

Goldman Sachs Statement on SEC Settlement

15 July 2010

Goldman, Sachs & Co., the broker-dealer, has agreed to a settlement with the U.S. Securities and Exchange Commission to resolve the SEC's pending case against the firm relating to disclosures in the ABACUS 2007-AC1 CDO offering. The settlement is subject to the approval of the United States Court for the Southern District of New York.

The firm entered into the settlement without admitting or denying the SEC's allegations. As part of the settlement, however, we acknowledged "that the marketing materials for the ABACUS 2007-ACI transaction contained incomplete information. In particular, it was a mistake for the Goldman marketing materials to state that the reference portfolio was 'selected by' ACA Management LLC without disclosing the role of Paulson & Co. Inc. in the portfolio selection process and that Paulson's economic interests were adverse to CDO investors. Goldman regrets that the marketing materials did not contain that disclosure."

We believe that this settlement is the right outcome for our firm, our shareholders and our clients. We understand that the SEC staff also has completed a review of a number of other Goldman Sachs mortgage-related CDO transactions and does not anticipate recommending any claims against Goldman Sachs or any of its employees with respect to those transactions based on the materials it has reviewed. We recognize that, as is always the case, the SEC has reserved the right to reopen those matters based on new information.