

## 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, please see the description of "Risk Factors" in our current annual report on Form 10-K for our fiscal year ended November 2007. You should also read the information on the calculation of non-GAAP financial measures that is posted on the Investor Relations portion of our website: [www.gs.com](http://www.gs.com).

The statements in the presentation are current only as of its date, November 11, 2008.

# **Goldman Sachs Presentation to 2008 Merrill Lynch Financial Services Conference**

**Lloyd C. Blankfein  
Chairman & CEO  
November 11, 2008**

# Goldman Sachs

*“They still have the Goldman reputation and history, but they will not be unique anymore.”*

Bloomberg News  
January, 20 1999

*“...something bolder might be needed, such as a merger...”*

The Economist  
June 20, 1998

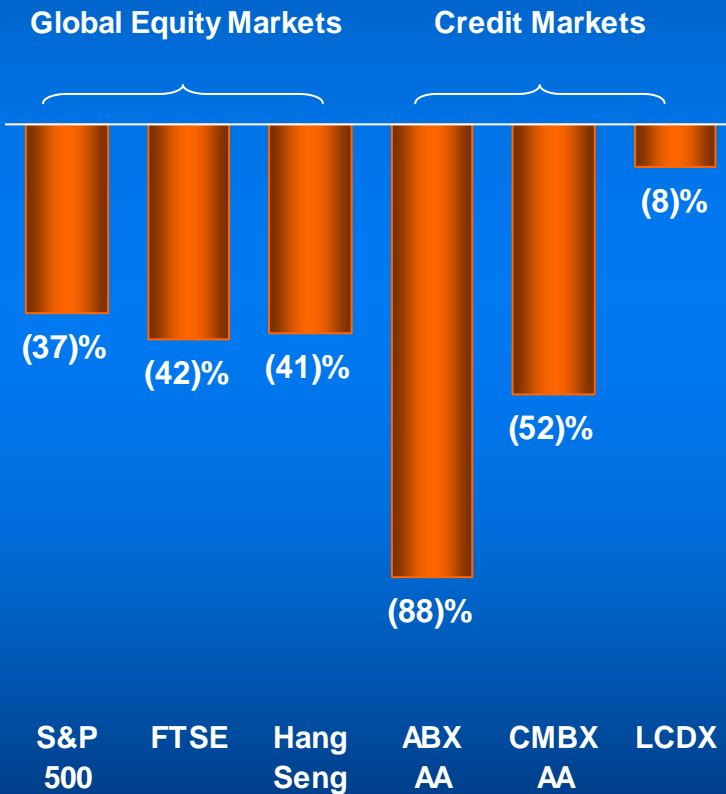
*“Goldman’s earnings have grown more dependent than most people think on proprietary trading”*

The New York Times  
June 6, 1998

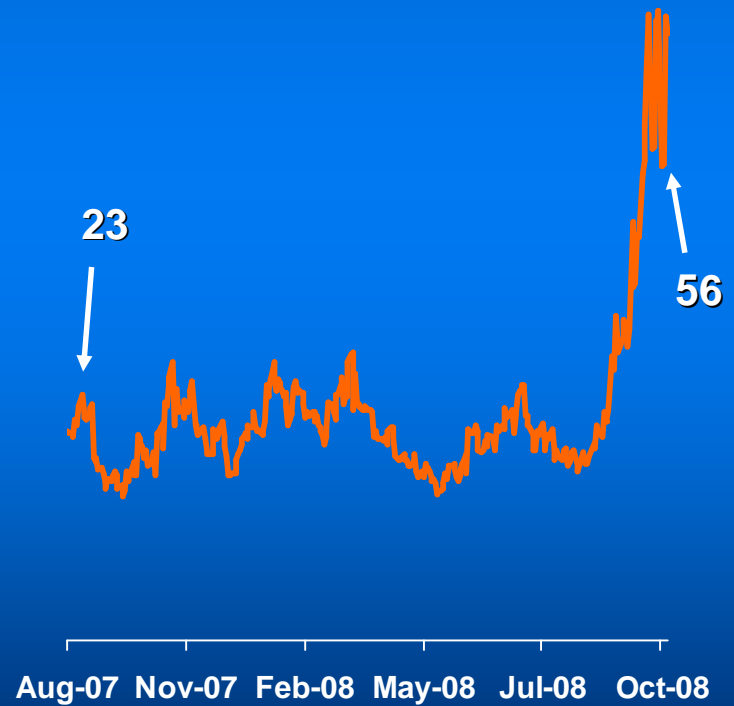
# Market Dynamics

August 2007 to Present<sup>1</sup>

## Asset Price Performance



## Volatility (VIX)



(1) Data through November 7, 2008

# Bank Holding Company

## ■ Why now?

- Regulation inevitable
- Market perception
  - Safety of the Fed
  - Funding Availability

## ■ How will this impact Goldman's strategy?

- No impact on existing strategy
- Provides optionality in a dislocated market
  - Bank Deposits could lower cost of funding over time

