other matters as any officer or officers of the Corporation may determine to be appropriate and lawful.

If the Corporation is authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise required by law, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of such class or series of stock and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated shares of any class or series of stock, the Corporation shall send to the registered owner thereof a written notice containing the information required by law to be set forth or stated on certificates representing shares of such class or series or a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of such class or series and the qualifications, limitations or restrictions of such preferences and/or rights.

Except as otherwise provided by law or these by-laws, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

Section 5.2. Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

ARTICLE VI

Miscellaneous

Section 6.1. Fiscal Year. The fiscal year of the Corporation shall be determined by the Board of Directors.

Section 6.2. Seal. The Corporation may have a corporate seal which shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors. The corporate seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 6.3. Waiver of Notice of Meetings of Stockholders, Directors and Committees. Whenever notice is required to be given by law or under any provision of the certificate of incorporation or these by-laws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice unless so required by the certificate of incorporation or these by-laws.

Section 6.4. Indemnification. The Corporation shall indemnify to the full extent permitted by law any person made or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person or such person's testator or intestate is or was a director or officer of the Corporation, is or was a director, officer, trustee, member, stockholder, partner, incorporator or liquidator of a Subsidiary of the Corporation, is or was a member of the Shareholders' Committee acting pursuant to the Amended and Restated Shareholders' Agreement, dated as of May 7, 1999, and amended as of June 22, 2004, among the Corporation and the Covered Persons listed on Appendix A thereto, as amended from time to time, or serves or served at the request of the Corporation as a director, officer, trustee, member, stockholder, partner, incorporator or liquidator of or in any other capacity for any other enterprise. Expenses, including attorneys' fees, incurred by any such person in defending any such action, suit or proceeding shall be paid or reimbursed by the Corporation promptly upon demand by such person and, if any such demand is made in advance of the final disposition of any such action, suit or proceeding, promptly upon receipt by the Corporation of an undertaking of such person to repay such expenses if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation. The rights provided to any person by this by-law shall be enforceable against the Corporation by such person, who shall be presumed to have relied upon it in serving or continuing to serve as a director or officer or in such other capacity as provided above. In addition, the rights provided to any person by this by-law shall survive the termination of such person as any such director, officer, trustee, member, stockholder, partner, incorporator or liquidator and, insofar as such person served at the request of the Corporation as a director, officer, trustee, member, stockholder, partner, incorporator or liquidator of or in any other capacity for any other enterprise, shall survive the termination of such request as to service prior to termination of such request. No amendment of this by-law shall impair the rights of any person arising at any time with respect to events occurring prior to such amendment.

Notwithstanding anything contained in this Section 6.4, except for proceedings to enforce rights provided in this Section 6.4, the Corporation shall not be obligated under this Section 6.4 to provide any indemnification or any payment or reimbursement of expenses to any director, officer or other person in connection with a proceeding (or part thereof) initiated by such person (which shall not include counterclaims or crossclaims initiated by others) unless the Board of Directors has authorized or consented to such proceeding (or part thereof) in a resolution adopted by the Board.

For purposes of this by-law, the term "Subsidiary" shall mean any corporation, partnership, limited liability company or other entity in which the Corporation owns, directly or indirectly, a majority of the economic or voting ownership interest; the term "other enterprise" shall include any corporation, partnership, limited liability company, joint venture, trust, association or other unincorporated organization or other entity and any employee benefit plan; the term "officer," when used with respect to the Corporation, shall refer to any officer elected by or appointed pursuant to authority granted by the Board of Directors of the Corporation pursuant to clauses (i), (ii), (iii) and (iv) of Section 4.1 of these by-laws, when used with respect to a Subsidiary or other enterprise that is a corporation, shall refer to any person elected or appointed pursuant to the by-laws of such Subsidiary or other enterprise or chosen in such manner as is prescribed by the by-laws of such Subsidiary or other enterprise or determined by the board of directors of such Subsidiary or other enterprise, and when used with respect to a Subsidiary or other enterprise that is not a corporation or is organized in a foreign jurisdiction, the term "officer" shall include in addition to any officer of such entity, any person serving in a similar capacity or as the manager of such entity; service "at the request of the Corporation" shall include service as a director or officer of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; any excise taxes assessed on a person with respect to an employee benefit plan shall be deemed to be indemnifiable expenses; and action by a person with respect to an employee benefit plan which such person reasonably believes to be in the interest of the participants and beneficiaries of such plan shall be deemed to be action not opposed to the best interests of the Corporation.

To the extent authorized from time to time by the Board of Directors, the Corporation may provide to (i) any one or more employees and other agents of the Corporation, (ii) any one or more officers, employees and other agents of any Subsidiary and (iii) any one or more directors, officers, employees and other agents of any other enterprise, rights of indemnification and to receive payment or reimbursement of expenses, including attorneys' fees, that are similar to the rights conferred in this Section 6.4 on directors and officers of the Corporation or any Subsidiary or other enterprise. Any such rights shall have the same force and effect as they would have if they were conferred in this Section 6.4.

Nothing in this Section 6.4 shall limit the power of the Corporation or the Board of Directors to provide rights of indemnification and to make payment and reimbursement of expenses, including attorneys' fees, to directors, officers, employees, agents and other persons otherwise than pursuant to this Section 6.4.

Section 6.5. Interested Directors; Quorum. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, limited liability company, joint venture, trust, association or other unincorporated organization or other entity in which one or more of its directors or officers serve as directors, officers, trustees or in a similar capacity or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or her or their votes are counted for such purpose, if: (i) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (ii) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by a vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 6.6. Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs, microphotographs or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect the same.

