



The Ayco Company, L.P. – Financial Related Services Division

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This brochure provides information about the qualifications and business practices of the Financial Related Services Division of The Ayco Company, L.P. If you have any questions about the contents of this brochure, please contact your Ayco team or contact us at (518) 886-4000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.

Additional information about The Ayco Company, L.P.'s Financial Related Services Division also is available on the SEC's website at www.adviserinfo.sec.gov.

March 30, 2012

MATERIAL CHANGES Item 2

This brochure is dated March 30, 2012. The material changes since the last annual brochure dated March 31, 2011 include:

- Updated fees and fee ranges for certain services. See Item 5.
- Added disclosure to clarify that we do not accept discretion over client's investment accounts and assets as part of services provided through our Financial Related Services businesses. See Item 16.
- Attached a new balance sheet as of December 31, 2011. See Item 18.

The foregoing is only a summary of the material changes to the Brochure. It does not purport to identify every change to the Brochure since the last annual update. This summary of material changes is qualified in its entirety by reference to the full discussion in this Brochure. Clients are encouraged to read the Brochure in detail and contact their Ayco representative with any questions

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Item 4 – ADVISORY BUSINESS

Introduction

This brochure ("Brochure") describes the investment advisory services offered by the Financial Related Services ("FRS") division of The Ayco Company, L.P. ("Ayco"). Ayco provides advisory services to clients and has been helping clients build and preserve their financial wealth since 1971. Ayco is headquartered in Saratoga Springs, New York and FRS operates through offices located in Albany, NY. Ayco's principal owner is The Goldman Sachs Group, Inc. ("GS Group"), a publicly traded bank holding company and financial holding company under the Bank Holding Company Act of 1956, as amended, and a world-wide, full-service financial services organization. GS Group, Ayco and their respective affiliates, directors, partners, trustees, managers, members, officers and employees are referred to collectively as "Firm."

Advisory Services

FRS advisory services include the financial education and planning services described below. "Advisory Personnel," i.e., those providing FRS advisory services, include Financial Related Services Counselors and other Ayco professionals. FRS offers investment education under the laws of the United States through the following services and programs. Ayco's services may be limited for clients residing outside the United States. FRS and FRS Counselors do not sell or recommend specific securities or other investment products.

FRS provides the following financial education and planning services to program sponsors such as large employers or associations on an individual or group basis, under separate written agreement between Ayco and the sponsoring organization and in some circumstances, an individual participating in a program sponsored by an organization.

The Ayco AnswerLine[®] service provides one-on-one financial planning education through a toll-free number to individuals through employer or association sponsored programs.

Aycofn[®] service is a web-based financial education service that focuses on the fundamentals of financial planning. Aycofn[®] includes basic financial planning content, financial planning tools and calculators, and the ability to develop personal financial reports.

Money in Motion[®] service is a financial education service that focuses on the fundamentals of financial planning. The service includes the Ayco AnswerLine[®] and Aycofn[®]. As part of the Money in Motion[®] program, Ayco offers electronic publications on Aycofn[®] or through e-mail subscription that contain educational content focusing on the fundamentals of financial planning.

RetireRight[®] service is a retirement planning service provided to individuals who have announced their decision to retire. The service consists of access to a RetireRight[®] counselor and a subscription to Aycofn[®] for six months.

FastTrack service provides financial planning for small groups of executives or employees of the sponsoring organization. The service consists of various components as selected by the sponsoring organization and may include a customized seminar, a personal planning session for each of the enrolled employees, customized financial planning exhibits and access to the Ayco AnswerLine[®] service and Aycofn[®].

Seminars, customized to address employee benefits, offering impersonal financial education on varying topics that may be delivered live, in person or via web, or on various recorded media are also available. Fees vary depending on the number of days of the seminar program, the number of participants involved and the customization of the program.

SurvivorSupport[®] service provides assistance to the surviving spouse or other qualified beneficiaries of employees in gathering estate assets and making investment and financial planning decisions. The service generally consists of one initial financial planning session between the surviving participant and a FRS Counselor, a personal financial plan, and direct telephone access to designated counselors and Aycofn[®] for six consecutive months from the date of the initial financial planning session.

TransitionalSupportSM service provides assistance to terminally-ill individuals in making financial decisions. The service generally consists of one initial financial planning session between a counselor and the participant, a personal financial plan, and direct telephone access to designated counselors and to Aycofn[®] for six (consecutive months from the date of the initial financial planning session.

Ayco's FRS services are consistent with investment education described in 29 CFR 2509.96-1, and not "investment advice", as such term is used in Section 3(21) of ERISA. As a result, Ayco is not intended to be considered a "fiduciary" under Section 3(21) of ERISA with respect to any "employee benefit plan" under Section 3(3) of ERISA or "plan" under Section 4975(e)(1) of the Code maintained or contributed to by a counseled individual's employer or such employer's affiliates or in which any counseled individual participates. Ayco's FRS services are not intended to and shall not constitute a primary basis for any investment decision by, or with respect to the assets of, any such plan.

FRS services may be provided by Ayco personnel from one or more of Ayco's counseling groups, as Ayco deems appropriate, and will be disclosed to individuals receiving services and/or corporate sponsors, if any, as may be required.

