



Cautionary Note on Forward-Looking Statements

Today's presentation may include forward-looking statements. These statements represent the Firm's belief regarding future events that, by their nature, are uncertain and outside of the Firm's control. The Firm's actual results and financial condition may differ, possibly materially, from what is indicated in those forward-looking statements. For a discussion of some of the risks and factors that could affect the Firm's future results and financial condition, please see the description of "Risk Factors" in our current annual report on Form 10-K for our fiscal year ended December 2010.

You should also read the information on the calculation of non-GAAP financial measures and the impact of Basel III that is posted on the Investor Relations portion of our website: www.gs.com.

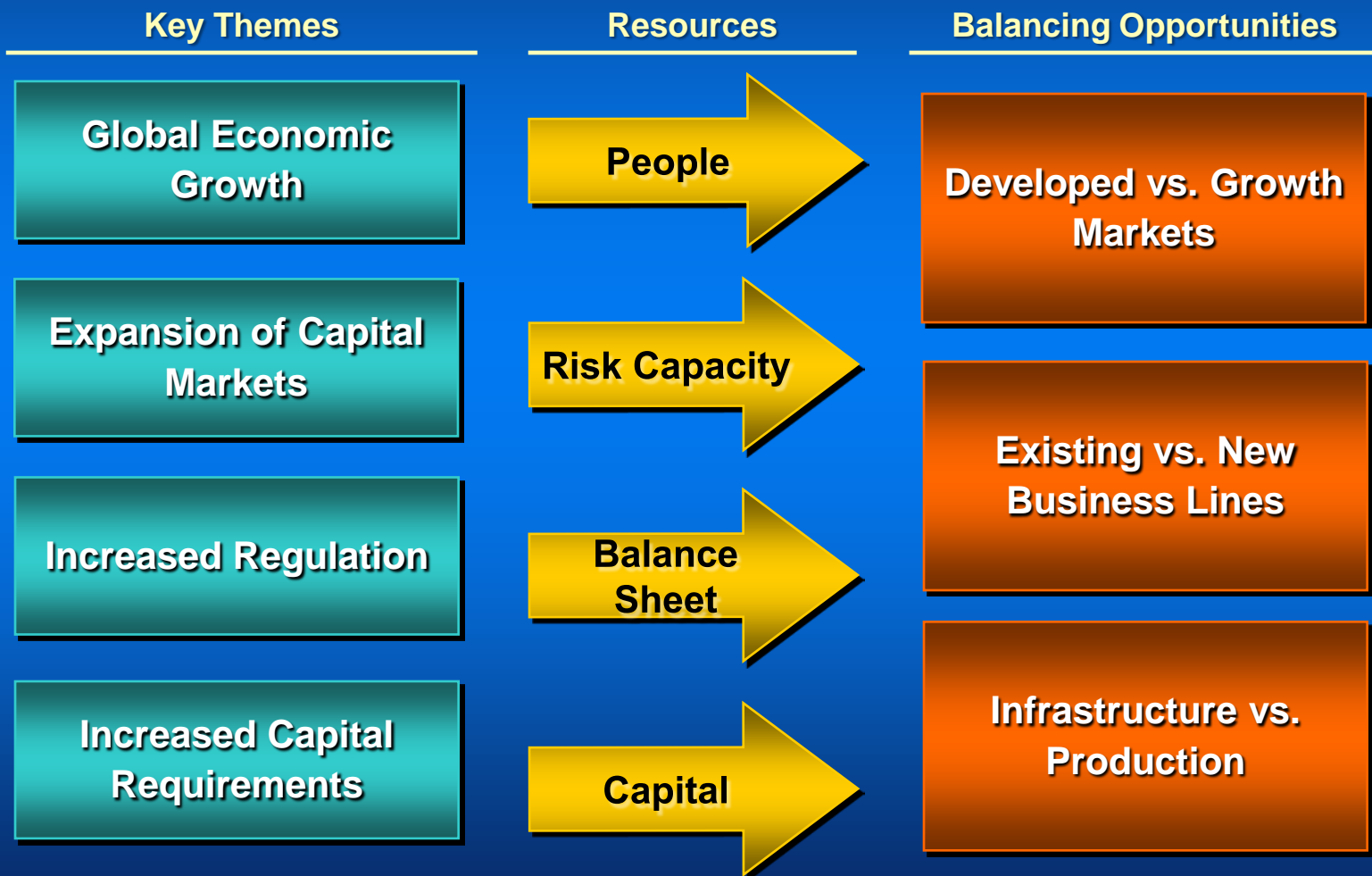
The statements in the presentation are current only as of its date, June 2, 2011.