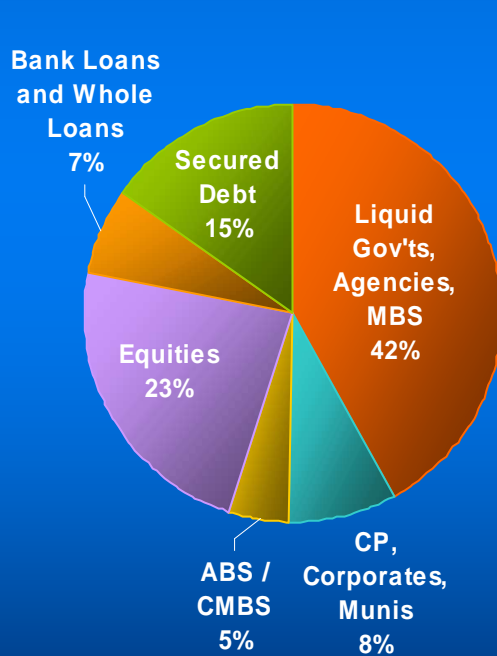
## ■ Near-term impact

- New Regulator
- \$130bn - \$150bn of assets being moved into the bank

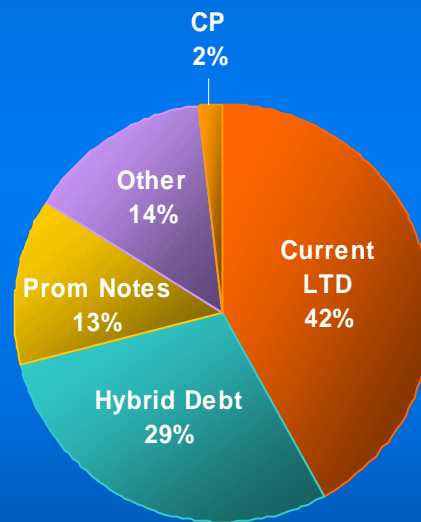
# Wholesale Funding

3Q08

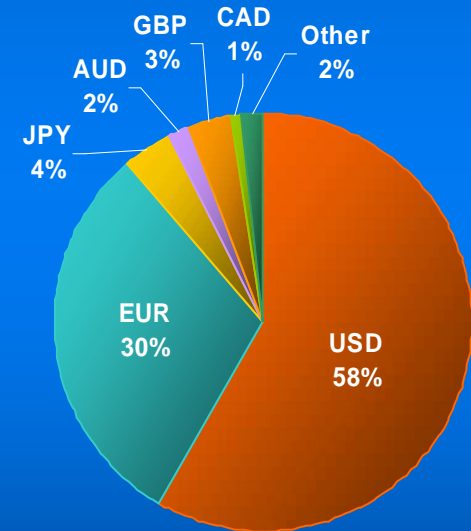
Secured Funding: \$192bn



Unsecured Short-Term Funding: \$65bn

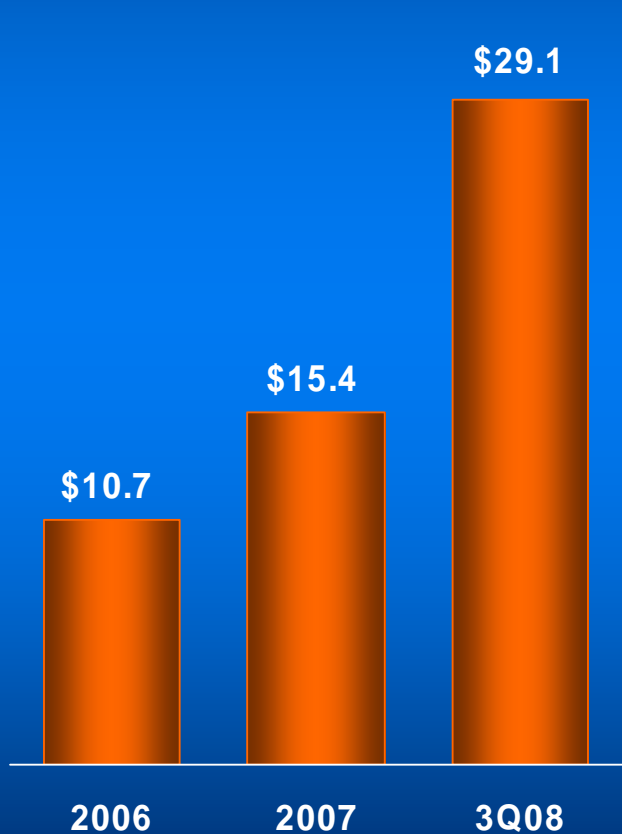


Unsecured Long-Term Funding: \$176bn



