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CONGRESSIONAL OVERSIGHT PANEL

SUMMARY OF REQUESTS FOR INFORMATION FROM GOLDMAN SACHS

The Congressional Oversight Panel has made several requests for information from Goldman Sachs & Co. during the course of the Panel's investigation into the collapse and subsequent government rescue of American International Group (AIG).

Summary of Correspondence

The following is a chronology of the key communications between Panel staff and Goldman's counsel.

- An email dated 3/24/2010 from Sara Hanks (COP) to Michael Pease (Goldman Sachs) requested answers to several questions clarifying the relationship between AIG, Goldman and Goldman's clients. Goldman did not respond in writing to the request.
- An email dated 5/10/2010 from Sara Hanks (COP) to Michael Pease (Goldman Sachs) requested answers to a more detailed list of questions. Ms. Hanks received an email from Mr. Pease stating that Goldman would get back to her with the information. Goldman responded with a letter from Gregory K. Palm dated 5/14/2010, which did not answer the vast majority of the Panel's questions.
- An email dated 5/18/2010 from Sara Hanks (COP) to Michael Pease (Goldman Sachs) requested Goldman provide the information requested on 5/10/2010 with data current as of November 7, 2008. Goldman responded with a letter dated 5/26/2010 with an appendix that, according to Goldman, showed information as of November 7, 2008.

Congressional Oversight Panel Correspondence with Goldman Sachs

Below is the correspondence between the Congressional Oversight Panel and Goldman Sachs. These include the full list of questions asked by the Panel, and the subsequent responses from Goldman.

March 24, 2010 – Email from Sara Hanks (COP) to Michael Pease (Goldman Sachs)

1. Identify the role Goldman played with respect to the CDO CDSs; market intermediary or proprietary trader (or if a mix, in what proportions)
2. Identify Goldman's counterparties/clients to the CDO CDSs. Are they available to speak with the Panel?
3. Provide the CDO CDS contracts.
4. Did the Goldman clients hold the underlying/reference CDOs? How were the CDOs that ended up in Maiden Lane III acquired and from whom?

May 5, 2010 – Email from Sara Hanks (COP) to Michael Pease (Goldman Sachs)

1. How much (in dollar terms) of the CDS position that eventually went to ML3 (ML3 CDSs) was held on behalf of clients?
2. Please explain nature of this relationship. It appears that this is not a riskless principal position: is that right?
3. Were the terms of the CDSs that Goldman Sachs had with AIG "back to back" with the CDSs Goldman Sachs had with its own clients? If not, how did they differ?
4. If AIG had failed, would Goldman Sachs have been on the hook to pay out to its own clients? On what conditions? If not, why not?
5. Did Goldman Sachs have to post collateral to its own clients? If so, upon what events?
6. Please explain the nature of the protection Goldman Sachs had against AIG's failure. Mr. Viniar referred to CDSs "and other credit hedges"; what were they? Who issued this protection? What was the total amount of this protection? Please explain the nature of the collateral that Goldman Sachs received with respect to this protection, and the terms upon which collateral was posted.
7. Mr. Viniar refers to the protection on AIG having netted a gain over time (March 2009 conf call, page 17). What is the amount of this gain?
8. AIG was required to post collateral upon a decrease in the value of reference CDOs and upon a downgrade in AIG's ratings. How much of the total collateral posted at November 7, 2008 related to decreases in value of the reference CDOs, and how much to downgrades in AIG's ratings? Please discuss the triggers for posting collateral. How often were the reference CDOs marked to market?
9. When the ML3 CDSs were closed out in November 2008, did Goldman Sachs continue the CDSs with its own clients, or close them out? If they were closed out, upon what terms?
10. Did Goldman Sachs hold any of the reference CDOs? Did Goldman Sachs' clients? If not, where were they acquired to deliver to ML3, and was the price paid for them the same as the price received from ML3?
11. If Goldman Sachs had voluntarily granted the government a concession upon closing, what concerns would have been triggered? Shareholder suits? Any other issues?
12. What would Goldman Sachs's preference have been if the government had been willing to keep the CDS positions open? Would Goldman Sachs have preferred to continue the contracts or to have them closed out? The FRBNY indicates that some of the ML3 counterparties agreed to the closeout reluctantly.
13. Copies of agreements between AIG and Goldman Sachs, including ISDA Master, credit support agreement, and confirms
14. Documentation of protection that Goldman Sachs arranged against AIG's failure.
15. Confirmation from Goldman Sachs counsel and auditors regarding Goldman Sachs's exposure to AIG failure.

May 14, 2010 -- Letter from Gregory K. Palm (Goldman Sachs) to Sara Hanks (COP)

1. How much (in dollar terms) of the CDS position that eventually went to ML3 (ML3 CDSs) was held on behalf of clients?

   Goldman Sachs did not respond to this question.

