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## Goldman Sachs Announces Compensation Changes

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By Editor Test     *Wed, Dec 16, 2009*

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*The 30 members of the firm's management committee will receive all of their discretionary compensation in shares whose sales are restricted for five years.*

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The board of directors of Goldman Sachs Group, Inc., last Thursday approved changes to its compensation practices for 2009. According to a release on the company's website:

- The 30 members of the firm's management committee, including global divisional and regional leaders, will receive 100% of their discretionary compensation in "Shares at Risk," which are restricted for five years. Discretionary compensation represents "the vast majority" of senior management's compensation and is directly tied to the firm's overall performance.
- Shares at Risk cannot be sold for five years, in addition to other restrictions. The five-year holding period includes an enhanced recapture provision that will permit the firm to recapture the shares if the employee engaged in materially improper risk analysis or failed sufficiently to raise concerns about risks.
- The enhanced recapture rights build off an existing clawback mechanism which includes any conduct that is detrimental to the firm, including conduct resulting in a material restatement of the financial statements or material financial harm to the firm or one of its business units.
- Shareholders will have an advisory vote on the firm's compensation principles and the compensation of its named executive officers at the firm's Annual Meeting of Shareholders in 2010.

In a statement, chairman and CEO Lloyd C. Blankfein said, "The measures that we are announcing today reflect the compensation principles that we articulated at our shareholders' meeting in May. We believe our compensation policies are the strongest in our industry and ensure that compensation accurately reflects the firm's performance and incentivizes behavior that is in the public's and our shareholders' best interests.

"In addition, by subjecting our compensation principles and executive compensation to a shareholder advisory vote, we are further strengthening our dialogue with shareholders on the important issue of compensation."

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