

COMPANY UPDATE

Sobha Developers (SOBH.BO)

Buy

Equity Research

Upcoming launches improve visibility, reiterate Buy (CL), raise TP

What's changed

Takeaways from a call with the regional head, NCR of Sobha Developers.

1) Launch schedule: Sobha has received most of the approvals for the Township project including license, layout and land demarcation. Management has guided towards a project launch over the next two months post plot-wise zoning approval. **2) Improvement in infrastructure.** Improved connectivity with Dwarka is likely to lead to better pricing and demand. **3) Premium projects.** The township is intended to be a high-end villa based project with pricing expected to be Rs6,000+/sq. ft and unit sizes 3,000+sq ft. **4) Sales target.** Phase I comprises the launch of 200 villas with a cumulative area of 1 mn sqft (total of 4 mn sqft). **5) Execution control.** Sobha intends to minimize delays in delivery as it plans to launch their projects after most approvals are obtained.

Implications

This is among the largest projects being undertaken by Sobha and a successful launch will likely improve revenue visibility. Management has indicated that Sobha has already invested around Rs4.5 bn (around 15% of current balance sheet). We estimate revenues from Gurgaon of Rs173 mn in FY12E and Rs1,452 mn in FY13E, about 2% and 10% of total revenues.

Valuation

Sobha remains on our Conviction Buy list with a revised price target of Rs344 (Rs331 prior). The revision is driven primarily by a pricing adjustment of Rs500/sq ft for the Gurgaon project. Our 12-month RNAV-based TP of Rs344 is derived by applying a 10% discount to FY12E RNAV of Rs382. We fine-tune FY11E-13E earnings by 0%/-1% as we marginally lower volume estimates. Based on FY2012E P/B, Sobha trades at 1.1X versus our coverage average of 1.2X and an FY2012E P/E of 10.4X versus peers 10.9X.

Key risks

(1) lower-than-expected sales due to high interest rate environment, (2) delay in Gurgaon project launch, and (3) order slowdown from Infosys.

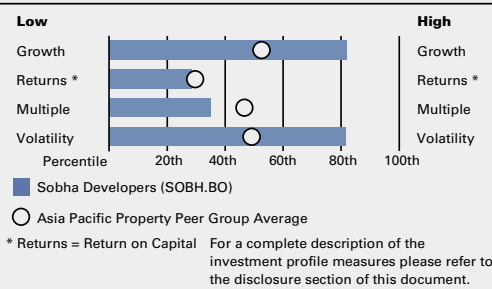
INVESTMENT LIST MEMBERSHIP

Asia Pacific Buy List
Asia Pacific Conviction Buy List

Coverage View: Attractive

Puneet Jain
+91(22)6616-9046 puneet.jain@gs.com Goldman Sachs India SPL

Aditya Soman
+91(22)6616-9345 aditya.soman@gs.com Goldman Sachs India SPL

Investment Profile

Key data	Current
Price (Rs)	261.65
12 month price target (Rs)	344.00
Market cap (Rs mn / US\$ mn)	25,658.4 / 567.1
Foreign ownership (%)	24.4

	3/10	3/11E	3/12E	3/13E
EPS (Rs) New	14.63	20.18	25.11	32.60
EPS revision (%)	0.0	(0.1)	(1.4)	(1.1)
EPS growth (%)	(1.0)	37.9	24.5	29.8
EPS (dil) (Rs) New	14.63	20.18	25.11	32.60
P/E (X)	17.9	13.0	10.4	8.0
P/B (X)	1.5	1.4	1.2	1.1
EV/EBITDA (X)	13.0	10.2	8.1	6.0
Dividend yield (%)	1.0	1.1	1.9	2.7
ROE (%)	9.6	11.1	12.5	14.6

Price performance chart

Share price performance (%)	3 month	6 month	12 month
Absolute	(20.5)	(29.6)	(3.2)
Rel. to India BSE30 Sensex	(13.9)	(25.6)	(9.5)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 3/16/2011 close.