Section 6.7. Laws and Regulations; Close of Business. (a) For purposes of these by-laws, any reference to a statute, rule or regulation of any governmental body means such statute, rule or regulation (including any successor thereto) as the same may be amended from time to time.

(b) Any reference in these by-laws to the close of business on any day shall be deemed to mean 5:00 P.M. New York time on such day, whether or not such day is a business day.

Section 6.8. Amendment of By-Laws. These by-laws may be amended, modified or repealed, and new by-laws may be adopted at any time, by the Board of Directors. Stockholders of the Corporation may adopt additional by-laws and amend, modify or repeal any by-law whether or not adopted by them, but only in accordance with Article SIXTH of the certificate of incorporation.

The Goldman Sachs Group, Inc. | 85 Broad Street | New York, New York 10004

GOLDMAN SACHS REPORTS RECORD EARNINGS PER COMMON SHARE OF $19.69 FOR 2006

FOURTH QUARTER EARNINGS PER COMMON SHARE WERE $6.59

NEW YORK, December 12, 2006 — The Goldman Sachs Group, Inc. (NYSE: GS) today reported net revenues of $37.67 billion and net earnings of $9.54 billion for the year ended November 24, 2006. Diluted earnings per common share were $19.69, an increase of 76% compared with $11.21 for the year ended November 25, 2005. Return on average tangible common shareholders' equity (1) (ROTE) was 39.8% and return on average common shareholders' equity (ROE) was 32.8% for 2006.

Fourth quarter net revenues were $9.41 billion and net earnings were $3.15 billion. Diluted earnings per common share were $6.59 compared with $3.35 for the same 2005 quarter and $3.26 for the third quarter of 2006. Annualized ROTE (1) was 50.0% and annualized ROE was 41.5% for the fourth quarter.

Excluding non-cash expenses of $637 million related to the accounting for certain share-based awards under SFAS No. 123-R (2), net earnings for the year were $9.96 billion (2), diluted earnings per common share were $20.57 (2), ROTE (1) was 41.8% (2) and ROE was 34.4% (2). Excluding such non-cash expenses of $129 million for the fourth quarter, net earnings were $3.23 billion (2), diluted earnings per common share were $6.77 (2), annualized ROTE (1) was 51.7% (2) and annualized ROE was 42.8% (2).

Annual Business Highlights

- Goldman Sachs achieved record annual results in 2006, generating record net revenues, net earnings, diluted earnings per common share, ROTE (1) and ROE.
- The firm continued its leadership in investment banking, ranking first in worldwide announced and completed mergers and acquisitions, equity and equity-related offerings and public common stock offerings for the calendar year-to-date. (3)
- Investment Banking generated record net revenues of $5.63 billion, 5% higher than the previous record set in 2000.
- Fixed Income, Currency and Commodities (FICC) produced record net revenues of $14.26 billion, 60% higher than the previous record set in 2005.
- Equities generated record net revenues of $8.48 billion, 50% higher than the previous record set in 2005.
- Principal Investments achieved record net revenues of $2.82 billion.
- Asset Management achieved record net revenues of $4.29 billion. Assets under management increased $144 billion or 27% to a record $676 billion, with net asset inflows of $94 billion in 2006.
- Securities Services achieved record net revenues of $2.18 billion.

"We are very pleased with this year's performance," said Lloyd C. Blankfein, Chairman and Chief Executive Officer. "The breadth of our franchise, the diversity of our businesses and the performance of our people enabled us to serve our clients around the world."

Net Revenues

Investment Banking

Full Year

Net revenues in Investment Banking were $5.63 billion for the year, 53% higher than 2005. Net revenues in Financial Advisory were $2.58 billion, 35% higher than 2005, primarily reflecting strong growth in industry-wide completed mergers and acquisitions. Net revenues in the firm's Underwriting business were $3.05 billion, 73% higher than 2005. Net revenues were significantly higher in equity underwriting, reflecting increased client activity. Net revenues were also significantly higher in debt underwriting, primarily due to a significant increase in leveraged finance activity and, to a lesser extent, an increase in investment-grade activity. The firm's investment banking backlog at the end of 2006 was higher than at the end of 2005. [4]

Fourth Quarter

Net revenues in Investment Banking were $1.34 billion, 42% higher than the fourth quarter of 2005 and 4% higher than the third quarter of 2006. Net revenues in Financial Advisory were $627 million, 15% higher than the fourth quarter of 2005, reflecting increased client activity. Net revenues in the firm's Underwriting business were $717 million, 78% higher than the fourth quarter of 2005. Net revenues were significantly higher in debt underwriting, primarily due to an increase in leveraged finance and investment-grade activity, as well as in equity underwriting, primarily reflecting an increase in initial public offerings. The firm's investment banking backlog increased during the quarter. [4]

Trading and Principal Investments

Full Year

Net revenues in Trading and Principal Investments were $25.56 billion for the year, 52% higher than 2005.

Net revenues in FICC were $14.26 billion for the year, 60% higher than 2005, primarily due to significantly higher net revenues in credit products (which includes distressed investing) and commodities. In addition, net revenues were higher in interest rate products, currencies and mortgages. During 2006, the business operated in an environment characterized by strong customer-driven activity and favorable market opportunities. In addition, corporate credit spreads tightened, the yield curve flattened and volatility levels were generally low in interest rate and currency markets.