Item 5 – FEES AND COMPENSATION

Unless otherwise indicated below, fees that are specified herein are negotiable. Fees hereunder may be waived in Ayco's discretion. The basic advisory fees set forth below represent the fees that may be charged for Ayco FRS services, absent special circumstances.

Ayco AnswerLine[®] and Aycofn[®]

Fees are negotiable and range from \$20 to \$3,500 per participant annually with an additional fee for project management and development charged to corporate sponsors from time to time. Ayco may also negotiate alternative fee arrangements for the Ayco AnswerLine[®] service based on a specified number of calls anticipated over a certain period of time depending on a number of factors including the eligible population, scope of topics addressed and timing of the program with initial call blocks ranging from \$50,000 to \$450,000. Minimum fees and fee ranges may be charged based upon (i) the number of eligible employees, (ii) the volume of calls, (iii) usage rates, (iv) scope of services, or (v) other negotiated factors. In the event of a termination without cause of the Ayco AnswerLine[®] service, fees will be due for services rendered through the date of termination. In all instances, the termination and refund shall be effected as specifically negotiated in the contract. Customization fees for the Aycofn[®] service range between \$15,000 and \$500,000.

Money in Motion[®]

Fees range from \$200 to \$2,500 per participant and are non-refundable once the service commences.

RetireRight[®] and FastTrack

Fees for the RetireRight[®] service range from \$1,750 to \$3,500 per participant and are non-refundable once the initial in-person or telephone session has been provided. Fees for the FastTrack service range from \$2,850 - \$5,250 per participant and may include project management fees up to 15% of the total program fee.

Seminars

Fees vary depending on the number of days of the seminar program, the number of participants involved and the customization of the program. Fees range from \$2,900 to \$3,750 per day with an additional fee for project management and development.

SurvivorSupport[®]

Fees for new corporate sponsors of SurvivorSupport[®] services range from \$3,200 to \$3,500 for each participant and an annual administrative fee ranging from \$3,000 to \$10,000. The participant may terminate receipt of services by providing written notice of termination to Ayco. Once the initial, in-person or telephone session has been provided, fees are nonrefundable.

TransitionalSupportSM

Fees for new corporate sponsors of TransitionalSupportSM services range from \$4,500 to \$7,500 for each participant. The participant may terminate receipt of services by providing written notice of termination to Ayco. Once the initial, in-person or telephone counseling session has been provided, fees are nonrefundable.

Calculation and Deduction of Fees

Fees for FRS services are calculated and payable in accordance with a separate written agreement between Ayco and the sponsoring employer and in some circumstances, an agreement between an individual and Ayco.

Other Fees and Expenses

Corporate sponsors may be charged an administrative fee for SurvivorSupport[®] services, a customization fee for Aycofn[®] services and project management fee for FRS services.

Prepaid Fees

FRS clients may pay fees in advance and certain services may require prepayment of fees. Unless otherwise agreed, if an advisory contract or relationship is terminated before prepaid services are rendered, Ayco will refund fees that have been prepaid to, but unearned by, Ayco.

Compensation for the Sale of Securities and Other Investment Products

FRS and FRS Counselors do not sell or recommend specific securities or other investment products. FRS Counselors do not receive compensation based on such sales by the Firm.

Item 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Ayco and its Advisory Personnel do not receive performance-based fees for advisory services provided to advisory accounts.

Item 7 – TYPES OF CLIENTS

FRS clients include individuals, corporations and other business entities, trusts, estates, charitable organizations, banks, thrift institutions, pensions and profit sharing plans.

Item 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Significant Investment Strategies, Methods of Analysis and Material Risks

FRS formulates investment advice as part of FRS education services by providing clients with asset allocation models prepared by Ayco's Investment Planning Group and the Goldman Sachs Private Wealth Management Investment Strategy Group, a team of Ayco and Goldman, Sachs & Co. ("GS&Co.") investment professionals, respectively. Different Advisory Personnel may use different tools, analyses and other inputs to educate FRS clients. In providing investment education to FRS clients, certain FRS Advisory Personnel may provide assistance to clients in entering client information for generating an asset allocation model, such FRS Advisory Personnel cannot, however, alter the underlying asset allocation models, including the underlying assumptions used by such models, or recommend specific securities within such asset allocation models. Advisory Personnel may also use a variety of other investment analysis tools.

Other than recommendations made by Ayco Investment Professionals, Ayco does not make single stock, bond or exchange traded fund recommendations. FRS may provide education to clients concerning participation in corporate benefit plans and, changes in investment elections under their corporate benefit plans (e.g., exercise of stock options). Ayco does not provide advice, make recommendations or otherwise assist pension plans (including 401(k) plans) and other employee pension benefit plans subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), tax qualified retirement plans (including Keogh plans) under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "IRC") and not covered by ERISA and individual retirement accounts under IRC Sections 408 and 408A (collectively, "Retirement Accounts") in deciding whether to invest in companies for which affiliated persons of Ayco serve as advisor, sub-advisor, and/or distributor and receive fees for the services provided. Such investment decision will be the sole responsibility of the Retirement Accounts and no information provided by Ayco will form a primary basis for such investment. If a client maintains both Retirement Accounts and non-Retirement Accounts, the client should understand that any advice or

recommendations made by Ayco with respect to a non-Retirement Account may not be relied on as advice or as a primary basis of any decision with respect to a Retirement Account, which may present different considerations.

