

Follow-up to the meeting on 23 May 2011 on policy issue relating to suspension of trading and subsequent buyback of four derivative warrants linked to the Nikkei 225 Index issued by Goldman Sachs Structured Products (Asia) Limited

- Following the meeting of the Panel on Financial Affairs on 23 May 2011, this paper sets out (a) the results of the buyback offer made by Goldman Sachs Structured Products (Asia) Limited (“GS”) in respect of four derivative warrants linked to the Nikkei 225 Index (“Warrants”); and (b) any other new developments in relation to the incident.

Background

- Particulars of the four Warrants are as follows:

Stock Short Name	Stock Code	Issue Size	Put /Call	Strike	Expiry Date
GS-N225@EC1109	10073	100,000,000	Call	11,000	9 Sep 2011
GS-N225@EC1112	10074	100,000,000	Call	12,000	9 Dec 2011
GS-N225@EP1109	10075	100,000,000	Put	10,000	9 Sep 2011
GS-N225@EP1112	10076	100,000,000	Put	9,000	9 Dec 2011

Results of Buyback Offer

- The offer closed at 5:00 p.m. on 27 May 2011. On 2 June 2011, GS announced the results of buyback offer (see Appendix). Out of 120 warrant holders, 90 holders accepted the buyback offer representing 31.62 million warrants (out of 71.03 million warrants).
- Based on GS announcement and our records, details of the breakdown are follows:

	10073		10074		10075		10076		All 4 Warrants	
	No. of holders	Net Position	No. of holders	Net Position	No. of holders	Net Position	No. of holders	Net Position	No. of holders ¹	Net Position
<i>(i) Investors who have accepted the buyback offer²</i>										
<i>Accepted</i>	60	19,870,000	9	3,610,000	20	3,260,000	35	4,880,000	90	31,620,000
<i>% of Grand Total</i>	74.1%	36.5%	90.0%	98.1%	74.1%	65.6%	72.9%	61.8%	75%	44.5%
<i>(ii) Investors who have not accepted the buyback offer³</i>										
<i>Non-accepted</i>	21	34,610,000	1	70,000	7	1,710,000	13	3,020,000	30	39,410,000
<i>% of Grand Total</i>	25.9%	63.5%	10.0%	1.9%	25.9%	34.4%	27.1%	38.2%	25%	55.5%
Grand Total	81	54,480,000	10	3,680,000	27	4,970,000	48	7,900,000	120	71,030,000

Notes:-

¹ There are in total 120 warrant holders who hold more than one Warrant. If the number of warrant holders is counted on per Warrant basis (without elimination of multiple counting of holders who hold more than one issue), the aggregate total of holders would be 166.

² Per GS announcement, these are warrant holders who have accepted its buyback offer.

³ These are warrant holders who have not accepted the buyback offer.

Further Analysis on Warrants Holders

5. A breakdown of warrant holders by their holdings profile is set out below:

No. of warrant holders	Accepted	Non-accepted	Total
<i>(i) Investor type</i>			
Individual	89	29	118
Investment Bank/Corporate	1	1	2
<i>Sub-total</i>	<i>90</i>	<i>30</i>	<i>120</i>
<i>(ii) # of holders who acquired their interest on or before 31 Mar</i>			
On 31 Mar	24	2	26
Before 31 Mar	66	28	94
<i>Sub-total</i>	<i>90</i>	<i>30</i>	<i>120</i>
<i>(iii) Grouped by Category¹</i>			
Category A ²	65	24	89
Category B ³	62	15	77
<i>Sub-total</i>	<i>127</i>	<i>39</i>	<i>166</i>
<i>(iv) Net position analysis by total number of warrants held</i>			
Up to 100,000	55	19	74
Over 100,000 up to 1M	25	8	33
Over 1M up to 2M	7	0	7
Over 2M	3	3	6
<i>Sub-total</i>	<i>90</i>	<i>30</i>	<i>120</i>
<i>(v) Net position analysis by cost of acquisition</i>			
Up to HK\$100,000	76	27	103
Up to HK\$10,000	36	11	47
Up to HK\$50,000	70	25	95
Over HK\$100,000 up to HK\$1M	14	2	16
Over HK\$1M	0	1	1
<i>Sub-total</i>	<i>90</i>	<i>30</i>	<i>120</i>

Notes:-

¹ For the number of warrant holders of Category A or Category B, it is counted on a per Warrant basis.

