



THE GOLDMAN SACHS GROUP, INC.
85 Broad Street
New York, New York 10004

March 19, 2007

Dear Shareholder:

Enclosed please find supplemental proxy material relating to our 2007 Annual Meeting of Shareholders. In particular, your attention is directed to an additional shareholder proposal with respect to stock options. The additional shareholder proposal will be considered with the other matters scheduled for consideration at our March 27, 2007 Annual Meeting of Shareholders; however, in order to allow you additional time to consider this proposal, we will hold the polls open for voting on this matter until 10:00 a.m., April 11, 2007. On all the other matters, your Internet or telephone or proxy card vote must be received by 11:59 p.m., March 26, 2007.

Your vote is very important to us.

Sincerely,

A handwritten signature in black ink, appearing to read "Lloyd C. Blankfein", written in a cursive style.

Lloyd C. Blankfein
Chairman and Chief Executive Officer

The Goldman Sachs Group, Inc.
2007 Annual Meeting Supplemental Proxy Material

Additional Shareholder Proposal

Item 5. Shareholder Proposal Regarding Stock Options

In accordance with the rules of the Securities and Exchange Commission, we have set forth below a shareholder proposal, along with the supporting statement of the shareholder proponent, for which Goldman Sachs and the Board of Directors accept no responsibility. The shareholder proposal is required to be voted upon at the Annual Meeting only if properly presented at the Annual Meeting. As explained below, the Board of Directors unanimously recommends that you vote AGAINST the shareholder proposal.

Mrs. Evelyn Y. Davis, Suite 215, Watergate Office Building, 2600 Virginia Avenue, N.W., Washington, D.C. 20037, record owner of 200 common shares, has advised us that she intends to present the proposal and related supporting statement at the Annual Meeting.

RESOLVED: "That the Board of Directors take the necessary steps so that NO future NEW stock options are awarded to ANYONE, nor that any current stock options are repriced or renewed (unless there was a contract to do so on some)."

REASONS: "Stock option awards have gone out of hand in recent years, and some analysts MIGHT inflate earnings estimates, because earnings affect stock prices and stock options."

There are other ways to "reward" executives and other employees, including giving them actual STOCK instead of options.

Recent scandals involving CERTAIN financial institutions have pointed out how analysts CAN manipulate earnings estimates and stock prices.

"If you AGREE, please vote YOUR proxy FOR this resolution."

Directors' Recommendation

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE AGAINST THE SHAREHOLDER PROPOSAL.

The Board of Directors believes the foregoing proposal, which calls for a complete ban on any future stock option grants to Goldman Sachs employees, is unduly restrictive and potentially harmful to Goldman Sachs.

The Board of Directors believes that Goldman Sachs' existing compensation program is appropriately structured, and that Goldman Sachs should continue to have the ability to grant stock options to Goldman Sachs employees and directors, as one form of compensation. The Board of Directors believes that stock options, as an element of compensation, can align the interests of management with the interests of Goldman Sachs' shareholders. Completely eliminating stock options as an element of compensation would be inconsistent with compensation practices followed by companies with which Goldman Sachs competes for talent and could place Goldman Sachs at a disadvantage in retaining, motivating and recruiting employees.

The Board of Directors unanimously recommends a vote AGAINST the shareholder proposal. Unless a contrary choice is specified, proxies solicited by the Board of Directors will be voted AGAINST the shareholder proposal.

Revised Proxy Card

Enclosed is a revised proxy card. This proxy card covers the four proposals covered by the proxy card distributed with our February 21, 2007 Proxy Statement and adds the Additional Shareholder Proposal. If you wish to vote on the Additional Shareholder Proposal you must execute and deliver the enclosed proxy card (or follow the instructions to vote by Internet or telephone). **Signing and submitting this new proxy card will revoke any prior proxy in its entirety if submitted prior to 11:59 p.m. on March 26, 2007, so if you submit the proxy card (or vote by Internet or telephone) prior to 11:59 p.m. on March 26, 2007 and you wish to vote on Proposals 1 through 4, you should mark the proxy card in the appropriate place (or follow the instructions to vote by Internet or telephone) to indicate your vote, even if you submitted a proxy previously.**

Additional Time to Consider the Additional Shareholder Proposal

We will vote on all proposals covered by our February 21, 2007 Proxy Statement, as well as the Additional Shareholder Proposal, at our Annual Meeting of Shareholders on March 27, 2007, in each case if such proposals are properly presented. With respect to the Additional Shareholder Proposal, the polls will remain open until 10:00 a.m. on April 11, 2007 in order to give you additional time to consider this matter. We will announce at the March 27 Annual Meeting of Shareholders the location of the reconvened meeting. In addition to being able to vote on the Additional Shareholder Proposal by Internet, telephone or proxy card or in person at the March 27 Annual Meeting of Shareholders, you will also have the opportunity to vote on that proposal in person at the reconvened meeting.

Proxies received after 11:59 p.m. on March 26, 2007 will not be voted on any matter other than the Additional Shareholder Proposal and will not revoke any prior proxy as to any matter other than the Additional Shareholder Proposal. In order to vote with respect to the Additional Shareholder Proposal, proxies must be received prior to 11:59 p.m. on April 10, 2007.

Recent Development

Executive Compensation Litigation

On March 16, 2007, The Goldman Sachs Group, Inc., its board of directors, executive officers and members of its management committee were named as defendants in a purported shareholder derivative action in the U.S. District Court for the Eastern District of New York challenging the sufficiency of the firm's February 21, 2007 Proxy Statement and the compensation of certain employees. The complaint generally alleges that the Proxy Statement undervalues stock option awards disclosed therein, that the recipients received excessive awards because the proper methodology was not followed, and that the firm's senior management received excessive compensation, constituting corporate waste. The complaint seeks, among other things, an injunction against the 2007 Annual Meeting of Shareholders, the voiding of any election of directors in the absence of an injunction and an equitable accounting for the allegedly excessive compensation.

The plaintiff in this litigation is unrelated to Mrs. Evelyn Y. Davis, the proponent of the Additional Shareholder Proposal discussed above. Mrs. Davis has nothing to do with this litigation whatsoever.

This Supplemental Proxy Material is dated March 19, 2007 and is first being mailed to shareholders on or about March 19, 2007.