Net revenues in Equities were $8.48 billion for the year, 50% higher than 2005, primarily reflecting significantly higher net revenues in derivatives, across all regions, as well as higher net revenues in shares. The increase also reflected the contribution from the firm's insurance business, which was acquired in 2006. In addition, principal strategies performed well, although net revenues were lower than a particularly strong 2005. During 2006, Equities operated in a favorable environment characterized by strong customer-driven activity, generally higher equity prices and favorable market opportunities, although volatility levels were generally low.

Principal Investments recorded net revenues of $2.82 billion, reflecting a $937 million gain related to the firm's investment in the ordinary shares of Industrial and Commercial Bank of China Limited (ICBC), a $527 million gain related to the firm's investment in the convertible preferred stock of Sumitomo Mitsui Financial Group, Inc. (SMFG) and $1.35 billion in gains and overrides from other principal investments.

Fourth Quarter

Net revenues in Trading and Principal Investments were $6.63 billion, 57% higher than the fourth quarter of 2005 and 37% higher than the third quarter of 2006.

Net revenues in FICC were $3.10 billion, 58% higher than the fourth quarter of 2005, reflecting higher net revenues in credit products, commodities and, to a lesser extent, interest rate products. These increases were partially offset by significantly lower net revenues in currencies as well as lower net revenues in mortgages. During the quarter, FICC operated in an environment characterized by solid customer-driven activity, tightening corporate credit spreads and generally low volatility levels in interest rate and currency markets.

Net revenues in Equities were $2.13 billion, 52% higher than the fourth quarter of 2005, primarily reflecting higher net revenues in shares and derivatives. The increase also reflected the contribution from the firm's insurance business, which was acquired in 2006. Net revenues in principal strategies were essentially unchanged compared with the fourth quarter of 2005. During the quarter, Equities operated in a favorable environment characterized by rising equity prices and solid customer-driven activity.

Principal Investments recorded net revenues of $1.40 billion, reflecting a $949 million gain related to the firm's investment in ICBC, $528 million in gains and overrides, primarily from other corporate principal investments, and a $78 million loss related to the firm's investment in SMFG.

Asset Management and Securities Services

Full Year
Net revenues in Asset Management and Securities Services were $6.47 billion for the year, 36% higher than 2005.

Asset Management net revenues were $4.29 billion for the year, 45% higher than 2005, reflecting significantly higher management and other fees, principally due to strong growth in assets under management, and significantly higher incentive fees. During the year, assets under management increased $144 billion or 27% to $676 billion, reflecting non-money market net asset inflows of $77 billion, spread across all asset classes, money market net asset inflows of $17 billion [5], and market appreciation of $50 billion, primarily in equity and fixed income assets.

Securities Services net revenues were $2.18 billion, 22% higher than 2005, as the firm's prime brokerage business continued to generate strong results, primarily reflecting significantly higher global customer balances in securities lending and margin lending.

Fourth Quarter
Net revenues in Asset Management and Securities Services were $1.43 billion, 16% higher than the fourth quarter of 2005 and 2% lower than the third quarter of 2006.

Asset Management net revenues were $933 million, 19% higher than the fourth quarter of 2005. The increase was driven by significantly higher management and other fees, primarily due to growth in assets under management, partially offset by lower incentive fees. During the quarter, assets under management increased $47 billion or 7% to $676 billion, reflecting non-money market net asset inflows of $17 billion, spread across all asset classes, money market net asset inflows of $7 billion and market appreciation of $23 billion in equity and fixed income assets.

Securities Services net revenues were $496 million, 11% higher than the fourth quarter of 2005, as the firm's prime brokerage business continued to generate strong results, reflecting significantly higher global customer balances in securities lending and margin lending.

Expenses

Operating expenses were $23.11 billion for 2006, 36% higher than 2005.

Compensation and Benefits

Compensation and benefits expenses were $16.46 billion for 2006, 40% higher than 2005, primarily reflecting increased discretionary compensation due to higher net revenues, and increased employment levels. The ratio of compensation and benefits to net revenues for 2006 was 43.7% compared with 46.6% [6] for 2005. Employment levels increased 12% compared with the end of 2005, including 3% during the fourth quarter.

In the first quarter of 2006, the firm adopted SFAS No. 123-R, which requires that share-based awards granted to retirement-eligible employees be expensed in the year of grant. In addition to expensing current year awards, prior year awards must continue to be amortized over the relevant service period. Therefore, although there is no incremental economic cost to the firm, compensation and benefits in 2006 included both amortization of prior year awards as well as new awards granted to retirement-eligible employees for services rendered in 2006.

Compensation and benefits expenses in 2006 included $637 million in continued amortization of prior year awards held by employees that were retirement-eligible on the date of adoption of SFAS No. 123-R. This amount represented the majority of the expense to be recognized with respect to these awards. The ratio of compensation and benefits to net revenues, excluding the non-cash expenses of $637 million, was 42.0% (2) for 2006.

Beginning in the fourth quarter of 2006, "Cost of power generation" in the consolidated statements of earnings was reclassified to operating expenses. "Cost of power generation" was previously reported as a reduction to revenues. Prior periods have been reclassified to conform to the current presentation, with no impact to the firm's reported net earnings (6). The effect of this reclassification on the ratio of compensation and benefits to net revenues was to decrease the ratio by approximately 30 basis points and 60 basis points for 2006 and 2005, respectively.