# Deposit Building Alternatives

## Historic Deposit Growth (\$bn)



## Growth Alternatives

- Organic
  - PWM
  - Ayco
  
- Third party distribution
  - Brokered CDs
  
- Acquisition
  - Distressed opportunities
  - Institutional and retail

# Core Attributes That Define GS

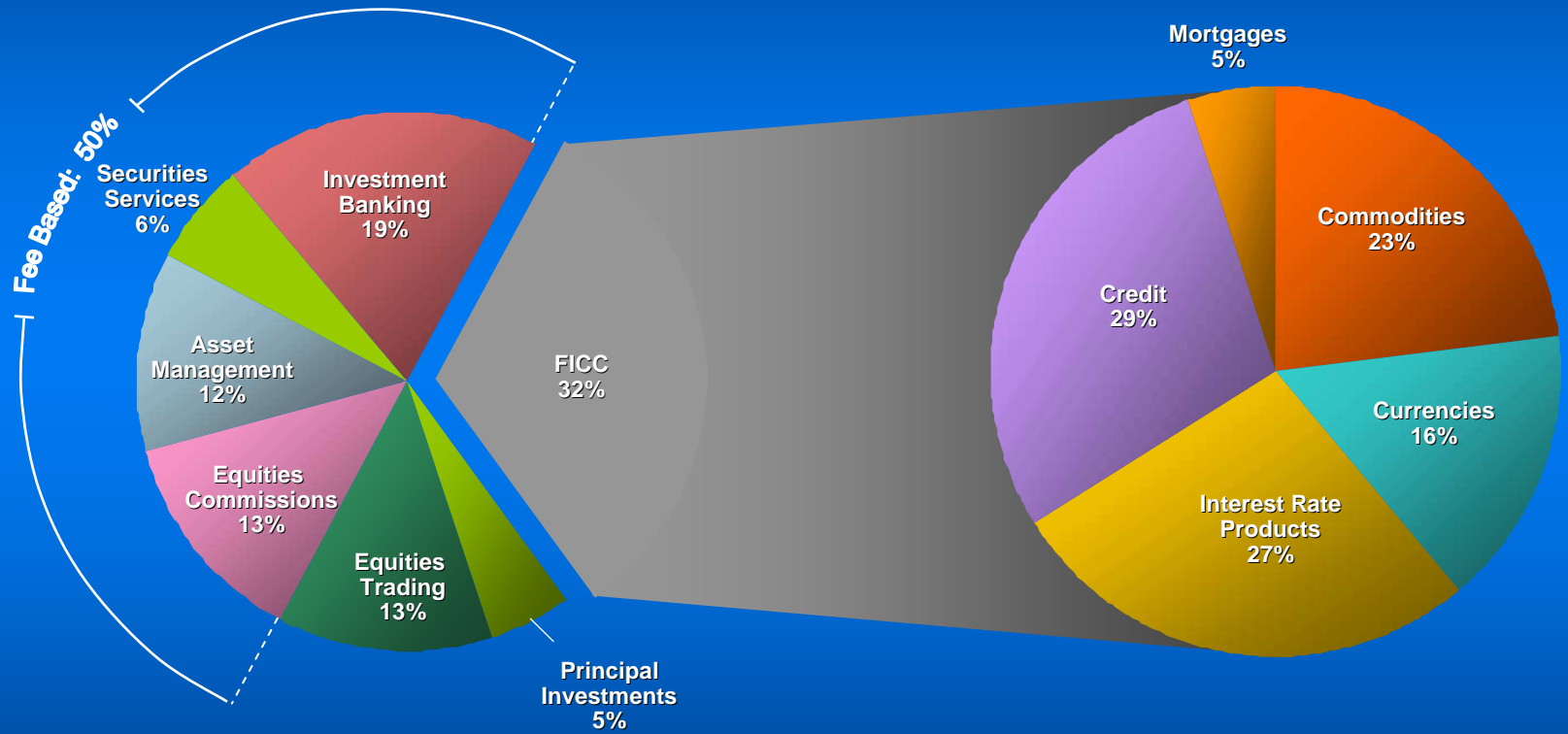
## Validated

- Revenue Diversification ✓
- Risk Management/Fair Value ✓
- Liquidity/Capital Management ✓
- Franchise ✓
- Culture ✓