Ayco reviews the investment style, performance and management tenure of a select number of mutual funds. Based on this review, Ayco maintains and periodically updates The Ayco List of Mutual Funds, a list of reviewed mutual funds. The Ayco List of Mutual Funds, and any updates to thereto, are made available to clients upon request.

An “Unaffiliated Manager” is a manager not appearing on The Ayco List of Mutual Funds or not recommended by Ayco’s affiliates including GS&Co. and Goldman Sachs Asset Management, L.P. (“GSAM”). Ayco does not follow, review or make any recommendations concerning Unaffiliated Managers. Ayco’s actions with regard to Unaffiliated Managers, mutual funds, or other products may differ from, and may conflict with, the opinions or advice given or investment decisions made by Ayco’s affiliates, including GS&Co. and GSAM.

Ayco as an accommodation may include investments managed by Unaffiliated Managers in asset allocation discussions or in an asset allocation and other financial planning exhibits; however, any decision to invest with an Unaffiliated Manager is determined solely by the client. Ayco and its affiliates are not responsible for the selection, supervision, management, performance or other similar services of or in connection with any Unaffiliated Manager.

Ayco and its affiliates will not be liable for any losses that clients may suffer, directly or indirectly as a result of their acquisition, disposal or holding of investments(s) managed by an Unaffiliated Manager. Ayco will rely on information provided by its clients or their agents when including an Unaffiliated Manager in asset allocation discussions, preparing asset allocation and other financial planning exhibits. Neither Ayco nor its affiliates verify the accuracy of the information concerning Unaffiliated Managers provided by clients or their agents.

Clients should understand that all investment strategies and the investments made as a result of implementing those investment strategies involve risk of loss and clients should be prepared to bear the loss of the assets invested and, in the case of margin account trading, beyond the amount invested. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a client's investments fluctuates due to market conditions and other factors. The investment decisions and recommendations made and the actions taken for advisory clients are subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable.

Risks Applicable to all Advisory Clients

This brochure does not disclose every potential risk associated with an investment strategy, and these risks may apply to assets held at or away from the Firm. Rather, it is a general description of the nature and risks of the strategies and securities and other instruments that FRS clients may invest in. Except as otherwise expressly agreed in writing, Ayco does not assume any duties to take action pursuant to financial planning strategies that Ayco may provides to clients, which ultimately remain the client's obligation. FRS clients are not required to implement their financial plans through Ayco or Ayco's affiliates, and Ayco is not responsible for mitigating any of these risks for clients implementing their investment strategies. The following risks are applicable to all strategies:

- **Market/Volatility Risk** – The risk that the value of the assets in which a client invests may decrease (potentially dramatically) in response to the prospects of individual companies, particularly industry sectors or governments, general economic conditions, interest rates, changing supply and demand relationships, programs and policies of governments, and national and international political and economic events and policies. Past performance may not be indicative of future results.

- **Liquidity Risk** – This is the risk that a client may not be able to monetize investments either because its investments have become less liquid or illiquid in response to market developments or adverse investor perceptions.
- **Concentration Risk** – The increased risk of loss associated with not having a diversified portfolio (e.g., investments concentrated in a geographic region, industry sector or issuer will experience greater loss due to an adverse economic, business or political development affecting the region, sector or issuer than an account that is diversified and therefore has less overall exposure to that region or sector or any issuer).
- **Tax, Legal and Regulatory Risks** – The risk of loss due to increased costs and reduced investment and trading opportunities resulting from unanticipated legal, tax and regulatory changes.

Item 9 – DISCIPLINARY INFORMATION

This Item requests information relating to Ayco. There are no reportable material legal or disciplinary events related to Ayco. In the ordinary course of its business, Ayco and its investment management affiliates and their employees have in the past been, and may in the future be, subject to formal and informal regulatory inquiries, subpoenas, investigations, and legal or regulatory proceedings, involving the U.S. Securities and Exchange Commission ("SEC"), other regulatory authorities, or private parties. Additional information about Ayco's advisory affiliates is contained in Part 1 of Ayco's Form ADV. For information relating to other Firm entities, please visit www.gs.com and refer to the public filings of The Goldman Sachs Group, Inc. located on the SEC's website at www.sec.gov.

Item 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Other Material Relationships with Affiliated Entities

Ayco may use or recommend its own services or the services of affiliated Firm entities in connection with Ayco's advisory business. The particular services involved will depend on the types of services offered by the affiliate. Certain of Ayco's trading, advisory and other activity for advisory clients may be delegated to affiliated entities in Ayco's discretion. Particular relationships may include, but are not limited to, those discussed below.

Broker-Dealer

Ayco's affiliate Mercer Allied Company, L.P. ("Mercer Allied") is registered with the SEC as a broker-dealer. Certain of Ayco's management persons, as well as certain FRS Counselors, may also be registered representatives of Mercer Allied to the extent necessary or appropriate to perform their responsibilities. Mercer Allied primarily sells variable life insurance policies and variable annuities contracts or introduces clients to full-service carrying brokers. Ayco and Mercer Allied have overlapping officers, personnel and share office space and certain expenses.

Investment Companies and Other Pooled Investment Vehicles

Ayco has affiliates, including GSAM, that act in an advisory or sub-advisory capacity including as adviser, administrator and/or distributor to a variety of U.S. and non-U.S. investment companies as well as other pooled investment vehicles including collective trusts and alternative investment funds. Certain Firm personnel are also directors, trustees and/or officers of these investment companies and other pooled investment vehicles. Clients of Ayco and its affiliates may invest in these investment companies and other pooled investment vehicles offered by the Firm.