Goldman Sachs Presentation to Bernstein Strategic Decisions Conference

**Gary Cohn
President and Chief Operating Officer
June 2, 2011**

Nimble Allocation of Resources



Case Studies of Dynamic Changes

Digitization of the Equity Markets

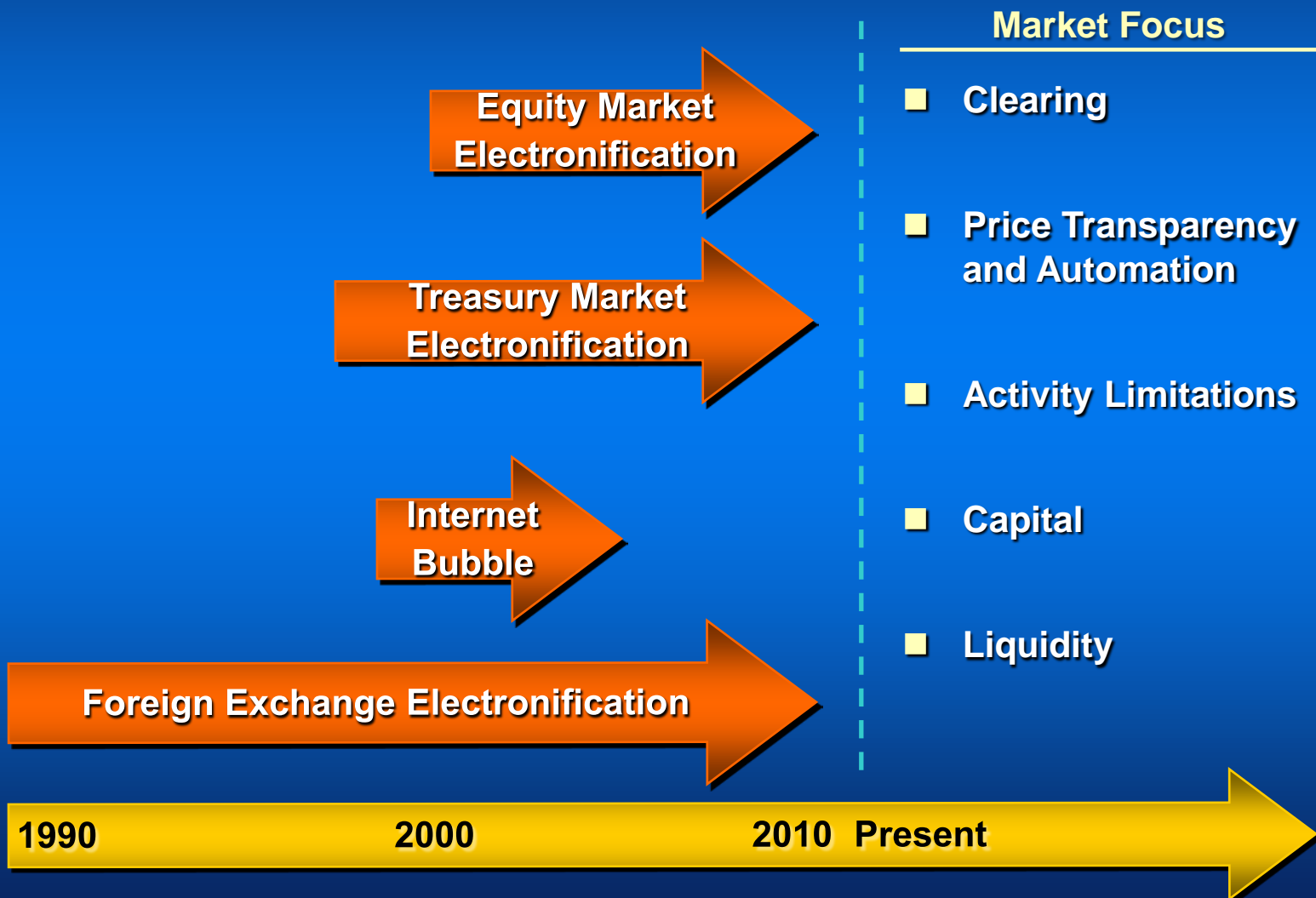
- Decimalization in 2000 and Regulation NMS in 2005
- Impact on business
 - Commission rates and spreads declined
 - However, since 2000, GS' volumes have increased 3x while headcount fell 50%
 - Invested in technology to achieve operational efficiencies and generate market share gains

Foreign Exchange Electronification

- Electronic spot FX platforms for interdealer trades created in 1990 and dealer-client platforms followed in the early 2000s
- Impact on business
 - Profitability per trade compressed
 - Volumes have risen at a 20% CAGR while front office headcount flat
 - Investment in technology generates margin expansion

Nimble allocation of resources and investment in technology drives performance in dynamic markets

Future Market Focus





GS Perspectives

Clearing

Goal is to increase transparency and standardization to reduce systemic risk

■ Market Positives

- Reduces systemic risk; moves bilateral risk to central clearing
- Standardized credit terms level the playing field