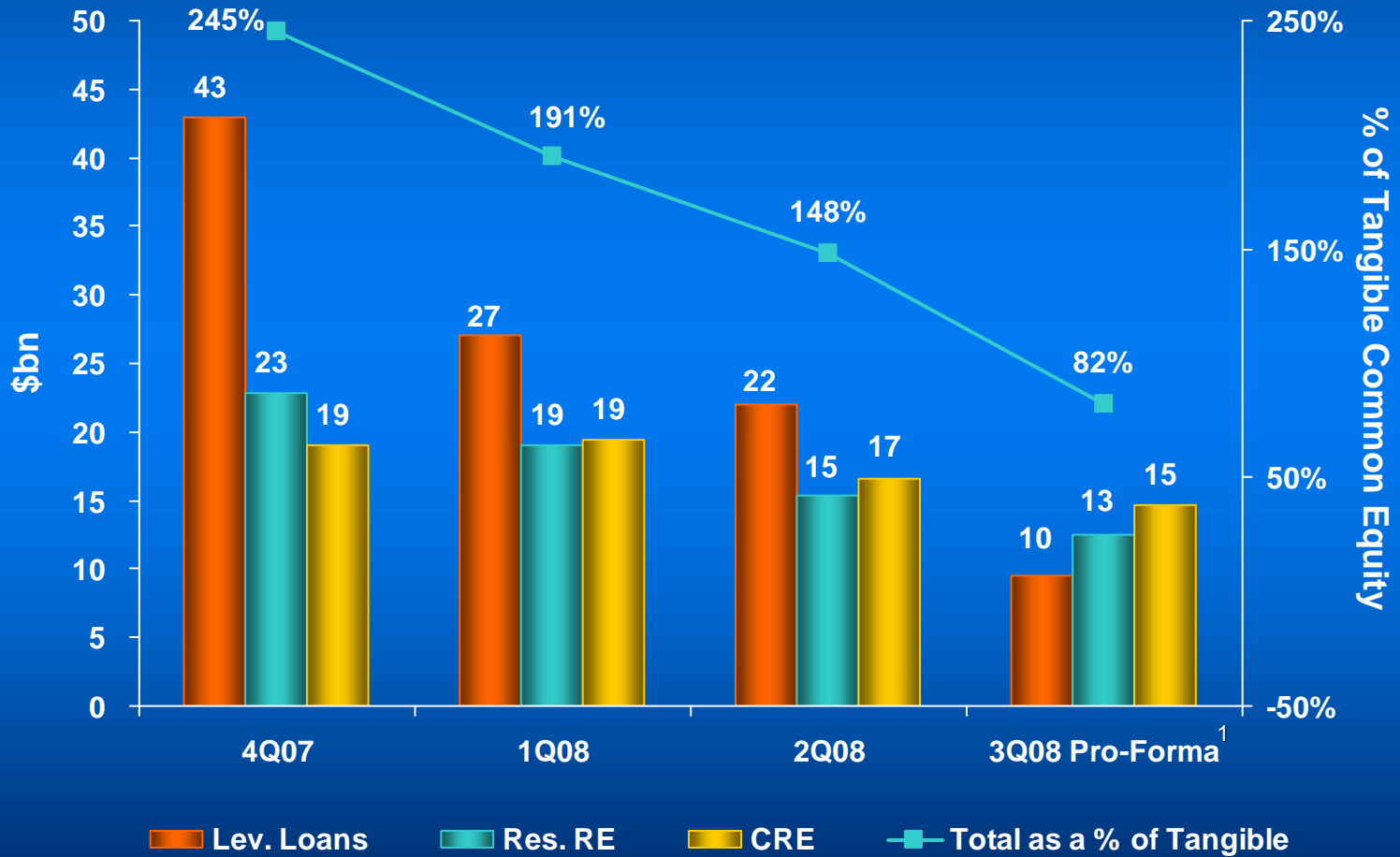


# Diversified Revenue Mix

## Average Since 1999



# Risk Management



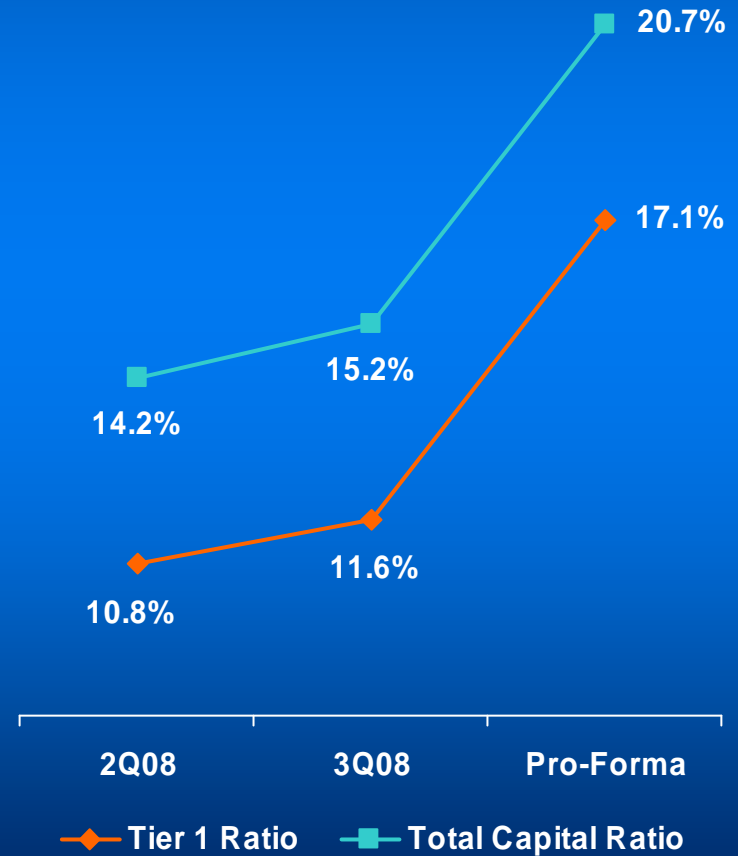
(1) 3Q08 Tangible Common Equity is pro-forma for our recent \$20.75bn in capital raises

# Liquidity and Capital Management

Average Global Core Excess (\$bn)