Other Investment Advisers

Ayco has investment advisory affiliates in and outside of the United States that are registered with the SEC as investment advisers. These affiliates include: GS&Co., GSAM, Goldman Sachs Asset Management International ("GSAMI"), Goldman Sachs Hedge Fund Strategies LLC ("HFS") and GS Investment Strategies, LLC ("GSIS").

Ayco's personnel may recommend its affiliates' investment advisory services to its clients and may receive fees from such affiliates. From time to time, Ayco personnel may also refer clients to certain unaffiliated investment advisers. In some of these cases, the investment adviser may pay Ayco a portion of the investment management fee charged to the client. In other instances, Ayco may engage the unaffiliated sub-advisers and charge a fee for supervisory services. Ayco discloses these arrangements to its clients to the extent required by law.

Insurance Company or Agency

With respect to arrangements with a related person who is an insurance company or agency, Ayco's affiliated persons, The Ayco Services Agency, L.P., The Ayco Services Insurance Agency, Inc. and Goldman Sachs Insurance Agency, Inc. may engage in the insurance agency business for purposes of selling insurance contracts including, but not limited to, variable life and variable annuity insurance contracts for separate compensation. Advisory clients are not obligated to use Ayco's affiliated persons to purchase insurance or annuities. Appropriately licensed Firm personnel may refer clients to such insurance agencies and may receive referral fees, subject to applicable law.

Management Persons: Policies and Procedures

Certain of Ayco's management persons also hold positions with one or more of its affiliated entities. In these positions, they may have some responsibility with respect to the business of these affiliated entities and may receive compensation based, in part, upon the profitability of other divisions within the Firm. Consequently, in carrying out their roles at Ayco and these other entities, the management persons of Ayco may be subject to the same or similar potential conflicts of interest that exist between Ayco and these affiliates.

Ayco has established a variety of restrictions, policies, procedures, and disclosures designed to address potential conflicts that may arise between Ayco its management persons and its affiliates. These policies and procedures include: information barriers designed to prevent the flow of information between Ayco, its personnel and certain other affiliates; policies and procedures relating to brokerage selection, trading with affiliates or investing in products managed or sponsored by affiliates; and allocation policies applicable accounts.

Receipt of Compensation from Investment Advisers

Ayco receives compensation in connection with clients' investments in and selection and recommendation of managed accounts or funds managed by one or more affiliated or unaffiliated managers, and such compensation creates a potential conflict of interest. The Firm may receive various forms of compensation, commissions, payments, remuneration, or other benefits from unaffiliated managers.

Item 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics and Personal Trading

Ayco has adopted a Code of Ethics ("Code") under Rule 204A-1 of the Investment Advisers Act of 1940, as amended ("Advisers Act") designed to provide that Ayco personnel comply with the applicable federal securities laws and place the interests of clients first in conducting personal securities transactions. The

Code imposes certain restrictions on securities transactions in the personal accounts of Ayco personnel to help avoid any actual or potential conflicts of interest. Ayco personnel may buy and sell securities or other investments for their personal accounts, including investments in pooled investment vehicles that are sponsored, managed or advised by the Firm and may also take positions that are the same as, different from, or made at different times than, positions taken for advisory clients. Ayco provides a copy of the Code to clients or prospective clients upon request.

Additionally, Ayco personnel are subject to firmwide policies and procedures regarding confidential and proprietary information, information barriers, private investments, outside business activities and personal trading.

Participation or Interest in Client Transactions

The Firm is a worldwide, full-service investment banking, broker-dealer, asset management and financial services organization and a major participant in global financial markets. As such, the Firm provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. The Firm acts as an investment banker, research provider, investment manager, financier, advisor, market maker, prime broker, derivatives dealer, lender, counterparty, agent and principal. In those and other capacities, the Firm advises clients in all markets and transactions and purchases, sells, holds and recommends a broad array of investments, including, securities, derivatives, loans, commodities, currencies, credit default swaps, indices, baskets and other financial instruments and products for its own accounts and for the accounts of clients and of Firm personnel, through client accounts and the relationships and products it sponsors, manages and advises (such Firm or other client accounts, relationships and products, including advisory accounts, collectively, the “Accounts”). The Firm has direct and indirect interests, in the global fixed-income, currency, commodity, equities, bank loan and other markets and may have an interest in the securities and issuers in which advisory clients directly and indirectly invest. As a result, the Firm's activities and dealings may affect advisory clients in ways that may disadvantage or restrict advisory clients and/or benefit the Firm or other Accounts (including advisory accounts).

Effects of the Firm's Activities on Advisory Clients

The extent of the Firm's activities in the global financial markets may have potential adverse effects on advisory clients. The Firm, the clients it advises and its personnel, may have interests in and advise accounts (including advisory accounts) that have investment objectives or portfolios similar to or opposed to those of particular advisory clients, and/or which engage in and compete for transactions in the same types of securities and other instruments as particular advisory clients (including advisory accounts that may provide greater fees or other compensation) are invested. These interests may involve the same or related securities or other instruments as those in which particular advisory clients invest and such accounts and funds may engage in a strategy while an advisory client is undertaking the same or a differing strategy, any of which could disadvantage the advisory client. Accounts may also invest in different classes of securities of the same issuer, hold investments in or extend credit to the same issuer and the Firm may advise clients with respect to different parts of the capital structure of the same issuer and that are subordinate or senior to, securities in which an advisory client invests. As a result, the Firm and the accounts may pursue or enforce rights or activities with respect to a particular issuer in which an advisory client has invested.