■ Market Negatives

- Potential for risk concentration
- Spread tightening

■ GS Considerations

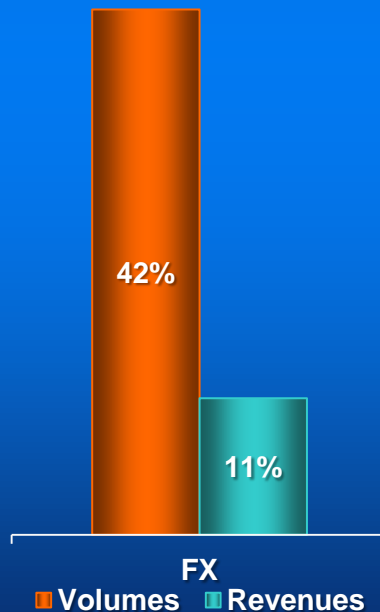
- Currently \$11bn of Basel III counterparty credit capital charges for OTC products
- GS proprietary technological infrastructure in place
- Strong clearing franchise today
 - Among largest futures clearers globally
 - Leading prime broker

GS Perspectives

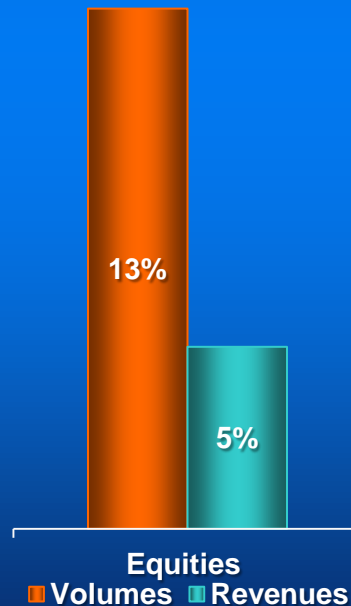
Price Transparency and Automation

Push for greater transparency and standardization will result in greater automation

FX Electronic Trading¹ CAGRs '05-'10



Equities Electronic Trading² CAGRs '03-'10



Market Positives

- Deeper liquidity
- Enhanced market participation
- Increased volumes
- More efficient risk management
- Increased opportunity to innovate

Market Negatives

- Lower margins
- Barriers to entry

GS Considerations

- Poised to benefit from market share consolidation
- Primarily impacts credit and rates derivatives trading
- Electronic trading is 53% of FX volumes compared with 23% 5 years ago

¹ FX business includes G10 currencies

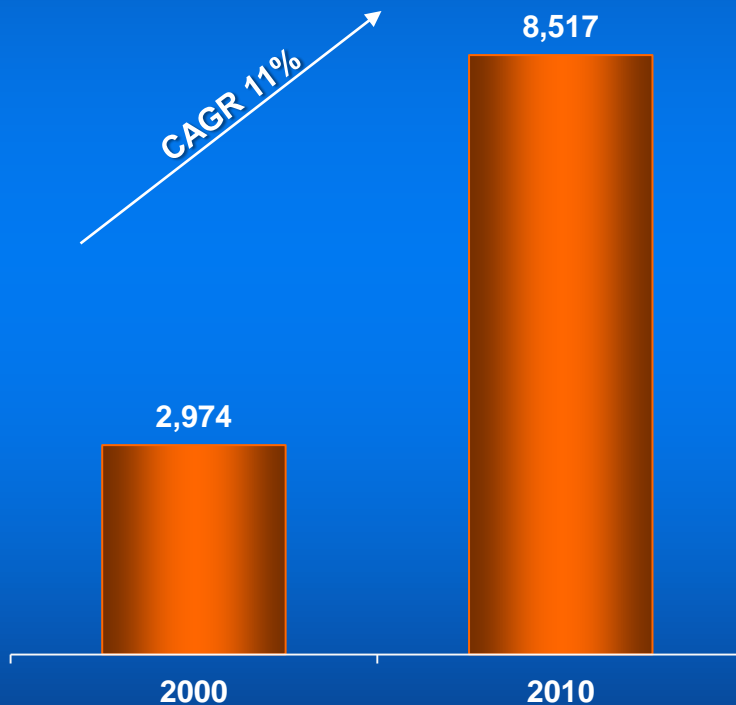
² Equity electronic trading corresponds to Equity Commissions and Fees