Non-Compensation Expenses

Full Year

Non-compensation expenses were $6.65 billion for 2006, 28% higher than 2005. Excluding non-compensation expenses related to consolidated entities held for investment purposes (7), non-compensation expenses were 24% higher than 2005, primarily due to higher brokerage, clearing, exchange and distribution fees (8) in Equities and FICC, and increased other expenses (8), primarily due to costs related to the firm's insurance business, which was acquired in 2006. In addition, market development costs and professional fees were higher, reflecting increased levels of business activity, and occupancy expenses increased, primarily reflecting new office space and higher facility expenses.

Fourth Quarter

Non-compensation expenses were $1.92 billion, 31% higher than the fourth quarter of 2005 and 13% higher than the third quarter of 2006. Excluding non-compensation expenses related to consolidated entities held for investment purposes (7), the increase in non-compensation expenses compared with the fourth quarter of 2005 was primarily due to higher brokerage, clearing, exchange and distribution fees (8) in Equities and FICC, and increased other expenses (8), primarily due to costs related to the firm's insurance business, which was acquired in 2006. In addition, market development costs were higher, reflecting increased levels of business activity, and occupancy expenses increased, primarily due to new office space, higher facility expenses and $18 million of real estate exit costs.

Provision For Taxes

The effective income tax rate was 34.5% for 2006, up from 33.3% for the first nine months of 2006 and 32.0% for 2005. The increase in the effective income tax rate for 2006 compared with the first nine months of 2006 was primarily due to higher state and local taxes and a change in the geographic mix of earnings. The increase in the effective income tax rate for 2006 compared with 2005 was primarily related to a reduction in the impact of permanent benefits due to higher levels of earnings in 2006 and audit settlements in 2005.

Capital

As of November 24, 2006, total capital was $158.63 billion, consisting of $35.79 billion in total shareholders' equity (common equity of $32.69 billion and preferred stock of $3.10 billion) and $122.84 billion in unsecured long-term borrowings (9). Book value per common share was $72.62 based on common shares outstanding, including restricted stock units granted to employees with no future service requirements, of 450.1 million at year end. Tangible book value per common share was $61.47. (1)

The firm repurchased 50.2 million shares of its common stock at an average price of $155.64 per share, at a total cost of $7.82 billion during 2006, including 20.8 million shares of its common stock at an average price of $175.82 per share, at a total cost of $3.65 billion in the fourth quarter. The remaining share authorization under the firm's existing common stock repurchase program is 52.6 million shares.

Dividends

The Board of Directors of The Goldman Sachs Group, Inc. (the Board) declared a dividend of $0.35 per common share to be paid on February 22, 2007 to common shareholders of record on January 23, 2007. The Board also declared dividends of $391.28, $387.50, $391.28 and $386.17 per share of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, respectively (represented by depositary shares, each representing a 1/1000th interest in a share of preferred stock), to be paid on February 10, 2007 to preferred shareholders of record on January 26, 2007.

Goldman Sachs is a leading global investment banking, securities and investment management firm that provides a wide range of services worldwide to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. Founded in 1869, it is one of the oldest and largest investment banking firms. The firm is headquartered in New York and maintains offices in London, Frankfurt, Tokyo, Hong Kong and other major financial centers around the world.

Cautionary Note Regarding Forward-Looking Statements

This press release contains "forward-looking statements." These statements are not historical facts but instead represent only the firm's belief regarding future events, many of which, by their nature, are inherently uncertain and outside of the firm's control. It is possible that the firm's actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition 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, see "Risk Factors" in Part I, Item 1A of the firm's Annual Report on Form 10-K for the fiscal year ended November 25, 2005.

Statements about the firm's investment banking transaction backlog also may constitute forward-looking statements. Such statements are subject to the risk that the terms of these transactions may be modified or that they may not be completed at all; therefore, the net revenues that the firm expects to earn from these transactions may differ, possibly materially, from those currently expected. Important factors that could result in a modification of the terms of a transaction or a transaction not being completed include, in the case of underwriting transactions, a decline in general economic conditions, volatility in the securities markets generally or an adverse development with respect to the issuer of the securities and, in the case of financial advisory transactions, a decline in the securities markets, an adverse development with respect to a party to the transaction or a failure to obtain a required regulatory approval. For a discussion of other important factors that could adversely affect the firm's investment banking transactions, see "Risk Factors" in Part I, Item 1A of the firm's Annual Report on Form 10-K for the fiscal year ended November 25, 2005.

Conference Call

A conference call to discuss the firm's results, outlook and related matters will be held at 11:00 am (ET). The call will be open to the public. Members of the public who would like to listen to the conference call should dial 1-888-281-7154 (U.S. domestic) and 1-706-679-5627 (international). The number should be dialed at least 10 minutes prior to the start of the conference call. The conference call will also be accessible as an audio webcast through the Investor Relations section of the firm's Web site, *www.gs.com/our_firm/investor_relations/*. There is no charge to access the call. For those unable to listen to the live broadcast, a replay will be available on the firm's Web site or by dialing 1-800-642-1687 (U.S. domestic) or 1-706-645-9291 (international) passcode number 4464784, beginning approximately two hours after the event. Please direct any questions regarding obtaining access to the conference call to Goldman Sachs Investor Relations, via e-mail, at gs-investor-relations@gs.com.