Prudent Capital Management<sup>1</sup>



(1) Pro-forma for our recent \$20.75bn in capital raises

# Franchise Drives Market Share Gains

## Investment Banking – Strength of FIG Franchise<sup>1</sup>

### Advisory



\$15bn Acquisition



\$10bn Acquisition



\$8bn Acquisition

### Financing



\$20bn IPO



\$8bn Common and Pref. Stock Offering



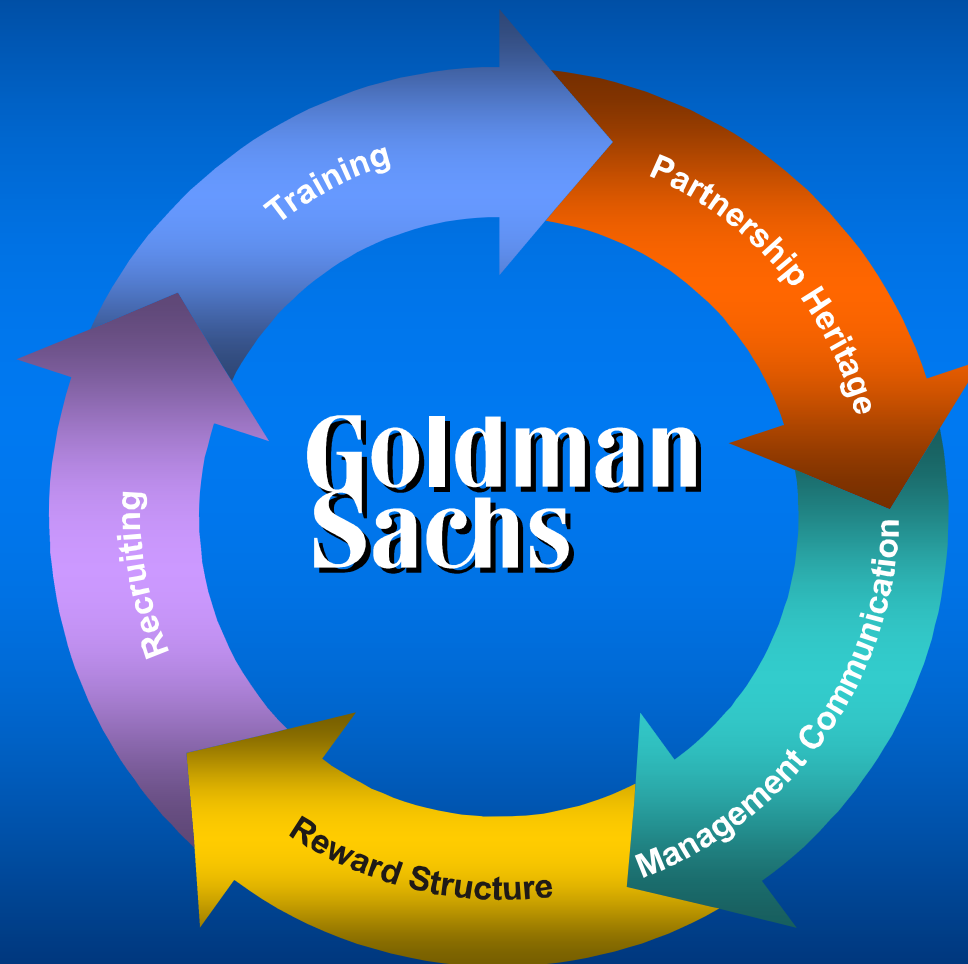
\$3bn Common Offering

## Equities Commissions (\$bn)



(1) Americas ex-self led/advised 2008YTD transactions as of November 4, 2008

# Culture

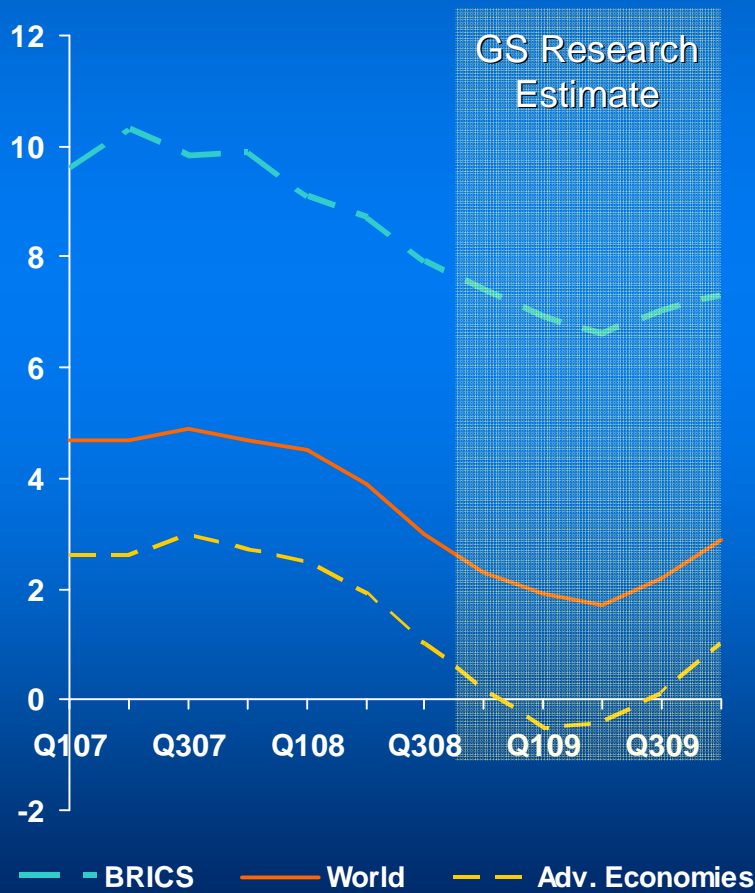




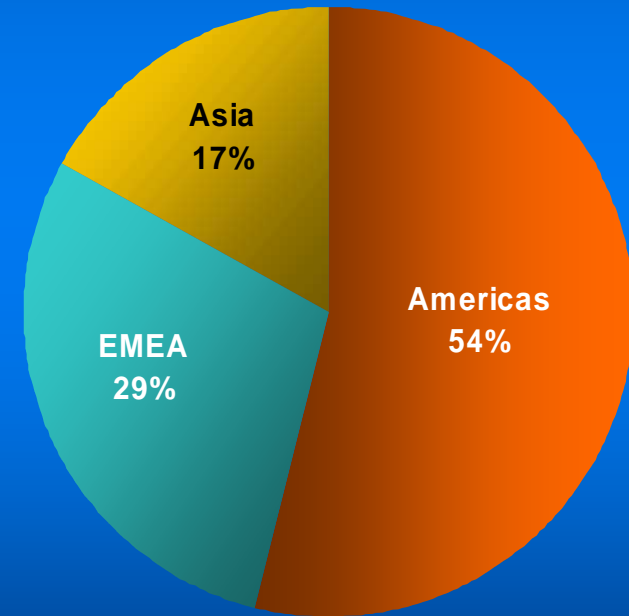
# International Expansion Strategy

## Positioned to Chase GDP Growth

Real GDP Growth by Region (YoY %)