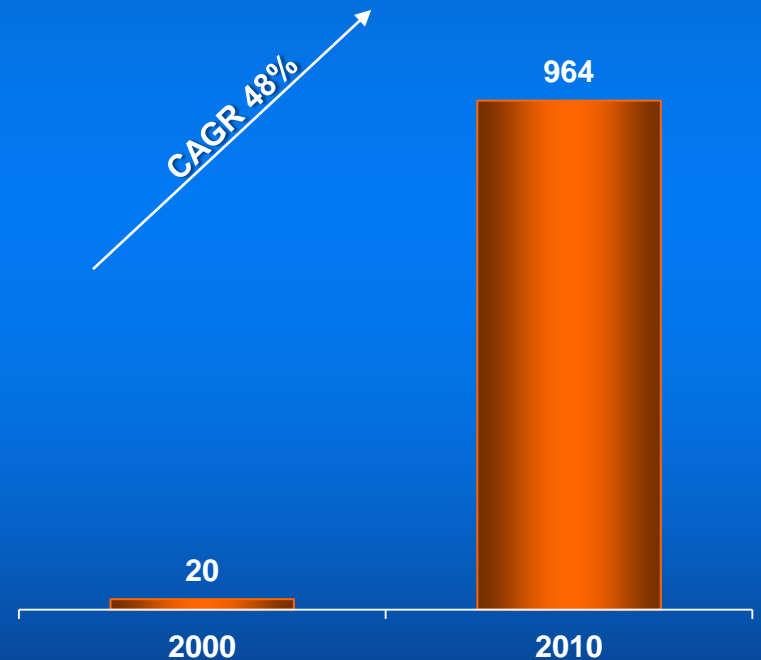
GS Perspectives

Price Transparency and Automation – Development of ETF Market

Equity Volumes (Shares, bn) ¹



ETF Volumes (Shares, mm) ²



Automation of the Equity Markets has coincided with continued innovation

¹ 2000-2003: NASDAQ, Market Systems Inc.; 2004-2011 Goldman Sachs

² Bloomberg



GS Perspectives

Long-Term Investing

Implementation will reduce both earnings volatility and capital requirements

■ Market Positives

- Lowers volatility
- Reduces capital charges
 - Could improve ROE

■ Market Negatives

- Inability to invest at the level that clients would prefer
- Lost revenues

■ GS Considerations

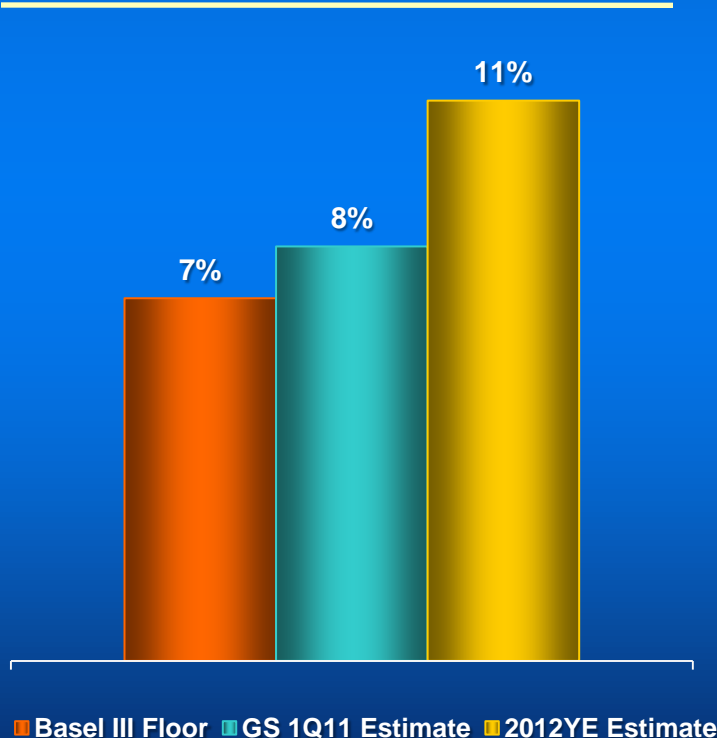
- Not a meaningful business driver
 - Roughly 10% of revenues since our IPO
- ~\$9bn in capital

GS Perspectives

Capital

Reduction in systemic risk but international harmonization is critical

Estimated GS Basel III Tier 1 Common Ratios¹



■ Market Positives

- Stronger industry-wide credit profiles
- Reduces systemic risk
- Promotes more rational risk/return decisions

■ Market Negatives

- Increases cost of credit extension in the system, potentially hampering economic growth
- Potentially lowers returns

■ GS Considerations

- Potential for active significant mitigation well in excess of conservative scenario
 - Credit correlation and mortgage securitization positions represent \$12bn in Basel III market risk capital requirements
- With a pro-forma 8% Basel 3 Tier 1 Common ratio today, GS is well positioned for changes

¹ 2012 projected ratio includes contractual roll-off of our correlation portfolio, expected duration of our mortgage securitization book, and forward earnings at consensus estimates as of 1Q11



GS Perspectives

Liquidity

Average Global Core Excess (\$bn) ¹



■ Market Positives

- Reduces systemic risk

■ Market Negatives

- Higher cost of doing business

■ GS Considerations

- GS Liquidity Coverage Ratio (LCR) compliant today
- Long history of maintaining excess liquidity position
 - ~\$2bn cost in 2010
- Existing proprietary tech/modeling capabilities
- Sophisticated liquidity risk management systems