The Firm and its personnel, when acting as an investment banker, market maker, investor, broker, advisor or research provider, may make investments, recommendations, provide differing investment views or have views with respect to research or valuations that are inconsistent with, or adverse to, the interests or activities of advisory clients. Similarly, the Firm's investment teams may have differing investment views in respect of a security, and the positions an investment team takes in respect of an advisory account it manages may be inconsistent with, or adverse to, the interests and activities of advisory accounts advised by other Firm investment teams including Ayco's Advisory Personnel. Moreover, research, analyses or viewpoints may be available to clients or potential clients at different times. The Firm will not have any obligation to make available to the advisory accounts or advisory

clients any research or analysis prior to its public dissemination. The Firm, on behalf of one or more Accounts (including advisory accounts), may implement an investment decision or strategy ahead of, or contemporaneously with, or behind similar investment decisions or strategies made for other Accounts. The relative timing for the implementation of portfolio decisions or strategies among Accounts may work to the disadvantage of Accounts. Certain factors, for example, market impact, liquidity constraints, or other circumstances could result in Accounts receiving less favorable trading results and paying increased costs associated with implementing such investment decisions or strategies, or being otherwise disadvantaged.

The Firm has established certain information barriers and other policies to address the sharing of information between different businesses within the Firm. As a result of information barriers, Ayco generally does not have access, or has limited access, to information and personnel in other areas of the Firm, and generally is not able to advise advisory clients with the benefit of information held by these other areas. The Firm, due to its access to and knowledge of funds, markets and securities based on its prime brokerage and other businesses, may make decisions based on information or take (or refrain from taking) actions with respect to interests in investments in a manner that may be adverse to advisory clients. In addition, the Firm may not share information with Ayco. Information barriers may also exist between businesses within Ayco. In addition, the Firm does not have any obligation to make available any information regarding its trading activities, strategies or views, or the activities, strategies or views used for other accounts managed by it, for the benefit of advisory clients.

Firm Policies and Regulatory Restrictions Affecting Advisory Clients

Ayco may limit its activities, transactions and its exercise of rights, including where the Firm is providing, or may provide, advice or services to a company or is providing or may provide advice and services to another client that is or may be engaged in a transaction related to such company.

Item 12 – BROKERAGE PRACTICES

FRS does not maintain client accounts or select or recommend broker-dealers.

Item 13 – REVIEW OF ACCOUNTS

Not applicable.

Item 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Ayco's FRS fees may be paid in whole or in part by the client's employer as the organization sponsoring Ayco's services.

From time to time, Ayco may make cash payments to affiliates and third parties for client referrals, consistent with applicable laws, including Rule 206(4)-3 under the Advisers Act. The compensation arrangements generally are based on a percentage of the advisory fees paid to Ayco by the referred clients and are disclosed to clients. In addition, from time to time, Ayco may also compensate employees of Ayco and its affiliates for client referrals pursuant to applicable laws.

Item 15 – CUSTODY

Not applicable.

Item 16 – INVESTMENT DISCRETION

Ayco does not accept discretion over client's investment accounts and assets as part of its FRS services.

Item 17 – VOTING CLIENT SECURITIES

Not applicable.

Item 18 – FINANCIAL INFORMATION

A balance sheet for Ayco's most recent fiscal year is attached.

GS Ayco Holding LLC and Affiliates*

**Consolidated Statement of Financial Condition
December 31, 2011**

*Affiliates are comprised of the Ayco Company, L.P. and its Affiliates

GS Ayco Holding LLC and Affiliates

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December 31, 2011

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Report of Independent Auditors

To the Member of
GS Ayco Holding LLC and Affiliates:

In our opinion, the accompanying consolidated statement of financial condition presents fairly, in all material respects, the financial position of GS Ayco Holding LLC and Affiliates (the "Company") at December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated statement of financial condition presentation. We believe that our audit of the consolidated statement of financial condition provides a reasonable basis for our opinion.

As described in Note 7, to the consolidated statement of financial condition, the Company has had significant transactions with related parties.

PricewaterhouseCoopers LLP

March 22, 2012

GS Ayco Holding LLC and Affiliates
Consolidated Statement of Financial Condition
December 31, 2011

Assets

Current assets	
Cash	\$ 9,066,200
Accounts receivable, net of allowance of \$609,000	31,800,500
Prepaid expenses	1,464,900
Due from affiliates	<u>65,569,100</u>
Total current assets	107,900,700
Property, building and equipment, net	16,530,500
Goodwill	284,230,700
Customer relationships, net	98,795,400
Other assets	<u>604,800</u>
Total assets	<u>\$ 508,062,100</u>

Liabilities and Equity

Current liabilities	
Accrued compensation and benefits	\$ 41,679,700
Other liabilities and accrued expenses	1,394,900
Due to affiliates	100,000
Deferred income	5,124,000
Income taxes payable	18,059,300
Pensions, postretirement and deferred compensation liabilities	<u>1,690,900</u>
Total current liabilities	68,048,800
Net deferred tax liabilities	60,880,600
Rent escalation	3,999,300
Pensions, postretirement and deferred compensation liabilities	<u>2,944,600</u>
Total liabilities	135,873,300
Commitments, contingencies and guarantees	-
Equity	<u>372,188,800</u>
Total liabilities and equity	<u>\$ 508,062,100</u>

The accompanying notes are an integral part of the Consolidated Statement of Financial Condition.