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
SEGMENT NET REVENUES
(UNAUDITED)
$ in millions

	Year Ended		% Change From
	Nov. 24, 2006	**Nov. 25, 2005**	**Nov. 25, 2005**
Investment Banking			
Financial Advisory	**$ 2,580**	$ 1,905	35%
Equity underwriting	**1,365**	704	94
Debt underwriting	**1,684**	1,062	59
Total Underwriting	**3,049**	1,766	73
Total Investment Banking	**5,629**	3,671	53
Trading and Principal Investments			
FICC (6)	**14,262**	8,940	60
Equities trading	**4,965**	2,675	86
Equities commissions	**3,518**	2,975	18
Total Equities	**8,483**	5,650	50
SMFG	**527**	1,475	(64)
ICBC	**937**	—	N.M.
Other corporate and real estate gains and losses	**949**	569	67
Overrides	**404**	184	120
Total Principal Investments	**2,817**	2,228	26
Total Trading and Principal Investments	**25,562**	16,818	52
Asset Management and Securities Services			
Management and other fees	**3,332**	2,629	27
Incentive fees	**962**	327	194
Total Asset Management	**4,294**	2,956	45
Securities Services	**2,180**	1,793	22
Total Asset Management and Securities Services	**6,474**	4,749	36
Total net revenues	**$ 37,665**	$ 25,238	49

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
SEGMENT NET REVENUES
(UNAUDITED)
$ in millions

	Three Months Ended			% Change From	
	Nov. 24, 2006	**Aug. 25, 2006**	**Nov. 25, 2005**	**Aug. 25, 2006**	**Nov. 25, 2005**
Investment Banking					
Financial Advisory	**$ 627**	$ 609	$ 546	3%	15%
Equity underwriting	**330**	270	205	22	61
Debt underwriting	**387**	409	197	(5)	96
Total Underwriting	**717**	679	402	6	78
Total Investment Banking	**1,344**	1,288	948	4	42
Trading and Principal Investments					
FICC (6)	**3,104**	2,860	1,967	9	58
Equities trading	**1,235**	707	602	75	105
Equities commissions	**896**	844	800	6	12
Total Equities	**2,131**	1,551	1,402	37	52
SMFG	**(78)**	261	723	N.M.	N.M.
ICBC	**949**	(8)	—	N.M.	N.M.
Other corporate and real estate gains and losses	**323**	142	109	127	196
Overrides	**205**	35	20	N.M.	N.M.
Total Principal Investments	**1,399**	430	852	N.M.	64
Total Trading and Principal Investments	**6,634**	4,841	4,221	37	57
Asset Management and Securities Services					
Management and other fees	**910**	822	682	11	33
Incentive fees	**23**	96	105	(76)	(78)
Total Asset Management	**933**	918	787	2	19
Securities Services	**496**	537	447	(8)	11
Total Asset Management and Securities Services	**1,429**	1,455	1,234	(2)	16
Total net revenues	**$ 9,407**	$ 7,584	$ 6,403	24	47

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)
In millions, except per share amounts

	Year Ended		% Change From
	Nov. 24, 2006	Nov. 25, 2005	Nov. 25, 2005
Revenues			
Investment banking	**$ 5,613**	$ 3,599	56%
Trading and principal investments	**24,027**	15,452	55
Asset management and securities services	**4,527**	3,090	47
Interest income	**35,186**	21,250	66
Total revenues	**69,353**	43,391	60
Interest expense	**31,688**	18,153	75
Revenues, net of interest expense (6)	**37,665**	25,238	49
Operating expenses			
Compensation and benefits (6)	**16,457**	11,758	40
Brokerage, clearing, exchange and distribution fees (8)	**1,985**	1,416	40
Market development	**492**	378	30
Communications and technology	**544**	490	11
Depreciation and amortization	**521**	501	4
Amortization of identifiable intangible assets	**173**	124	40
Occupancy	**850**	728	17
Professional fees	**545**	475	15
Cost of power generation (6)	**406**	386	5
Other expenses (8)	**1,132**	709	60
Total non-compensation expenses	**6,648**	5,207	28
Total operating expenses	**23,105**	16,965	36
Pre-tax earnings	**14,560**	8,273	76
Provision for taxes	**5,023**	2,647	90
Net earnings	**9,537**	5,626	70
Preferred stock dividends	**139**	17	N.M.
Net earnings applicable to common shareholders	**$ 9,398**	$ 5,609	68
Earnings per common share			
Basic	**$ 20.93**	$ 11.73	78%
Diluted	**19.69**	11.21	76
Diluted, excluding the impact of the continued amortization of prior year share-based awards in 2006 (2)	**20.57**	11.21	83
Average common shares outstanding			
Basic	**449.0**	478.1	(6)
Diluted	**477.4**	500.2	(5)
Selected Data			
Ratio of compensation and benefits to net revenues (6)	**43.7%**	46.6%	
Ratio of compensation and benefits to net revenues, excluding the impact of the continued amortization of prior year share-based awards in 2006 (2) (6)	**42.0**	46.6	

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)
In millions, except per share amounts and employees