¹ Beginning with the fourth quarter of 2010, the GCE, which was previously reported at loan value, is now reported at fair value

GS Perspectives

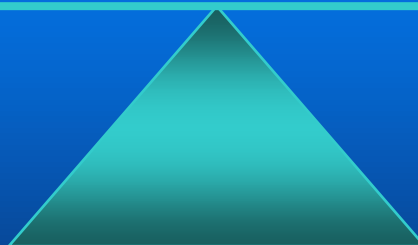
Potential Offsets

Areas of Focus

- Clearing
- Price Transparency and Automation
- Activity Limitations
- Capital
- Liquidity

Strengths

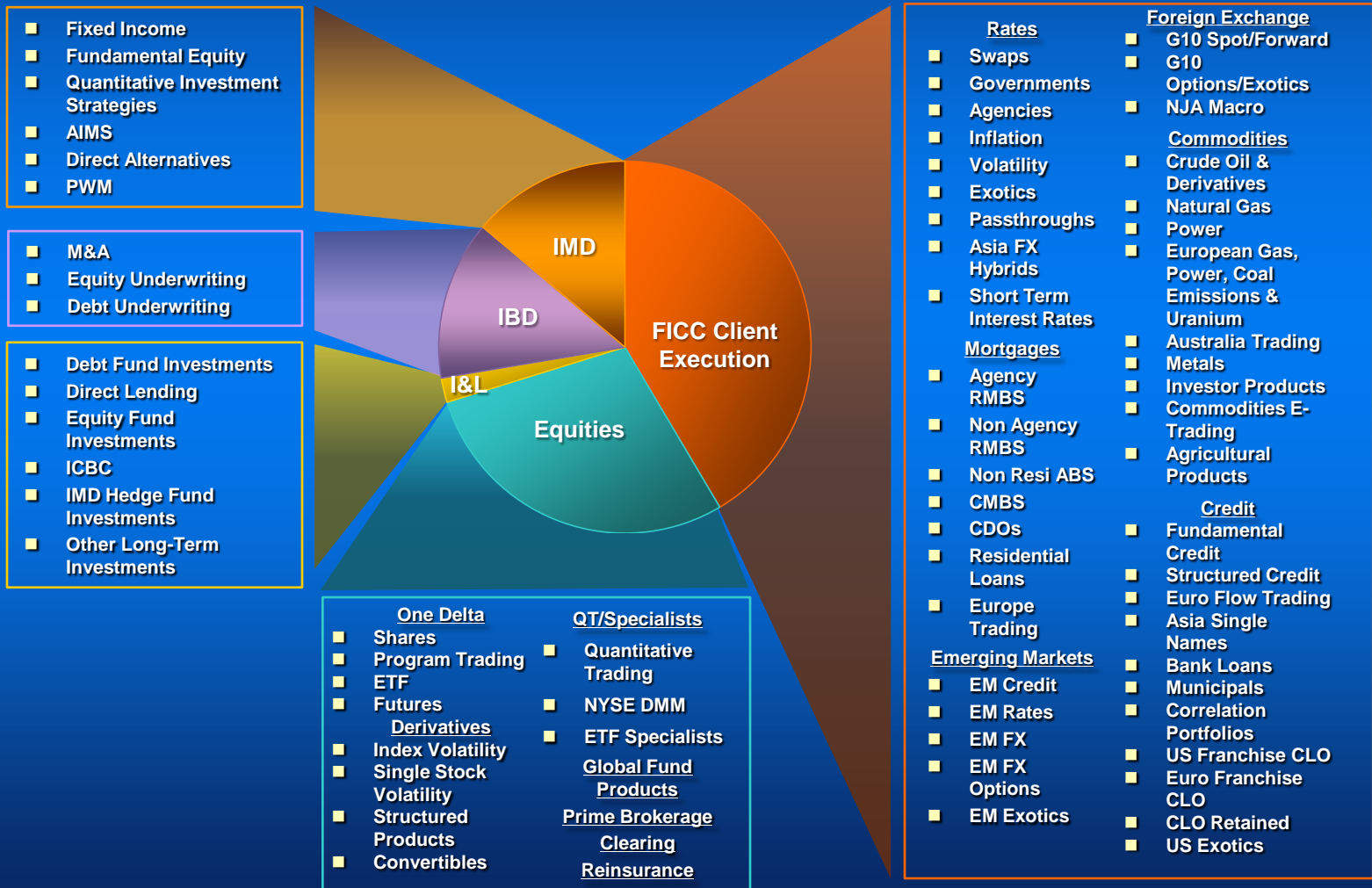
- Business Diversity
- Leveraging Technology
- Balance Sheet Flexibility
- M&A at Depressed Levels
- Global GDP Growth



The market is discounting business opportunities and Goldman Sachs' flexible business model