GS Ayco Holding LLC and Affiliates

Notes to Consolidated Statement of Financial Condition

December 31, 2011

1. Description of Business

GS Ayco Holding LLC and Affiliates, a Delaware limited liability company, together with its subsidiaries (The Ayco Company, L.P., Saratoga Springs LLC, Mercer Allied Company, L.P., Ayco Services Agency, L.P., Mercay Corporation, and Ayco Services Insurance Agency, Inc. collectively, the "Company"), is an indirectly wholly-owned subsidiary of The Goldman Sachs Group, Inc. ("Group, Inc."), a Delaware corporation and a financial holding company. Effective, December 1, 2011, the Company's sole member is GS Ayco Senior Holding LLC. The Company is engaged in the business of providing professional services which include financial counseling, tax return preparation, asset management, trust and estate, corporate benefit plan and insurance services to corporate and individual clients primarily throughout the United States.

2. Basis of Presentation and Significant Accounting Policies

The consolidated statement of financial condition is prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Principles of Consolidation

The consolidated statement of financial condition includes the accounts of the Company which is comprised of entities under common ownership. All material intercompany transactions and balances have been eliminated.

Use of Estimates

Preparation of the consolidated statement of financial condition requires management to make certain estimates and assumptions regarding the discount rate in determining pension and postretirement liabilities, the accounting for goodwill, the provision for potential losses that may arise from litigation and regulatory proceedings, potential losses on accounts receivable and other matters that affect the consolidated statement of financial condition and related disclosures. These estimates and assumptions are based on the best available information, but actual results could be materially different.

Cash

The Company defines cash as highly liquid overnight deposits held in the ordinary course of business. Cash balances are maintained at various institutions some of which are insured by the Federal Deposit Insurance Corporation to the extent provided by law. At December 31, 2011, the Company had \$7,666,100 in banks in excess of the insured limits.

Accounts Receivable

Accounts receivable consist primarily of amounts owed by customers. These balances are presented net of allowances for uncollectible accounts. The allowance estimates are based on past collection experience and our assessment over future collectability.

Property, Building and Equipment

Property, building and equipment are stated at cost with depreciation provided for on a straight-line basis over the estimated useful lives of the assets, primarily three to seven years on furniture, fixtures and equipment, ten years on building improvements, and thirty years on buildings. Leasehold improvements are amortized over the shorter of the lease term or useful life which range from nine to twenty years. Significant additions or improvements extending the assets' useful lives are capitalized.

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Property, building and equipment are tested for impairment whenever events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable. An impairment loss, calculated as the difference between the estimated fair value and the carrying value of an asset or asset group, is recognized if the sum of the expected undiscounted cash flows relating to the asset or asset group is less than the corresponding carrying value.

As discussed in Note 6, the Company has contractual obligations under long-term noncancelable lease agreements, principally for office space, expiring on various dates through 2027. Certain agreements are subject to periodic escalation provisions for increases in real estate taxes and other charges. Leases with escalating rent payments over the lease term are recorded on a straight line basis.

Goodwill

The Goodwill balance of \$284,230,700 relates to the acquisition of The Ayco Company, L.P. and Affiliates by GS Ayco Holding LLC on July 1, 2003. Goodwill is the cost of acquired companies in excess of the fair value of identifiable net assets at acquisition date. The carrying value of goodwill has decreased \$1,201,000 from the prior year due to the amortization of tax goodwill (see Note 4). Goodwill is tested at least annually for impairment. An impairment loss is recognized if the estimated fair value of a reporting unit is less than its estimated net book value. Such loss is calculated as the difference between the estimated fair value of goodwill and its carrying value. There is no accumulated impairment loss associated with this goodwill.

Customer Relationships

Customer relationships are amortized over their estimated useful lives. Customer relationships are tested for potential impairment whenever events or changes in circumstances suggest that an asset group's carrying value may not be fully recoverable. An impairment loss, calculated as the difference between the estimated fair value and the carrying value of an asset or asset group, is recognized if the sum of the estimated undiscounted cash flows relating to the asset or asset group is less than the corresponding carrying value.

The following table sets forth the gross carrying amount, accumulated amortization and net carrying amounts of the customer relationships:

Gross carrying amount	\$ 161,000,000
Accumulated amortization	<u>(62,204,600)</u>
Net carrying amount	<u>\$ 98,795,400</u>

The customer relationships are being amortized over their estimated useful life of 22 years. The remaining life of customer relationships is approximately 14 years.

Deferred Income

Deferred income consists of the unearned portion of amounts invoiced.