The Goldman Sachs Group, Inc. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification, see the end of the text. Other important disclosures follow the Reg AC certification, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Sobha Developers: Summary Financials

Profit model (Rs mn)	3/10	3/11E	3/12E	3/13E	Balance sheet (Rs mn)	3/10	3/11E	3/12E	3/13E
Total revenue	11,298.7	15,154.3	18,606.8	23,038.0	Cash & equivalents	825.7	926.3	1,487.6	4,625.3
Cost of goods sold	(6,687.2)	(9,068.8)	(11,234.5)	(13,929.5)	Accounts receivable	4,429.9	5,937.1	6,117.3	6,311.8
SG&A	(2,298.7)	(2,771.8)	(3,279.3)	(3,969.4)	Inventory	11,101.4	9,297.1	10,707.8	10,811.8
R&D	--	--	--	--	Other current assets	20,102.3	20,602.3	21,102.3	21,602.3
Other operating profit/(expense)	0.0	0.0	0.0	0.0	Total current assets	36,459.2	36,762.8	39,415.0	43,351.2
EBITDA	2,635.9	3,653.3	4,434.9	5,483.1	Net PP&E	2,061.1	1,740.3	1,418.2	1,094.9
Depreciation & amortization	(323.1)	(339.6)	(341.8)	(344.1)	Net intangibles	0.0	0.0	0.0	0.0
EBIT	2,312.8	3,313.7	4,093.0	5,139.0	Total investments	78.5	78.5	78.5	78.5
Interest income	7.9	7.9	7.9	7.9	Other long-term assets	0.0	0.0	0.0	0.0
Interest expense	(693.4)	(553.7)	(522.9)	(520.3)	Total assets	38,598.8	38,581.6	40,911.7	44,524.6
Income/(loss) from uncons. subs.	0.0	0.0	0.0	0.0	Accounts payable	869.1	1,453.1	1,937.1	2,524.7
Others	30.7	0.2	0.4	0.4	Short-term loans	0.0	0.0	0.0	0.0
Pretax profits	1,657.9	2,768.1	3,578.5	4,627.1	Other current liabilities	5,660.3	5,660.3	6,226.3	6,849.0
Income tax	(274.8)	(747.4)	(1,073.5)	(1,388.1)	Total current liabilities	6,529.4	7,113.4	8,163.5	9,373.7
Minorities	(42.2)	(42.2)	(42.2)	(42.2)	Long-term debt	14,740.4	12,420.4	11,700.4	11,598.4
Net income pre-preferred dividends	1,341.0	1,978.5	2,462.8	3,196.8	Other long-term liabilities	0.0	0.0	0.0	0.0
Preferred dividends	0.0	0.0	0.0	0.0	Total long-term liabilities	14,740.4	12,420.4	11,700.4	11,598.4
Net income (pre-exceptionals)	1,341.0	1,978.5	2,462.8	3,196.8	Total liabilities	21,269.7	19,533.8	19,863.8	20,972.0
Post-tax exceptionals	0.0	0.0	0.0	0.0	Preferred shares	0.0	0.0	0.0	0.0
Net income	1,341.0	1,978.5	2,462.8	3,196.8	Total common equity	17,038.0	18,714.5	20,672.5	23,135.0
EPS (basic, pre-exception) (Rs)	14.63	20.18	25.11	32.60	Minority interest	291.1	333.3	375.4	417.6
EPS (basic, post-exception) (Rs)	14.63	20.18	25.11	32.60	Total liabilities & equity	38,598.8	38,581.6	40,911.7	44,524.6