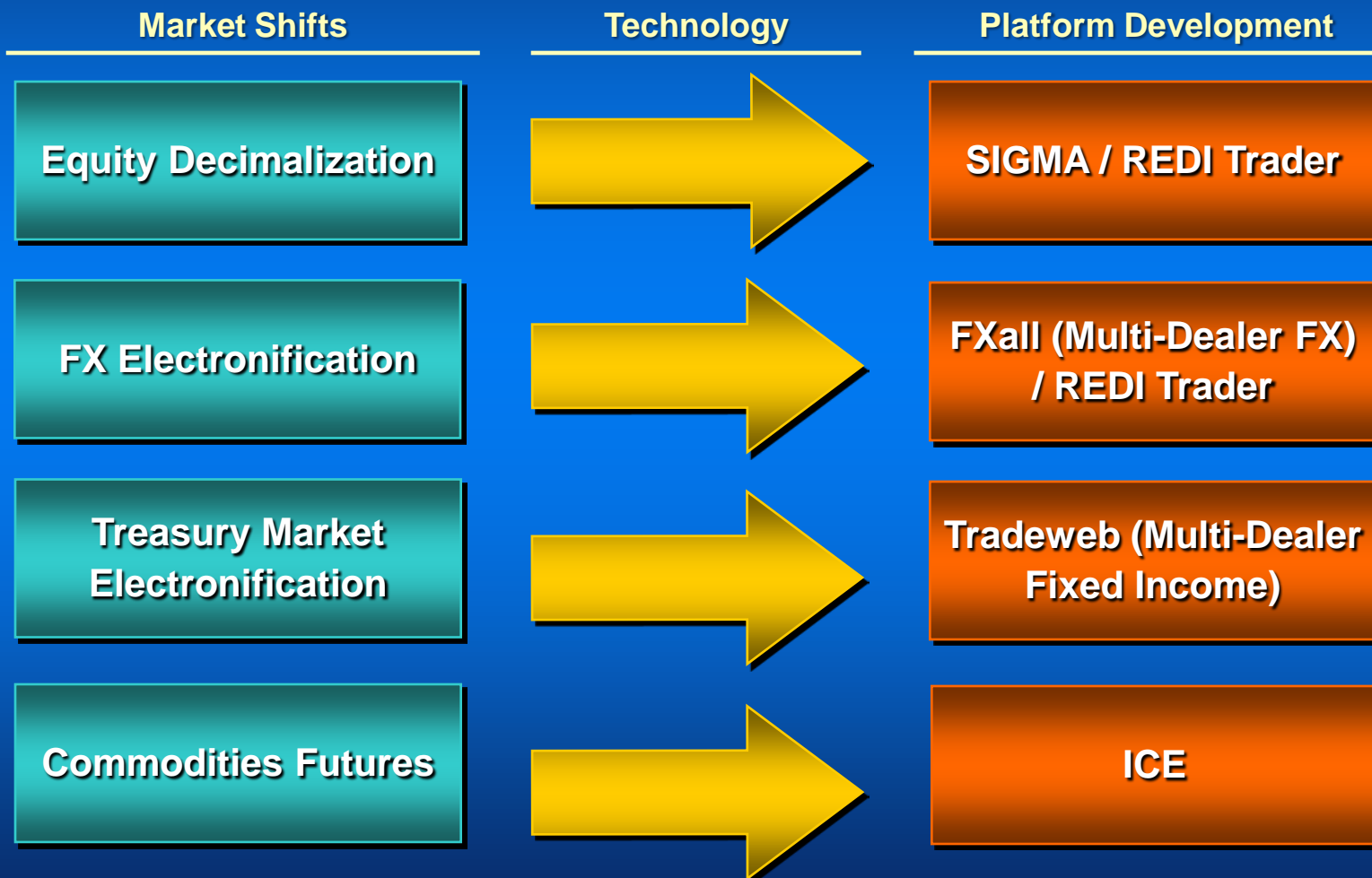
Business Diversity

GS Business Breakdown¹



¹ GS Average Quarterly Revenue Contribution 1Q08-1Q11

Leveraging Technology





Balance Sheet Flexibility

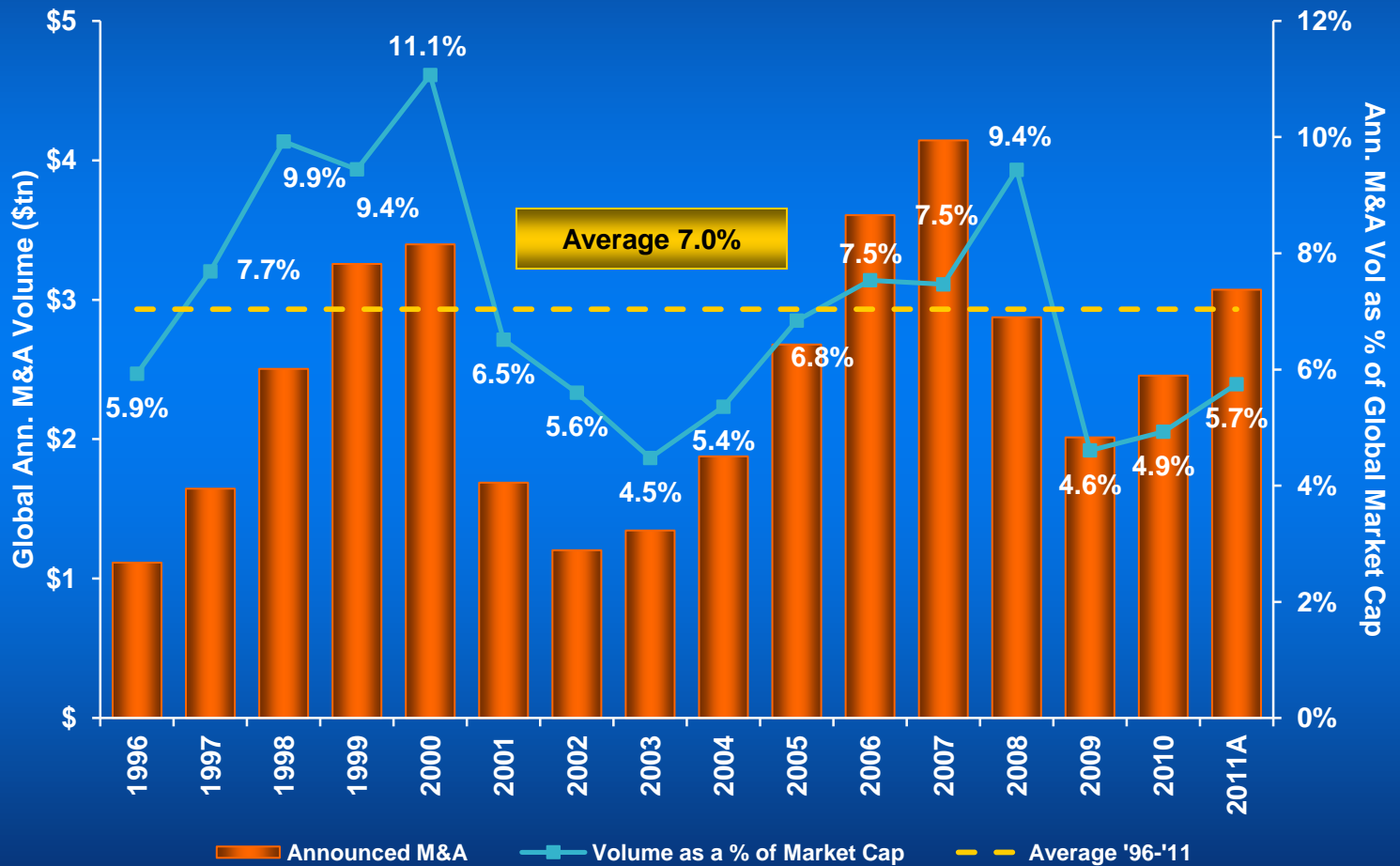
- Goldman Sachs has a long-term focus on maintaining the liquidity of our Balance Sheet
- The amount of liquid assets we hold allows us to:
 - Respond rapidly to dynamic change
 - Nimbly reallocate inventory
 - Maintain solvency and profitable business mix

GS Level III Assets (% of Total Assets)



M&A at Depressed Levels

Global Announced M&A as a % of Market Cap¹

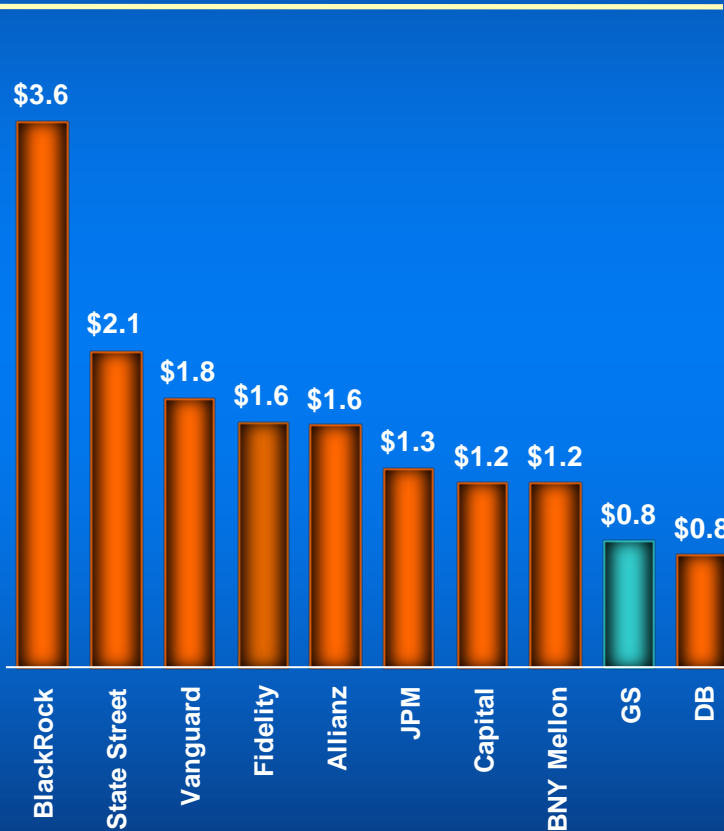


¹Source: Thomson. 1Q'11 volume data adjusted for government transactions and presented on an annualized basis