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3. Property, Building and Equipment

Property, building and equipment consist of the following:

Land	\$ 800,000
Building and improvements	21,124,700
Furniture, fixtures and equipment	21,968,800
	<hr/>
	43,893,500
Less: Accumulated depreciation	(27,363,000)
	<hr/>
	\$ 16,530,500
	<hr/>

4. Income Taxes

The operating companies in the Company are made up of entities that are treated as single member limited liability corporations ("SMLLC"), and therefore considered disregarded branches of their parent for U.S. Federal tax purposes, and entities that are "C" Corporations for U.S. Federal tax purposes. Therefore, the Company is required to accrue U.S. federal, state and local tax as if all entities were "C" corporations. The Company is included in the consolidated federal tax return filed by Group Inc., as well as consolidated and combined state and local tax returns. The Company computes its tax assets and liabilities as if it was filing tax returns on a modified separate company basis and settles such assets and liabilities with Group Inc. pursuant to a tax sharing policy. As of December 31, 2011, the Company's net income tax payable in the consolidated statement of financial condition was \$18,059,300.

Income taxes are provided for using the asset and the liability method. Deferred tax assets and liabilities are recognized for temporary differences between the financial reporting and tax bases of the Company's assets and liabilities. Valuation allowances are established to reduce deferred tax assets to the amount that will more likely than not be realized. The Company recognizes tax positions in its consolidated statement of financial condition only when it is more likely than not that the position will be sustained upon examination by the relevant taxing authority based on the technical merits of the position. A position that meets this standard is measured at the largest amount of benefit that will more likely than not be realized upon settlement. A liability is established for differences between positions taken in a tax return and amounts recognized in the consolidated statement of financial condition. As of December 31, 2011, the Company did not record a liability related to accounting for uncertainty in income taxes. All years subsequent to and including 2005 for U.S. Federal and 2004 for New York State and City remain open to examination by the taxing authorities.

Deferred taxes are recorded in the consolidated statement of financial condition, until the underlying temporary differences reverse and the taxes become currently payable or receivable. At December 31, 2011, the Company had net deferred tax liabilities of \$60,880,600 primarily related to deferred tax liabilities on tax amortization of customer relationships and goodwill of \$67,760,000, offset by deferred tax assets related to deferred compensation of \$6,803,400 and other book tax differences of \$76,000. No valuation allowance is required as it is considered more likely than not that the deferred tax assets will be utilized.

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5. Employee Benefit Plans

Postretirement Benefits

The Company provides postretirement health benefits to individuals who retire at or after age 55 and who also have at least ten years of full time service or the equivalent as of the date of retirement. During 2011, the plan was amended to extend eligibility to employees whose age plus years of service are equal to or greater than 60 and have at least 15 years of service. The Company has limited the annual benefit under the plan to \$1,000 per year per participant. Any premiums in excess of \$1,000 must be paid for by the retiree.

At December 31, 2011, accumulated other comprehensive income (included in the caption "Equity") is comprised of an unrecognized gain and unrecognized prior service credit of \$786,700 and \$614,200, respectively.

The following table sets forth the funded status of the postretirement health benefit plan and amount recognized in the Company's consolidated statement of financial condition:

	Postretirement Benefits
Accumulated postretirement benefit obligation	\$ 2,127,200
Plan assets at fair value	<u>-</u>
Unfunded status	<u>2,127,200</u>
Liability recognized in the consolidated statement of financial condition	<u>\$ 2,127,200</u>

For the year ended December 31, 2011, the projected benefit obligation increased in the aggregate by approximately \$548,700 due primarily to a decrease in the discount rate from 5.50% at December 31, 2010 to 4.75% at December 31, 2011 which accounted for \$220,100 of the increase, as well as a plan amendment which had accounted for \$180,600 of the increase.

Weighted-average assumptions and other benefit information as of December 31, 2011:

	Postretirement Benefits
Discount rate	4.75 %
Healthcare cost trend rate assumed next year	7.60 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00 %
Year that the rate reaches the ultimate trend rate	2024
Benefit cost	\$ (51,400)
Employer contributions	48,400
Benefits paid	48,400

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An increase or decrease in the assumed health care cost trend rates by one percentage point would have the following impact:

	One Percentage Point Increase	One Percentage Point Decrease
Accumulated postretirement benefit obligation at December 31, 2011	\$ 200	\$ (200)
Postretirement benefit cost (aggregate service and interest cost)	-	-

The following table sets forth benefit payments projected to be paid from the Company's postretirement health benefit plan and reflects expected future service, where appropriate:

	Postretirement Benefits
2012	\$ 49,900
2013	59,700
2014	66,100
2015	72,700
2016	81,500
2017-2021	533,900

Other Employee Benefits

The Company maintains a nonqualified deferred compensation plan for eligible employees. The cost of such plan is accrued over the period of active employment from the employee's participation date in the plan. At December 31, 2011, the deferred compensation payable amount approximated \$1,004,800 of which \$302,400 is included in the current portion of pensions, postretirement and deferred compensation liabilities.

Group, Inc. maintains a defined benefit pension plan for eligible employees of the Company. The Company is allocated a prorata share of the overall expense (income) from Group, Inc.

The Company maintains a deferred compensation (401(k)) plan which covers substantially all employees who have met certain service requirements. The plan permits participants to contribute up to 50% of salary, including commissions and bonuses, subject to IRS limitations. Effective January 1, 1999, the Company's matching contribution is 75% of the participant's total elective deferred contribution up to a maximum of 75% of 2% of the participant's compensation up to the IRC Section 401 (a) (17) limit. Participants elect to have their contributions invested in a number of investment funds made available by the plan sponsor. The plan administrator may limit the maximum contributions per participant to comply with the IRS regulations. At December 31, 2011, matching contributions payable under the plan and included in current portion of pensions, postretirement and deferred compensation liabilities approximated \$193,600.