	Three Months Ended			% Change From	
	Nov. 24, 2006	**Aug. 25, 2006**	**Nov. 25, 2005**	**Aug. 25, 2006**	**Nov. 25, 2005**
Revenues					
Investment banking	**$ 1,337**	$ 1,285	$ 932	4%	43%
Trading and principal investments	**6,051**	4,368	3,907	39	55
Asset management and securities services	**982**	975	820	1	20
Interest income	**9,756**	9,351	6,486	4	50
Total revenues	**18,126**	15,979	12,145	13	49
Interest expense	**8,719**	8,395	5,742	4	52
Revenues, net of interest expense (6)	**9,407**	7,584	6,403	24	47
Operating expenses					
Compensation and benefits (6)	**2,505**	3,530	2,458	(29)	2
Brokerage, clearing, exchange and distribution fees (8)	**571**	523	403	9	42
Market development	**154**	117	110	32	40
Communications and technology	**148**	141	125	5	18
Depreciation and amortization	**143**	126	130	13	10
Amortization of identifiable intangible assets	**45**	50	31	(10)	45
Occupancy	**237**	221	194	7	22
Professional fees	**178**	135	153	32	16
Cost of power generation (6)	**98**	101	99	(3)	(1)
Other expenses (8)	**343**	278	221	23	55
Total non-compensation expenses	**1,917**	1,692	1,466	13	31
Total operating expenses	**4,422**	5,222	3,924	(15)	13
Pre-tax earnings	**4,985**	2,362	2,479	111	101
Provision for taxes	**1,833**	768	847	139	116
Net earnings	**3,152**	1,594	1,632	98	93
Preferred stock dividends	**48**	39	8	N.M.	N.M.
Net earnings applicable to common shareholders	**$ 3,104**	$ 1,555	$ 1,624	100	91
Earnings per common share					
Basic	**$ 7.06**	$ 3.46	$ 3.53	104%	100%
Diluted	**6.59**	3.26	3.35	102	97
Diluted, excluding the impact of the continued amortization of prior year share-based awards in 2006 (2)	**6.77**	3.45	3.35	96	102
Average common shares outstanding					
Basic	**439.8**	449.4	459.4	(2)	(4)
Diluted	**470.7**	477.4	485.2	(1)	(3)
Selected Data					
Employees at period end (10) (11)	**26,467**	25,647	23,623	3	12
Ratio of compensation and benefits to net revenues (6)	**26.6%**	46.5%	38.4%		
Ratio of compensation and benefits to net revenues, excluding the impact of the continued amortization of prior year share-based awards in 2006 (2) (6)	**25.3**	44.8	38.4		

NON-COMPENSATION EXPENSES
(UNAUDITED)
$ in millions

	Year Ended		% Change From
	Nov. 24, 2006	**Nov. 25, 2005**	**Nov. 25, 2005**
Non-compensation expenses of consolidated investments (7)	**$ 501**	$ 265	89%
Non-compensation expenses excluding consolidated investments			
Brokerage, clearing, exchange and distribution fees (8)	**1,985**	1,416	40
Market development	**461**	361	28
Communications and technology	**537**	487	10
Depreciation and amortization	**444**	467	(5)
Amortization of identifiable intangible assets	**169**	124	36
Occupancy	**738**	674	9
Professional fees	**534**	468	14
Cost of power generation (6)	**406**	386	5
Other expenses (8)	**873**	559	56
Subtotal	**6,147**	4,942	24
Total non-compensation expenses, as reported	**$ 6,648**	$ 5,207	28

	Three Months Ended			% Change From	
	Nov. 24, 2006	**Aug. 25, 2006**	**Nov. 25, 2005**	**Aug. 25, 2006**	**Nov. 25, 2005**
Non-compensation expenses of consolidated investments (7)	**$ 130**	$ 153	$ 101	(15)%	29%
Non-compensation expenses excluding consolidated investments					
Brokerage, clearing, exchange and distribution fees (8)	**571**	523	403	9	42
Market development	**148**	108	103	37	44
Communications and technology	**146**	139	124	5	18
Depreciation and amortization	**119**	103	113	16	5
Amortization of identifiable intangible assets	**43**	48	31	(10)	39
Occupancy	**210**	188	166	12	27
Professional fees	**176**	132	150	33	17
Cost of power generation (6)	**98**	101	99	(3)	(1)
Other expenses (8)	**276**	197	176	40	57
Subtotal	**1,787**	1,539	1,365	16	31
Total non-compensation expenses, as reported	**$ 1,917**	$ 1,692	$ 1,466	13	31

THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES
SELECTED FINANCIAL DATA
(UNAUDITED)

Average Daily VaR [12]
$ in millions

	Three Months Ended			Twelve Months Ended	
	Nov. 24, 2006	Aug. 25, 2006	Nov. 25, 2005	Nov. 24, 2006	Nov. 25, 2005
Risk Categories					
Interest rates	**$ 51**	$ 55	$ 45	**$ 49**	$ 37
Equity prices	**75**	61	44	**72**	34
Currency rates	**14**	21	15	**21**	17
Commodity prices	**29**	31	25	**30**	26
Diversification effect [13]	**(63)**	(76)	(49)	**(71)**	(44)
Total	**$ 106**	$ 92	$ 80	**$ 101**	$ 70

Assets Under Management [14]
$ in billions

	As of			% Change From	
	Nov. 30, 2006	Aug. 31, 2006	Nov. 30, 2005	Aug. 31, 2006	Nov. 30, 2005
Alternative investments	**$ 145**	$ 139	$ 110	4%	32%
Equity	**215**	193	167	11	29
Fixed income	**198**	186	154	6	29
Total non-money market assets	**558**	518	431	8	29
Money markets	**118**	111	101	6	17
Total assets under management	**$ 676**	$ 629	$ 532	7	27

	Three Months Ended			Year Ended	
	Nov. 30, 2006	Aug. 31, 2006	Nov. 30, 2005	Nov. 30, 2006	Nov. 30, 2005
Balance, beginning of period	**$ 629**	$ 593	$ 520	**$ 532**	$ 452
Net asset inflows / (outflows)					
Alternative investments	**6**	13	2	**32**	11
Equity	**4**	4	4	**16**	25
Fixed income	**7**	10	(1)	**29**	16
Total non-money market net asset inflows / (outflows)	**17**	27	5	**77**	52
Money markets	**7**	3 [5]	3	**17** [5]	11
Total net asset inflows / (outflows)	**24**	30	8	**94**	63
Net market appreciation / (depreciation)	**23**	6	4	**50**	17
Balance, end of period	**$ 676**	$ 629	$ 532	**$ 676**	$ 532