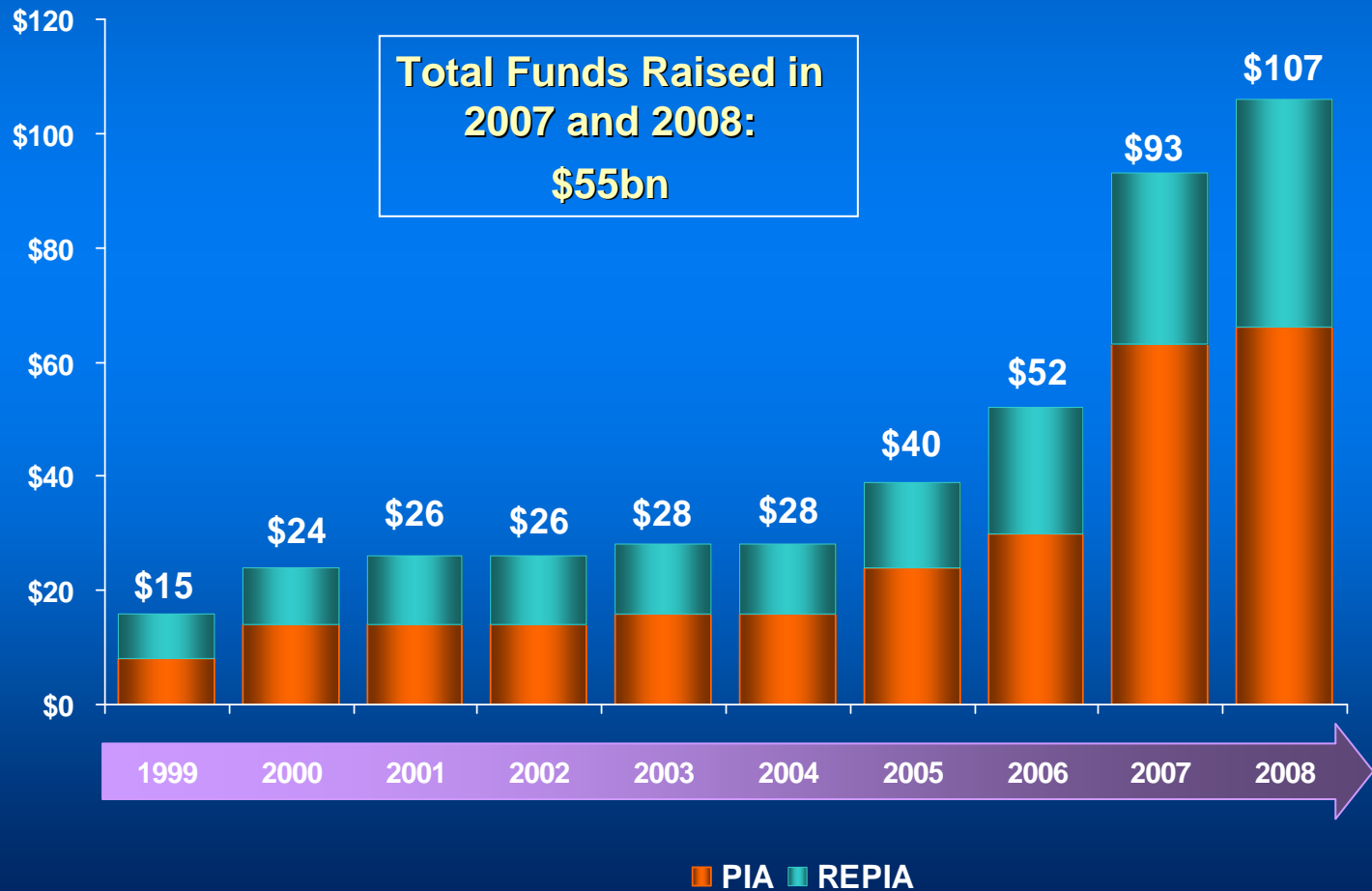
Revenue Contribution by Region<sup>1</sup>



(1) Average revenue contribution from 2007 through 3Q08

# Opportunistic Investing

Cumulative Funds Raised Over Time (\$bn)