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The Company maintains an additional retirement account which covers all employees who have met certain service requirements. Benefits are based on employee's adjusted gross earnings and years of participation in the Plan. The Company's funding policy is to contribute annually an amount equal to the calculated benefit. At December 31, 2011, retirement contributions payable under the plan and included in the current portion of pensions, postretirement and deferred compensation liabilities approximated \$1,119,500.

The Company maintains an unfunded supplemental pension plan for certain retirees.

At December 31, 2011, accumulated other comprehensive income (included in the caption "Equity") is comprised of an unrecognized gain and unrecognized prior service credit of \$221,300 and \$0, respectively, relating to the postretirement health benefit plan and supplemental pension plan.

The following table sets forth the funded status of the supplemental pension plan and amount recognized in the Company's consolidated statement of financial condition:

	Supplemental Pension Benefits
Projected benefit/accumulated benefit obligation	\$ 190,400
Plan assets at fair value	<u>-</u>
Unfunded status	<u>190,400</u>
Liability recognized in the consolidated statement of financial condition	<u>\$ 190,400</u>

For the period ended December 31, 2011, the projected benefit obligation decreased in the aggregate by approximately \$24,500 due primarily to benefits paid. Further, the discount rate decreased from 5.50% at December 31, 2010 to 4.75% at December 31, 2011.

Weighted-average assumptions and other benefit information as of December 31, 2011:

	Supplemental Pension Benefits
Discount rate	4.75 %
Benefit cost	\$ (9,600)
Employer contributions	28,500
Benefits paid	28,500

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The following table sets forth benefit payments projected to be paid from the Company's supplemental pension plan:

	Supplemental Pension Benefits
2012	\$ 25,500
2013	25,500
2014	25,500
2015	25,500
2016	25,500
2017-2021	127,600

The estimates inherent in measuring pension benefits are sensitive to change and the effects of the change could be material to the Company's consolidated statement of financial condition.

Generally, the Company determined the discount rates for postretirement and supplemental pension benefits by referencing indices for long-term, high quality bonds and ensuring that the discount rate does not exceed the yield reported for those indices after adjustment for the duration of the plans' liabilities.

The consolidated statement of financial condition includes a liability at December 31, 2011 for the foregoing plans of \$4,635,500 of which \$1,690,900 is current.

Restricted Stock Units

Group, Inc. issues restricted stock units ("RSUs") to employees of the Company under The Goldman Sachs Amended and Restated Stock Incentive Plan, primarily in connection with year-end compensation. RSUs are valued based on the closing price of the underlying shares on the date of grant after taking into account a liquidity discount for any applicable post-vesting transfer restrictions. Year-end RSUs generally vest and deliver as outlined in the applicable RSU agreements. Employee RSU agreements generally provide that vesting is accelerated in certain circumstances, such as on retirement, death and extended absence. Delivery of the underlying shares of common stock is conditioned on the grantees satisfying certain vesting and other requirements outlined in the award agreements. At December 31, 2011, amounts payable to Group, Inc. for the vested portion of RSUs are included within accrued compensation and benefits in the consolidated statement of financial condition.

6. Commitments, Contingencies and Guarantees

The Company has contractual obligations under long-term noncancelable lease agreements, principally for office space, expiring on various dates through 2027. Certain agreements are subject to periodic escalation provisions for increases in real estate taxes and other charges. Future minimum rental payments, net of minimum sublease rentals are set forth below.

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Minimum rental payments are as follows:

2012	\$ 7,052,000
2013	8,106,100
2014	7,335,600
2015	6,904,000
2016	7,029,100
2017-thereafter	<u>40,468,000</u>
Total	<u>\$ 76,894,800</u>

The Company is involved in a number of judicial and arbitration proceedings concerning matters arising in connection with the conduct of its businesses. Management believes, based on currently available information, that the results of such proceedings, in the aggregate, will not have material adverse effect on the Company's financial condition. Given the inherent difficulty of predicting the outcome of the Company's litigation matters, particularly in cases in which substantial or indeterminate damages are sought the Company cannot estimate losses or ranges of losses for cases where there is only a reasonable possibility that a loss may have been incurred.

7. Related Party Transactions

In 2011, the Company provided certain counseling services to partners of its affiliates which resulted in the Company recording an expense offset for the cost of providing such services. The expense offset amounted to \$8,037,200. In addition, in 2011 the Company approved and paid net equity distributions to Group, Inc. of \$63,000,000. At December 31, 2011, amounts due from/to Affiliates which are accruing interest (2.22% at December 31, 2011) are primarily with Group, Inc.

8. Disclosure about Fair Value of Financial Instruments

Financial instruments mainly consist of accounts receivable and due to/from affiliates. The carrying amount of accounts receivable approximates fair value due to the short-term nature of this instrument. Loans receivable from [payable to] affiliates earn [pay] interests at 2.22%, are due upon demand, and the outstanding balance approximates fair value.

9. Subsequent Events

The Company has performed an evaluation of subsequent events through March 22, 2012, the date at which the consolidated statement of financial condition was available to be issued.