EPS (diluted, post-exception) (Rs)	14.63	20.18	25.11	32.60	BVPS (Rs)	173.74	190.84	210.81	235.92
DPS (Rs)	2.67	3.00	5.00	7.00	RNAV (Rs mn)	--	--	37,508.3	--
Dividend payout ratio (%)	18.3	14.9	19.9	21.5	RNAVPS (Rs)	--	--	382.49	--
Free cash flow yield (%)	12.7	9.1	5.6	14.1					
Growth & margins (%)	3/10	3/11E	3/12E	3/13E	Ratios	3/10	3/11E	3/12E	3/13E
Sales growth	16.0	34.1	22.8	23.8	ROE (%)	9.6	11.1	12.5	14.6
EBITDA growth	(5.4)	38.6	21.4	23.6	ROA (%)	3.6	5.1	6.2	7.5
EBIT growth	(4.7)	43.3	23.5	25.6	ROACE (%)	6.4	7.8	9.3	11.6
Net income growth	24.4	47.5	24.5	29.8	Inventory days	613.9	410.5	325.0	281.9
EPS growth	(1.0)	37.9	24.5	29.8	Receivables days	131.0	124.8	118.2	98.5
Gross margin	40.8	40.2	39.6	39.5	Payable days	58.7	46.7	55.1	58.5
EBITDA margin	23.3	24.1	23.8	23.8	Net debt/equity (%)	80.3	60.3	48.5	29.6
EBIT margin	20.5	21.9	22.0	22.3	Interest cover - EBIT (X)	3.4	6.1	7.9	10.0
Cash flow statement (Rs mn)	3/10	3/11E	3/12E	3/13E	Valuation	3/10	3/11E	3/12E	3/13E
Net income pre-preferred dividends	1,341.0	1,978.5	2,462.8	3,196.8	P/E basic (X)	17.9	13.0	10.4	8.0
D&A add-back	323.1	339.6	341.8	344.1	P/B (X)	1.5	1.4	1.2	1.1
Minorities interests add-back	42.2	42.2	42.2	42.2	EV/EBITDA (X)	13.0	10.2	8.1	6.0
Net (inc)/dec working capital	881.5	881.1	(1,106.9)	289.1	Dividend yield (%)	1.0	1.1	1.9	2.7
Other operating cash flow	733.5	(500.0)	66.0	122.6					
Cash flow from operations	3,321.2	2,741.4	1,805.9	3,994.7	Underlying valuation	3/10	3/11E	3/12E	3/13E
Capital expenditures	(139.4)	(18.8)	(19.8)	(20.7)	Underlying profit (Rs mn)	--	--	--	--
Acquisitions	0.0	0.0	0.0	0.0	Underlying EPS (Rs)	--	--	--	--
Divestitures	6.9	0.0	0.0	0.0	Underlying ROE (%)	NM	NM	NM	NM
Others	8.4	0.0	0.0	0.0	Underlying ROA (%)	NM	NM	NM	NM
Cash flow from investments	(124.1)	(18.8)	(19.8)	(20.7)	Underlying ROACE (%)	NM	NM	NM	NM
Dividends paid (common & pref)	(165.8)	(302.0)	(504.8)	(734.3)	Underlying P/E (X)	--	--	--	--
Inc/(dec) in debt	(4,569.2)	(2,320.0)	(720.0)	(102.0)	Underlying dividend payout (%)	NM	NM	NM	NM
Common stock issuance (repurchase)	4,619.3	0.0	0.0	0.0	Underlying EPS growth (%)	--	--	--	--
Other financing cash flows	(2,470.0)	0.0	0.0	0.0					
Cash flow from financing	(2,585.7)	(2,622.0)	(1,224.8)	(836.3)					
Total cash flow	611.5	100.6	561.3	3,137.7					
					Note: Last actual year may include reported and estimated data.				
					Source: Company data, Goldman Sachs Research estimates.				