² Category A holders are those who acquired Warrants at fair values, generally before 31 March 2011.

³ Category B holders are those who acquires Warrants at prices in excess of fair values on 31 March 2011, and those who acquired at prices above the Buyback Value.

6. An analysis of the premium received (if the buyback offer was taken up) is set out below:

	All 4 Warrants		
	Premium (%)	Premium (HK\$)	Net Position (No. of warrants)
<i>(i) Investors who have accepted the buyback offer</i>			
Average	88%	12,479	248,976
Maximum	749%	60,500	1,850,000
Minimum	11%	5,090	10,000
<i>(ii) Investors who have not accepted the buyback offer</i>			
Average	93%	29,983	1,010,513
Maximum	831%	511,800	20,000,000
Minimum	12%	5,150	10,000

Further Development

7. As of 2 June 2011, of the 4 Warrants, only GS-N225@EP1109 (stock code: 10075) is in-the-money. The remaining 3 Warrants are out-of-money.
8. Warrant holders that did not accept the offer can continue to hold the original warrants until maturity. Any cash settlement on maturity would be calculated using the corrected settlement formulae. Under the compensation arrangement, individual holders who have accepted the offer are still free to pursue any legal claims that they might consider they had against GS if their warrants expire in-the-money.

Appendix - Issuer's Announcement of 2 June 2011 in respect of results of Buyback Offer

Hong Kong Exchanges and Clearing Limited
June 2011

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This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Warrants (as defined below).

**End of Buyback Offer Period
in relation to**

**100,000,000 European style cash-settled call warrants due 9 September 2011 in relation to Nikkei 225
Stock Average Index in Global Registered Form 2011
(Stock Code: 10073)**

**100,000,000 European style cash-settled call warrants due 9 December 2011 in relation to Nikkei 225
Stock Average Index in Global Registered Form 2011
(Stock Code: 10074)**

**100,000,000 European style cash-settled put warrants due 9 September 2011 in relation to Nikkei 225
Stock Average Index in Global Registered Form 2011
(Stock Code: 10075)**

**100,000,000 European style cash-settled put warrants due 9 December 2011 in relation to Nikkei 225
Stock Average Index in Global Registered Form 2011
(Stock Code: 10076)**

**(the “Warrants” which reference shall be, as the context requires, to each series of Warrants
comprising the relevant Warrants)**

issued by

Goldman Sachs Structured Products (Asia) Limited

(incorporated in the Cayman Islands with limited liability)

(the “Issuer”)

and unconditionally and irrevocably guaranteed by

The Goldman Sachs Group, Inc. (the Guarantor)

(incorporated in the State of Delaware, United States of America)

Sponsor

Goldman Sachs (Asia) L.L.C.

Reference is made to the announcement issued by us dated 21 April 2011 in relation to, among other things, the Buyback Scheme of the Warrants (the “**Announcement**”), and the announcement issued by us dated 11 May 2011 in relation to the extension of the Buyback Offer Period (the “**Extension Announcement**”). Terms defined in the Announcement and the Extension Announcement shall have the same meanings when used in this announcement. References herein to “we” shall mean the Issuer, and the words “us” and “our” should be construed accordingly.

Notice is hereby given that the Buyback Offer Period (extended as set out in the Extension Announcement) has ended on 27 May 2011.

As at 27 May 2011, there were 120 Existing Holders in total, of which 90 Existing Holders have accepted the Buyback Offer (being 75% of all Existing Holders). Further information on the Buyback Scheme as at the date of this announcement is set out in the table below.

Stock code	Number of Existing Holders who have accepted the Buyback Offer	Number of Warrants held by Existing Holders who have accepted the Buyback Offer
10073.HK	60	19,870,000
10074.HK	9	3,610,000
10075.HK	20	3,260,000
10076.HK	35	4,880,000
Total	90*	31,620,000

* Please note that some Existing Holders hold more than one series of Warrants.

We are continuing to review and process acceptances we have received. Existing Holders who have accepted the Buyback Offer may contact the GS Buyback Hotline on 2629 3559 or buyback@hk.ey.com with any queries regarding the processing of their acceptance. Existing Holders who have chosen not to accept the Buyback Offer should note that trading in the Warrants will not resume, and that the Warrants will be settled at expiry by payment of the Cash Settlement Amount (if any) determined in accordance with the Correct Formula.

The Board of Directors
Goldman Sachs Structured Products (Asia) Limited

2 June 2011