Principal Investments
$ in millions

	As of November 24, 2006		
	Corporate	Real Estate	Total
Private	$ 2,741	$ 555	**$ 3,296**
Public	934	33	**967**
Subtotal	3,675	588	**4,263**
SMFG convertible preferred stock [15]	4,505	—	**4,505**
ICBC ordinary shares [16]	5,194	—	**5,194**

Total	**$ 13,374**	**$ 588**	**$ 13,962**

Footnotes

(1) Tangible common shareholders' equity equals total shareholders' equity less preferred stock, goodwill and identifiable intangible assets, excluding power contracts. The firm does not deduct power contracts because, unlike other intangible assets, less than 50% of these assets are supported by common shareholders' equity. In the fourth quarter of 2006, management amended its calculation of tangible common shareholders' equity to deduct insurance-related intangible assets (value of business acquired (VOBA) and deferred acquisition costs (DAC)) from total shareholders' equity, because more than 50% of these assets are supported by common shareholders' equity. Prior periods have been restated to conform to the current period presentation.

Management believes that ROTE is meaningful because it measures the performance of businesses consistently, whether they were acquired or developed internally. ROTE is computed by dividing net earnings (or annualized net earnings for annualized ROTE) applicable to common shareholders by average monthly tangible common shareholders' equity.

The following table sets forth a reconciliation of total shareholders' equity to tangible common shareholders' equity:

	Average for the		As of
	Year Ended November 24, 2006	Three Months Ended November 24, 2006	November 24, 2006
	(unaudited, $ in millions)		
Total shareholders' equity	$ 31,048	$ 33,034	$ 35,786
Preferred stock	(2,400)	(3,100)	(3,100)
Common shareholders' equity	28,648	29,934	32,686
Goodwill and identifiable intangible assets, excluding power contracts	(5,013)	(5,089)	(5,019)
Tangible common shareholders' equity	$ 23,635	$ 24,845	$ 27,667

(2) Statement of Financial Accounting Standards (SFAS) No. 123-R, "Share-Based Payment," focuses primarily on accounting for transactions in which an entity obtains employee services in exchange for share-based payments. In the first quarter of 2006, the firm adopted SFAS No. 123-R, which requires that share-based awards granted to retirement-eligible employees be expensed in the year of grant. In addition to expensing current year awards, prior year awards must continue to be amortized over the relevant service period. Therefore, compensation and benefits expenses in 2006 included (and, to a lesser extent, 2007 and 2008 will include) both amortization of prior year awards and new awards granted to retirement-eligible employees. Management believes that presenting the firm's results excluding the impact of the continued amortization of prior year share-based awards granted to retirement-eligible employees increases the comparability of period-to-period operating results and allows for a more meaningful representation of the relationship of current period compensation to net revenues.

The following tables set forth a reconciliation of net earnings, diluted earnings per common share, common shareholders' equity and the ratio of compensation and benefits to net revenues, as reported, to these items excluding the impact of the continued amortization of prior year share-based awards granted to retirement-eligible employees:

	Year Ended	Three Months Ended	
	November 24, 2006	November 24, 2006	August 25, 2006
	(unaudited, $ in millions)		
Net earnings	$ 9,537	$ 3,152	$ 1,594
Impact of the continued amortization of prior year share-based awards, net of tax	421	81	90
Net earnings, excluding the impact of the continued amortization of prior year share-based awards	9,958	3,233	1,684
Preferred stock dividends	(139)	(48)	(39)
Net earnings applicable to common shareholders, excluding the impact of the continued amortization of prior year share-based awards	$ 9,819	$ 3,185	$ 1,645

	Year Ended	Three Months Ended	
	November 24, 2006	November 24, 2006	August 25, 2006
	(unaudited)		
Diluted earnings per common share	$ 19.69	$ 6.59	$ 3.26
Impact of the continued amortization of prior year share-based awards, net of tax	0.88	0.18	0.19
Diluted earnings per common share, excluding the impact of the continued amortization of prior year share-based awards	$ 20.57	$ 6.77	$ 3.45

Footnotes (continued)

	Average for the Year Ended November 24, 2006	Average for the Three Months Ended November 24, 2006	Average for the Three Months Ended August 25, 2006
	(unaudited, $ in millions)		
Total shareholders' equity	$ 31,048	$ 33,034	$ 32,618
Preferred stock	(2,400)	(3,100)	(2,850)
Common shareholders' equity	28,648	29,934	29,768
Impact of the continued amortization of prior year share-based awards, net of tax	(122)	(192)	(147)
Common shareholders' equity, excluding the impact of the continued amortization of prior year share-based awards	28,526	29,742	29,621
Goodwill and identifiable intangible assets, excluding power contracts (see footnote 1 above)	(5,013)	(5,089)	(5,094)
Tangible common shareholders' equity (see footnote 1 above), excluding the impact of the continued amortization of prior year share-based awards	$ 23,513	$ 24,653	$ 24,527

	Year Ended November 24, 2006	Three Months Ended November 24, 2006	Three Months Ended August 25, 2006
	(unaudited, $ in millions)		
Compensation and benefits	$ 16,457	$ 2,505	$ 3,530
Impact of the continued amortization of prior year share-based awards	(637)	(129)	(133)
Compensation and benefits, excluding the impact of the continued amortization of prior year share-based awards	$ 15,820	$ 2,376	$ 3,397
Total net revenues	$ 37,665	$ 9,407	$ 7,584
Ratio of compensation and benefits to net revenues, excluding the impact of the continued amortization of prior year share-based awards	42.0%	25.3%	44.8%

The firm's ratio of compensation and benefits to net revenues, excluding the impact of the continued amortization of prior year share-based awards, is computed by dividing compensation and benefits, excluding the impact of the continued amortization of prior year share-based awards, by net revenues.