Analyst Contributors

Puneet Jain

puneet.jain@gs.com

Aditya Soman

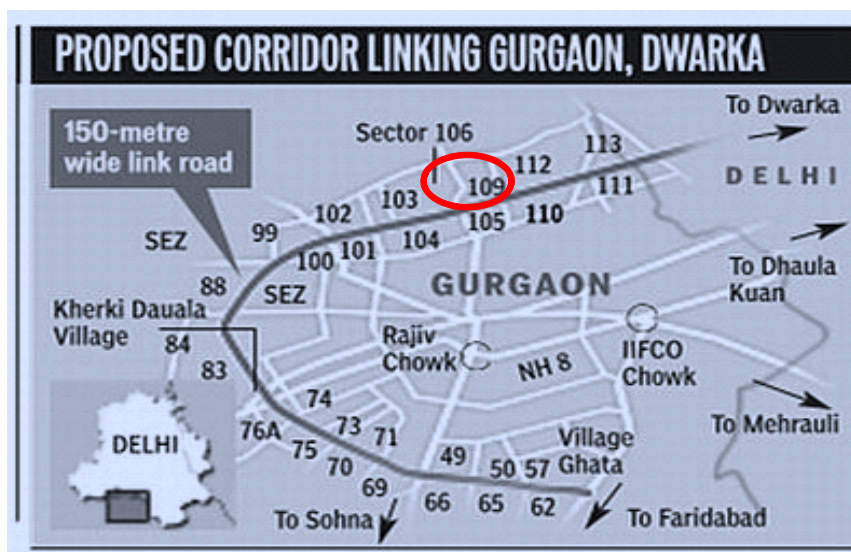
aditya.soman@gs.com

New infrastructure makes the project location very attractive

Sobha’s upcoming 152-acre Township project is located in Sector 106 and Sector 109 (Exhibit 1). This villa project comprises of 4 mn sqft with 1.5 mn sqft of apartments to be launched later. Though, these sectors are in close aerial vicinity of established areas such as Dwarka (in Delhi, 3km) and Indira Gandhi International Airport (5-6 km), current connectivity is through a much longer route. As per Gurgaon Masterplan-2021, there is a proposed road, Northern Peripheral Road (NPR) that is expected to provide direct access to these locations. As per media reports, The contract for Dwarka-Gurgaon road has been awarded with a construction plan of 18 months.

Currently the differential between the two sides is 5:1 for land rates and around 2.2:1 for apartments. Management indicated that land prices in Dwarka are Rs300,000/sq. yard while apartment prices are in the region of around Rs7,000/sq ft despite having lower specifications. We model the current pricing environment assuming Rs6,000/sqft for villas and Rs3,780/sqft for apartments. Successful and timely completion of NPR is likely to significantly improve saleable potential of the area. Management has indicated that it has received lot of enquiries from people living on the Dwarka side. Exhibit 3 presents NAV sensitivity of this land with respect to selling prices. Gurgaon accounts for about 16% of our FY12E RNAV estimate for Sobha.

Exhibit 1: Upcoming highway linking Dwarka to Gurgaon adjacent to Sobha project
Sobha project location (not to scale)



Source: Company data.

Competitive intensity. Exhibit 2 summarizes selling prices of various upcoming projects in the area. Currently, we expect significant investor demand in this area which is on account of expectation of better connectivity. Management indicated that raw land prices in the area are around Rs50-60 mn per acre.

Sales strategy. Sobha is exploring various sales strategies including selling small portions through the broker network. Management indicated its focus on attracting end-users even though it may entail a lower sales pace. We currently model sales of 0.4 mn sq. ft in FY2012E.

Exhibit 2: We are assuming a selling price of Rs 6,000 for villas and Rs3,780 for apartments at Sobha's Gurgaon site

Prices at key projects near Sobha project site

Prices at key projects near Sobha land parcel	Sector	Rs/sqft	Rs/sq. yard
Gurgaon			
Raheja Developers - Atharva	109	4,378	
Raheja Developers - Shilas	109	4,178	
Tashee Group - Capital Gateway	111	3,552	
Indiabulls - Centrum Park	103	3,401	
BPTP - Amstoria	102	5,005	
Plots at BPTP Amstoria			42,500
Plots at Palam Vihar			55,000

Source: Goldman Sachs Research.