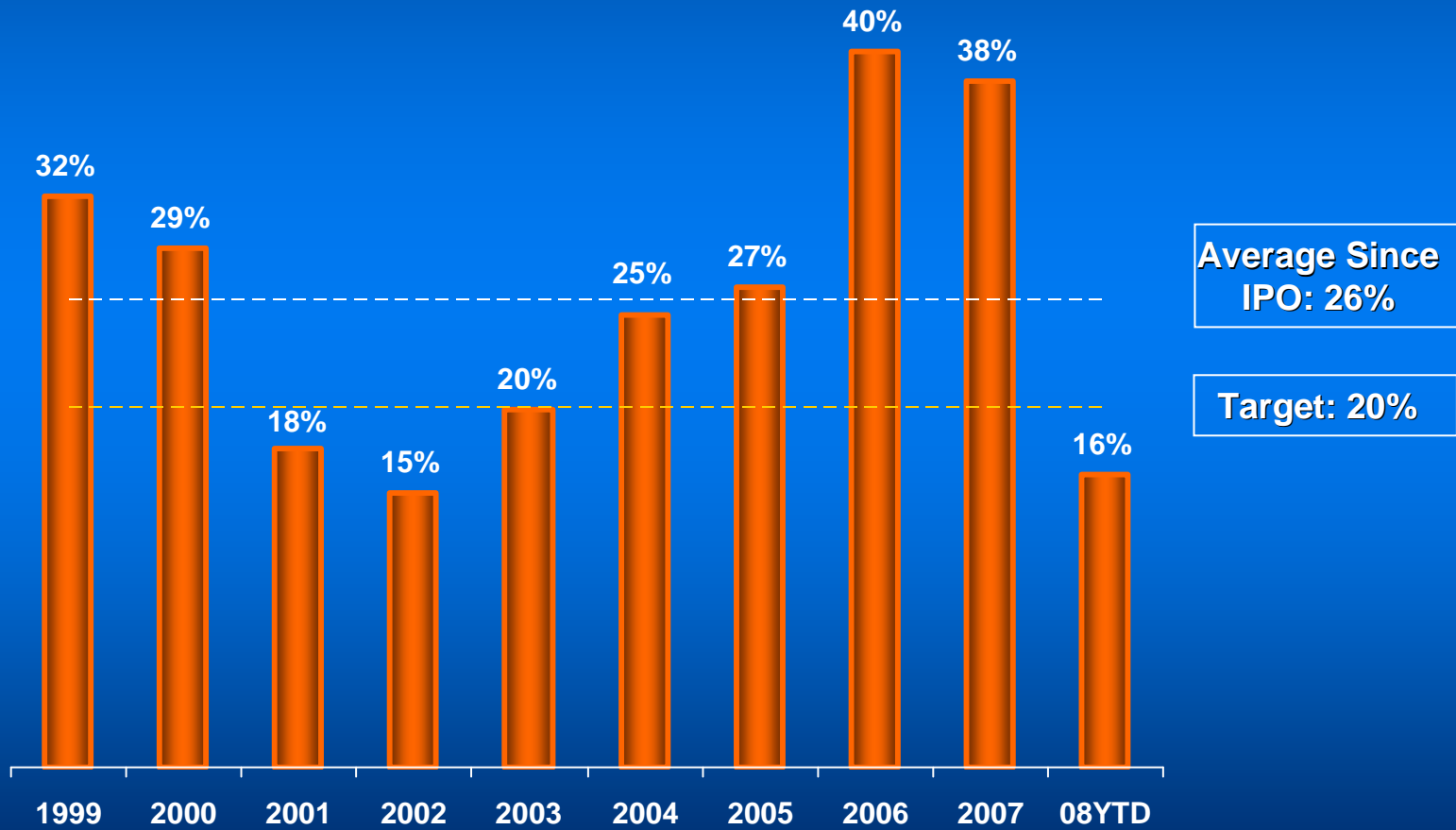
# Assets Under Management (\$bn)