(3) Thomson Financial — January 1, 2006 through November 24, 2006.

(4) The firm's investment banking backlog represents an estimate of future net revenues from investment banking transactions where management believes that future revenue realization is more likely than not.

(5) Includes the transfer of $8 billion for the three months ended August 31, 2006 and for the year ended November 30, 2006, of money market assets under management to interest-bearing deposits at Goldman Sachs Bank USA, a wholly owned subsidiary of The Goldman Sachs Group, Inc. These deposits are not included in assets under management.

(6) Beginning in the fourth quarter of 2006, "Cost of power generation" in the consolidated statements of earnings was reclassified to operating expenses. "Cost of power generation" was previously reported as a reduction to revenues. Compensation and benefits includes direct payroll costs associated with the firm's consolidated power generation operations and cost of power generation includes the other direct costs associated with these power generation facilities and related contractual assets (e.g., fuel, operations, maintenance, depreciation and amortization). In the segment net revenue tables, this reclassification increased "Trading and Principal Investments — FICC" net revenues. Prior periods have been reclassified to conform to the current presentation, with no impact to the firm's reported net earnings. The effect of this reclassification increased operating expenses as follows:

	Year Ended			Three Months Ended				
	Nov. 24, 2006	Nov. 25, 2005	Nov. 26, 2004	Nov. 24, 2006	Aug. 25, 2006	May 26, 2006	Feb. 24, 2006	Nov. 25, 2005
	(unaudited, $ in millions)							
Compensation and benefits	$ 78	$ 70	$ 29	$ 23	$ 20	$ 22	$ 13	$ 18
Cost of power generation	406	386	372	98	101	122	85	99
Total	$ 484	$ 456	$ 401	$ 121	$ 121	$ 144	$ 98	$ 117

Footnotes (continued)

(7) Consolidated entities held for investment purposes includes entities that are held strictly for capital appreciation, have a defined exit strategy and are engaged in activities that are not closely related to the firm's principal businesses. For example, these investments include consolidated entities that hold real estate assets, such as golf courses and hotels in Asia, but exclude investments in entities that primarily hold financial assets. Management believes that it is meaningful to review non-compensation expenses excluding expenses related to these consolidated entities in order to evaluate trends in non-compensation expenses related to the firm's principal business activities.

(8) Beginning in the fourth quarter of 2006, third party research and brokerage fees and asset management sales and distribution fees have been reclassified from other expenses to brokerage, clearing, exchange and distribution fees in the consolidated statements of earnings. Prior periods have been reclassified to conform to the current presentation.

(9) Beginning in November 2006, secured borrowings have been reclassified to collateralized financings, a new caption in the consolidated statement of financial condition. Secured long-term borrowings are no longer included within total capital.

(10) Excludes 3,868, 9,901 and 7,382 employees as of November 2006, August 2006 and November 2005, respectively, of consolidated entities held for investment purposes. Compensation and benefits includes $64 million, $83 million and $60 million for the three months ended November 24, 2006, August 25, 2006 and November 25, 2005, respectively, attributable to these consolidated entities.

(11) Beginning in 2006, includes 1,326 and 1,281 employees as of November 2006 and August 2006, respectively, of Goldman Sachs' consolidated property management and loan servicing subsidiaries. November 2005 has been restated to conform to the current presentation and includes 1,198 employees.

(12) VaR is the potential loss in value of Goldman Sachs' trading positions due to adverse market movements over a one-day time horizon with a 95% confidence level. The modeling of the risk characteristics of the firm's trading positions involves a number of assumptions and approximations. While management believes that these assumptions and approximations are reasonable, there is no standard methodology for estimating VaR, and different assumptions and/or approximations could produce materially different VaR estimates. For a further discussion of the calculation of VaR, see Part II, Item 7A "Quantitative and Qualitative Disclosures About Market Risk" in the firm's Annual Report on Form 10-K for the year ended November 25, 2005 and in Part I, Item 3 "Quantitative and Qualitative Disclosures About Market Risk" in the firm's Quarterly Report on Form 10-Q for the quarter ended August 25, 2006.

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

(14) In the first quarter of 2006, the methodology for classifying certain non-money market assets was changed. The changes were primarily to reclassify certain assets allocated to external investment managers out of alternative investment assets and to reclassify currency funds into alternative investment assets. The changes did not impact total assets under management and prior periods have been reclassified to conform to the current presentation. Substantially all assets under management are valued as of calendar month end.

(15) Excludes an economic hedge on the unrestricted shares of common stock underlying the investment. As of November 24, 2006, the fair value of this hedge was $3.07 billion. Includes the effect of foreign exchange revaluation on the investment, for which the firm also maintains an economic hedge.

(16) Includes economic interests of $3.28 billion as of November 24, 2006 assumed by investment funds managed by Goldman Sachs.