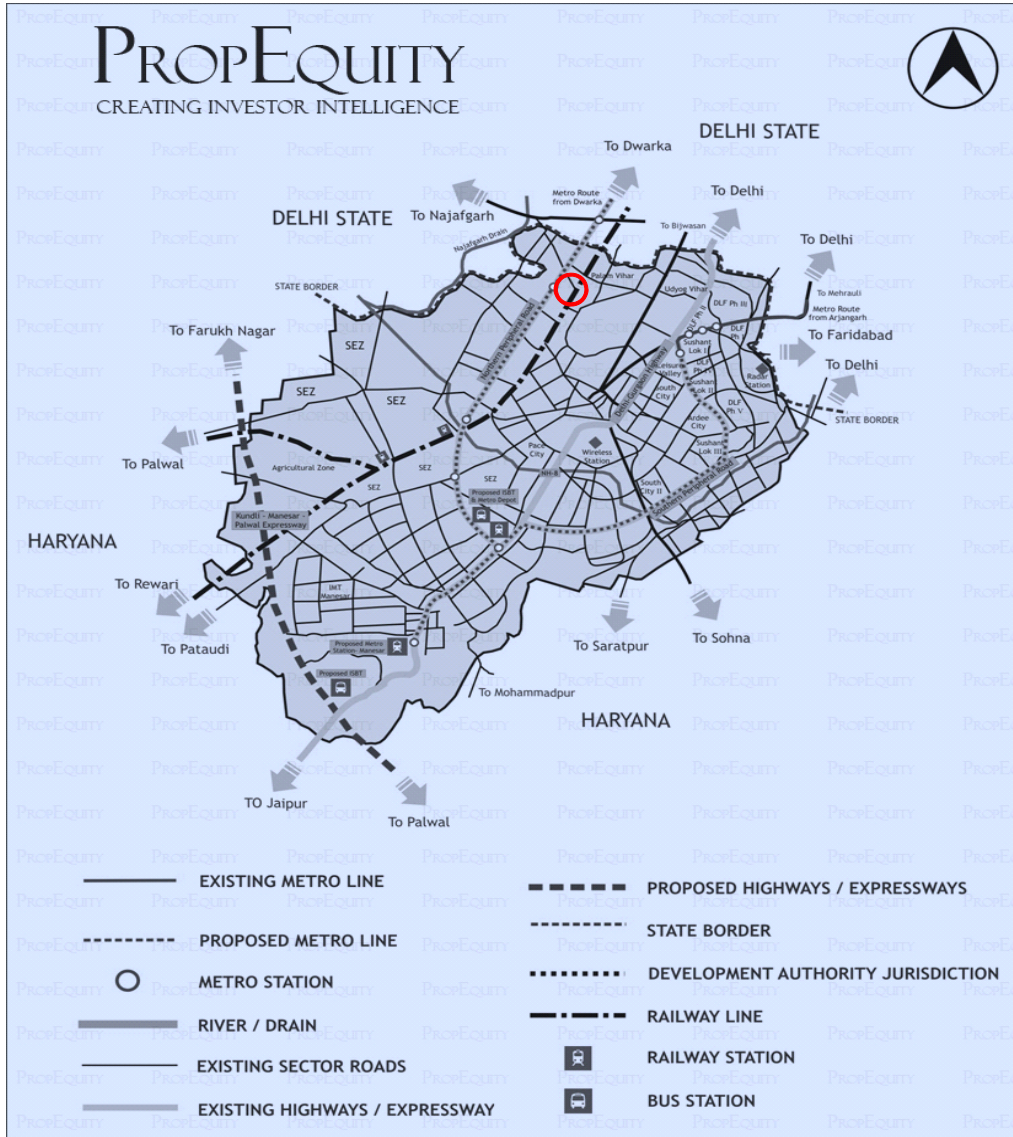
Exhibit 3: A change of Rs500 in the selling price for Gurgaon affects valuation by about Rs10/share

Target Price sensitivity to selling price assumptions for Gurgaon Project

Change in selling price assumption (Rs/sqft)	Valuation per share (Rs)
-1,000	325
-500	335
0	344
500	354
1,000	364
1,500	374
2,000	383
2,500	393

Source: Goldman Sachs Research estimates.

Exhibit 4: Sobha project location close to Dwarka in Delhi and the Indira Gandhi International Airport
Sobha project location highlighted by red circle



Source: PropEquity, Goldman Sachs Research.

Reg AC

I, Puneet Jain, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Investment Profile

The Goldman Sachs Investment Profile provides investment context for a security by comparing key attributes of that security to its peer group and market. The four key attributes depicted are: growth, returns, multiple and volatility. Growth, returns and multiple are indexed based on composites of several methodologies to determine the stocks percentile ranking within the region's coverage universe.

The precise calculation of each metric may vary depending on the fiscal year, industry and region but the standard approach is as follows:

Growth is a composite of next year's estimate over current year's estimate, e.g. EPS, EBITDA, Revenue. **Return** is a year one prospective aggregate of various return on capital measures, e.g. CROCI, ROACE, and ROE. **Multiple** is a composite of one-year forward valuation ratios, e.g. P/E, dividend yield, EV/FCF, EV/EBITDA, EV/DACF, Price/Book. **Volatility** is measured as trailing twelve-month volatility adjusted for dividends.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

Coverage group(s) of stocks by primary analyst(s)

Puneet Jain: India Property.

India Property: DLF, Godrej Properties, Housing Development & Infrastructure, Indiabulls Real Estate Limited, Jaypee Infratech, Oberoi Realty, Phoenix Mills, Prestige Estates Projects, Sobha Developers, Unitech.

Company-specific regulatory disclosures

The following disclosures relate to relationships between The Goldman Sachs Group, Inc. (with its affiliates, "Goldman Sachs") and companies covered by the Global Investment Research Division of Goldman Sachs and referred to in this research.