Asset Management

Growth Drivers and Opportunities

Firm Rank – Total AUMs (\$tr)¹



Growth Drivers

- Fiscal stability
- Capital markets development
- Rising individual wealth
- Large and growing pools of capital
- Global footprint to benefit from GDP growth

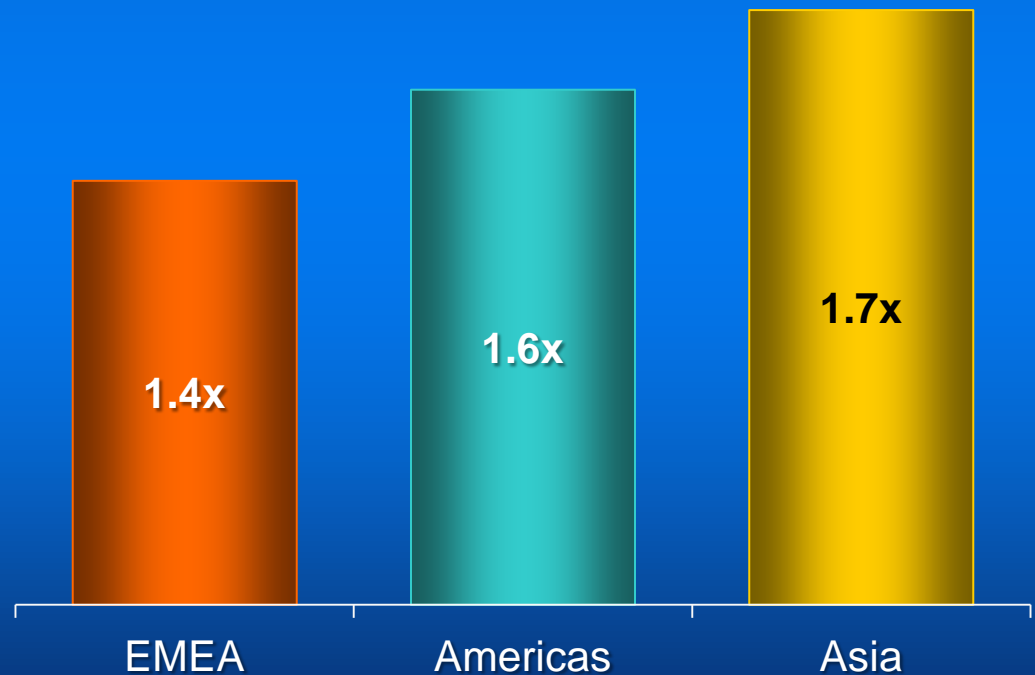
¹ AUM data as of December 31, 2010. Ranking and data represent third-party assets under management, excluding assets managed on behalf of corporate parent / insurance subsidiaries. Deutsche Bank Asset Management excludes Private Wealth Management invested assets

Revenues vs. GDP Relationship

Growth Multiple

2001-2010 GS Geographic Revenue CAGR vs. Nominal GDP CAGR¹

- Chasing global GDP growth allows us to maximize our returns
- GS revenues have grown at a multiple of GDP growth



¹ GDP data per Goldman Sachs Global Investment Research. Americas includes the US, Canada and Latin America. EMEA includes the EU 27, Russia, Egypt, Israel, South Africa, and Turkey

GS Perspectives

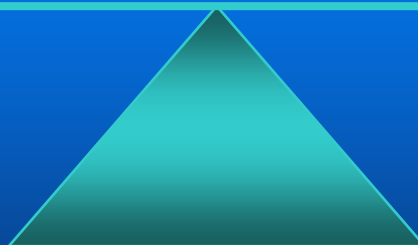
Potential Offsets

Areas of Focus

- Clearing
- Price Transparency and Automation
- Activity Limitations
- Capital
- Liquidity

Strengths

- Business Diversity
- Leveraging Technology
- Balance Sheet Flexibility
- M&A at Depressed Levels
- Global GDP Growth



The market is discounting business opportunities and Goldman Sachs' flexible business model



Goldman Sachs Presentation to Bernstein Strategic Decisions Conference

**Gary Cohn
President and Chief Operating Officer
June 2, 2011**