# Returns Over the Cycle

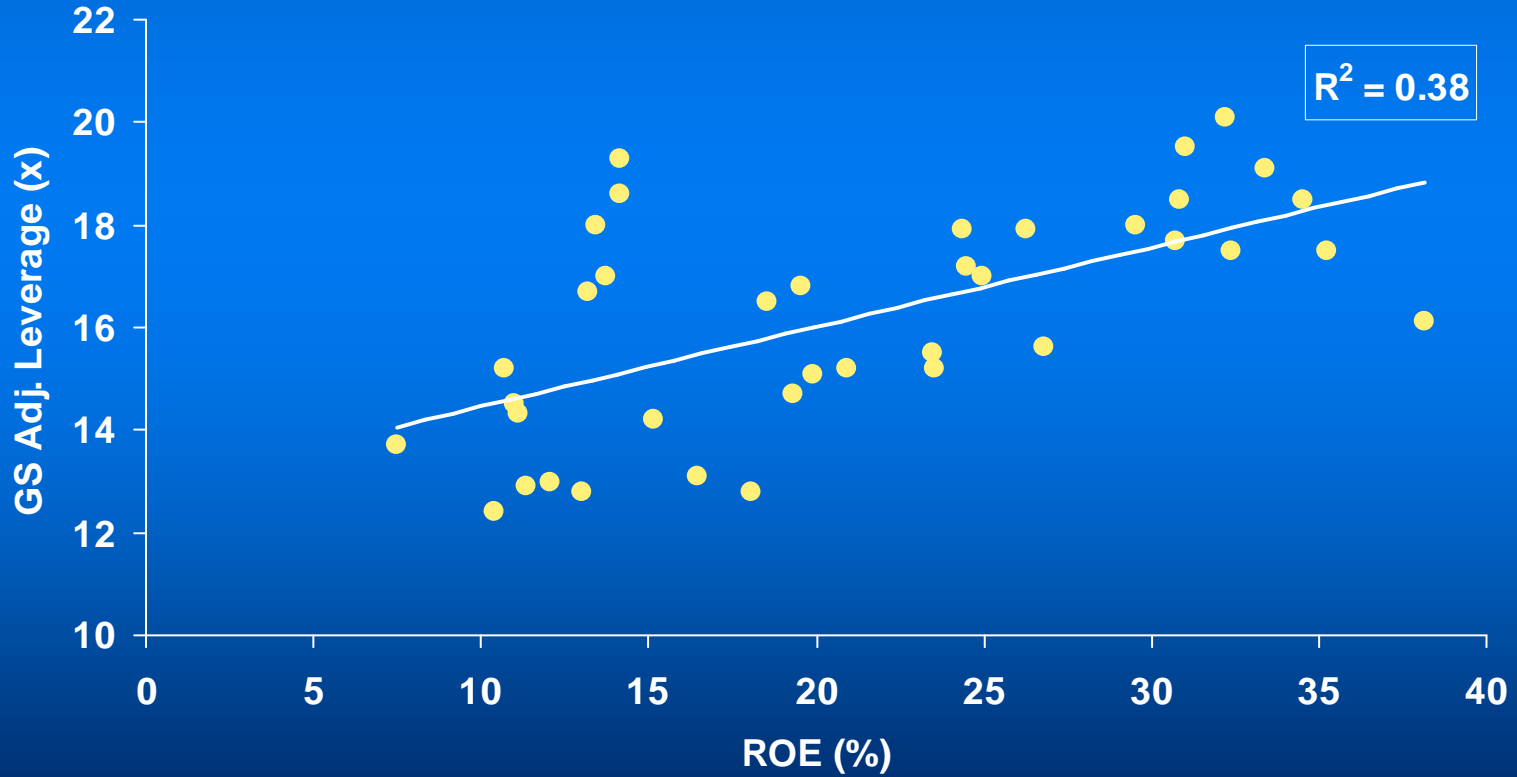
## GS Annual ROTE since IPO



# ROE is Sustainable

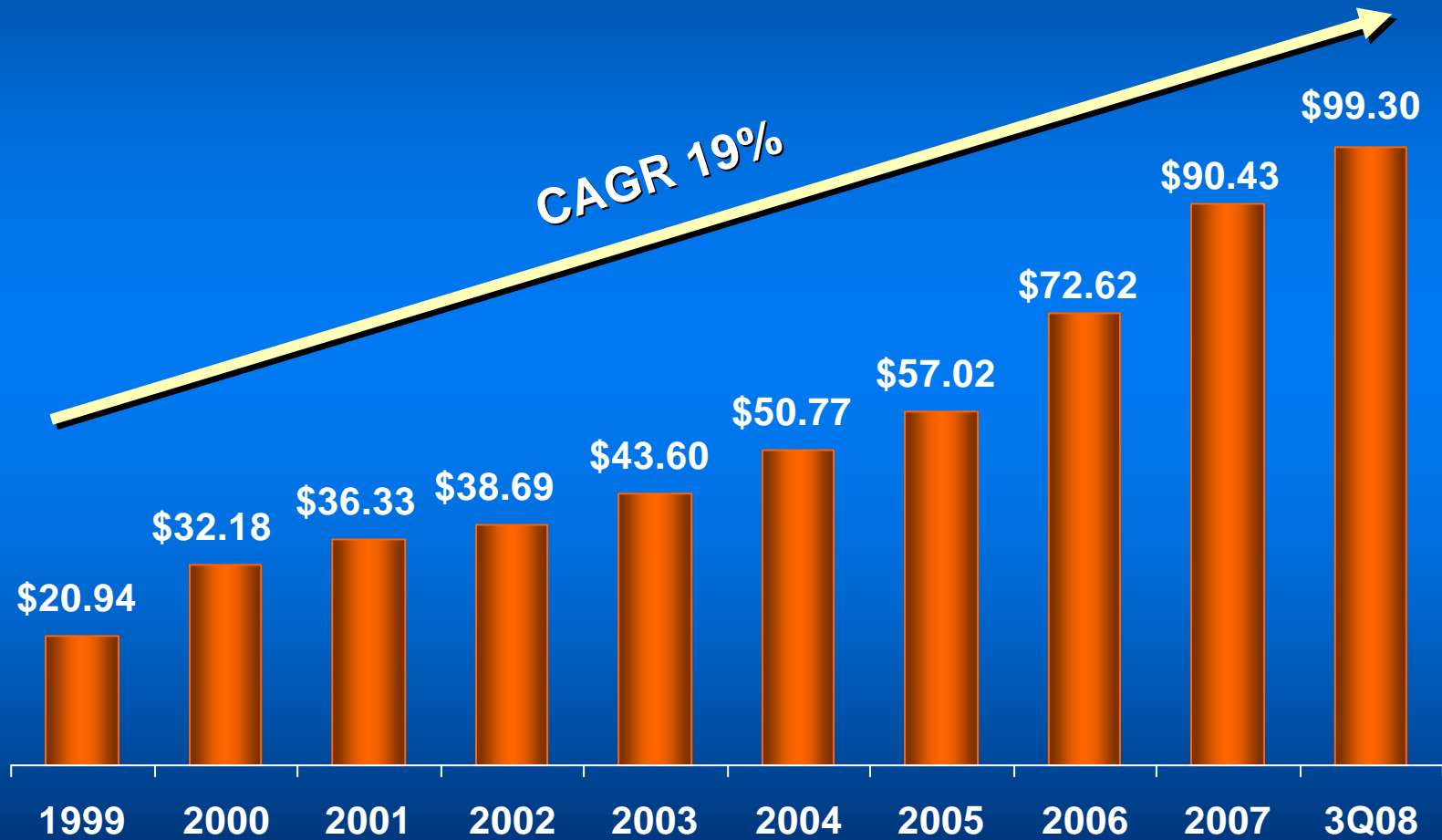
## GS ROE vs. Adjusted Leverage – 2Q99 to 3Q08

- Leverage is not a major driver of our ROE



# Long Term Growth

Growing Book Value Per Share in a Dislocated Environment



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