2. Please explain nature of this relationship. It appears that this is not a riskless principal position: is that right?

Goldman Sachs did not respond to this question.

3. Were the terms of the CDSs that Goldman Sachs had with AIG "back to back" with the CDSs Goldman Sachs had with its own clients? If not, how did they differ?

   Goldman Sachs did not respond to this question.

4. If AIG had failed, would Goldman Sachs have been on the hook to pay out to its own clients (disregarding for this purpose the fact that Goldman Sachs had CDS protection on AIG). On what conditions (i.e., please summarize events that would lead to Goldman Sachs having to pay out to its own clients). If not, why not?

   Goldman Sachs did not respond to this question.

5. Did Goldman Sachs have to post collateral to its own clients? If so, upon what events?

   Goldman Sachs did not respond to this question.

6. Please explain the nature of the protection Goldman Sachs had against AIG's failure. Mr. Viniar referred to CDSs "and other credit hedges"; what were they? Who issued this protection? What was the total amount of this protection? Please explain the nature of the collateral that Goldman Sachs received with respect to this protection, and the terms upon which collateral was posted.

   Goldman Sachs stated that materials enclosed with letter – including a spreadsheet and various emails and other material – describe the nature and dollar amounts of Goldman Sachs's hedges, but not the issuers of the CDS protection. The information provided by Goldman Sachs also showed that the collateral posted by these counterparties was primarily cash.

7. Mr. Viniar refers to the protection on AIG having netted a gain over time (March 09 conf call, page 17). What is the amount of this gain?

   Goldman Sachs did not respond to this question.

8. AIG was required to post collateral upon a decrease in the value of reference CDOs and upon a downgrade in AIG's ratings. How much of the total collateral posted at November 7, 2008 related to decreases in value of the reference CDOs, and how much to downgrades in AIG's ratings? Please discuss the triggers for posting collateral. How often were the reference CDOs marked to market?

   Goldman Sachs did not include a response to this item. From the CDS contracts that were provided to COP, COP was able to ascertain the answer to the questions regarding triggers and frequency of marking to market.

9. When the ML3 CDSs were closed out in November 2008, did Goldman Sachs continue the CDSs with its own clients, or close them out? If they were closed out, upon what terms?

   Goldman Sachs did not respond to this question.

10. Did Goldman Sachs hold any of the reference CDOs? Did Goldman Sachs' clients? If not, where were they acquired to deliver to ML3, and was the price paid for them the same as the price received from ML3?

    Goldman Sachs did not respond to this question.

11. If Goldman Sachs had voluntarily granted the government a concession upon closing, what concerns would have been triggered? Shareholder suits? Any other issues?

    Goldman Sachs did not respond to this question.

12. What would Goldman Sachs's preference have been if the government had been willing to keep the CDS positions open? Would Goldman Sachs have preferred to continue the contracts or to have them closed out? The FRBNY indicates that some of the ML3 counterparties agreed to the closeout reluctantly.

    Goldman Sachs did not respond to this question.

13. Copies of agreements between AIG and Goldman Sachs, including ISDA Master, credit support agreement, and confirms.

    Goldman Sachs did not include a response to this item. Copies of these agreements were ultimately obtained from another source.

14. Documentation of protection that Goldman Sachs arranged against AIG's failure.

    Goldman Sachs enclosed a contemporaneous 2008 spreadsheet and other, related materials. The letter states that the spreadsheet and other materials demonstrate that Goldman Sachs had no material exposure to AIG as of 2008 and provided some information regarding the hedges that Goldman Sachs had against AIG losses. Issuers of this protection are not identified.

15. Confirmation from Goldman Sachs counsel and auditors regarding Goldman Sachs's exposure to AIG failure.

    Specific request regarding counsel and auditors not addressed. Goldman Sachs enclosed contemporaneous 2008 spreadsheet and other, related materials. Letter states that the spreadsheet and other materials demonstrate that Goldman Sachs had no material exposure to AIG as of 2008.

May 18, 2010 – Email from Sara Hanks (COP) to Michael Pease (Goldman Sachs)

1. Please provide the information you provided in your letter of May 14, 2010, current as of November 7, 2008.

May 26, 2010 – Letter from Richard H. Klapper (Goldman Sachs) to Sara Hanks (COP)

1. Please provide the information you provided in your letter of May 14, 2010, with information as of November 7, 2008.

   Goldman Sachs included an appendix that, according to Goldman Sachs, showed "as of November 7, 2008, the notional amount of the credit default swaps between Goldman Sachs International and…[AIGFP], the decline in market value of the securities referenced in those credit default swaps, the collateral received by Goldman Sachs from AIGFP in connection with those credit default swaps, the outstanding collateral calls issued by Goldman Sachs to AIGFP in connection with those credit default swaps, the difference between the decline in Goldman Sachs's determination of the market value of those credit default swaps and the collateral held by Goldman Sachs, and the credit protection that Goldman Sachs owned referencing AIG."