There are no company-specific disclosures for: Sobha Developers (Rs261.65)

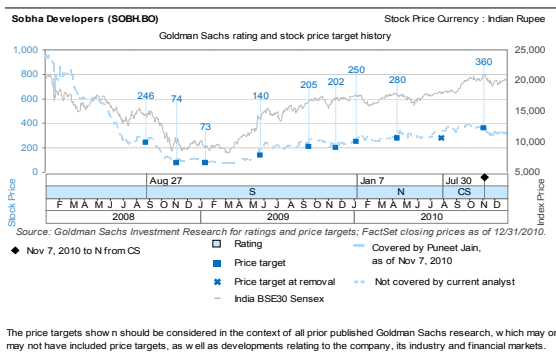
Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	31%	54%	15%	50%	42%	37%

As of January 1, 2011, Goldman Sachs Global Investment Research had investment ratings on 3,137 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by NASD/NYSE rules. See 'Ratings, Coverage groups and views and related definitions' below.

Price target and rating history chart(s)



Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs usually makes a market in fixed income securities of issuers discussed in this report and usually deals as a principal in these securities.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director, advisory board member or employee of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. and therefore may not be subject to NASD Rule 2711/NYSE Rules 472 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at <http://www.gs.com/research/hedge.html>.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act. **Canada:** Goldman Sachs & Co. has approved of, and agreed to take responsibility for, this research in Canada if and to the extent it relates to equity securities of Canadian issuers. Analysts may conduct site visits but are prohibited from accepting payment or reimbursement by the company of travel expenses for such visits. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited; **Japan:** See below. **Korea:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. **Singapore:** Further information on the covered companies referred to in this research may be obtained from Goldman Sachs (Singapore) Pte. (Company Number: 198602165W). **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Services Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union: Disclosure information in relation to Article 4 (1) (d) and Article 6 (2) of the European Commission Directive 2003/126/EC is available at http://www.gs.com/client_services/global_investment_research/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer under the Financial Instrument and Exchange Law, registered with the Kanto Financial Bureau (Registration No. 69), and is a member of Japan Securities Dealers Association (JSDA) and Financial Futures Association of Japan (FFAJ). Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage groups and views and related definitions

Buy (B), Neutral (N), Sell (S) -Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's return potential relative to its coverage group as described below. Any stock not assigned as a Buy or a Sell on an Investment List is deemed Neutral. Each regional Investment Review Committee manages various regional Investment Lists to a global guideline of 25%-35% of stocks as Buy and 10%-15% of stocks as Sell; however, the distribution of Buys and Sells in any particular coverage group may vary as determined by the regional Investment Review Committee. Regional Conviction Buy and Sell lists represent investment recommendations focused on either the size of the potential return or the likelihood of the realization of the return.

Return potential represents the price differential between the current share price and the price target expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage groups and views: A list of all stocks in each coverage group is available by primary analyst, stock and coverage group at <http://www.gs.com/research/hedge.html>. The analyst assigns one of the following coverage views which represents the analyst's investment outlook on the coverage group relative to the group's historical fundamentals and/or valuation. **Attractive (A).** The investment outlook over the following 12 months is favorable relative to the coverage group's historical fundamentals and/or valuation. **Neutral (N).** The investment outlook over the following 12 months is neutral relative to the coverage group's historical fundamentals and/or valuation. **Cautious (C).** The investment outlook over the following 12 months is unfavorable relative to the coverage group's historical fundamentals and/or valuation.

Not Rated (NR). The investment rating and target price have been removed pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

The Global Investment Research Division of Goldman Sachs produces and distributes research products for clients of Goldman Sachs, and pursuant to certain contractual arrangements, on a global basis. Analysts based in Goldman Sachs offices around the world produce equity research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs & Partners Australia Pty Ltd (ABN 21 006 797 897) on behalf of Goldman Sachs; in Canada by Goldman Sachs & Co. regarding Canadian equities and by Goldman Sachs & Co. (all other research); in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs & Partners New Zealand Limited on behalf of Goldman Sachs; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom and European Union.

European Union: Goldman Sachs International, authorized and regulated by the Financial Services Authority, has approved this research in connection with its distribution in the European Union and United Kingdom; Goldman Sachs & Co. oHG, regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht, may also distribute research in Germany.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by our Global Investment Research Division. Goldman Sachs & Co., the United States broker dealer, is a member of SIPC (<http://www.sipc.org>).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, our proprietary trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options disclosure documents which are available from Goldman Sachs sales representatives or at <http://www.theocc.com/about/publications/character-risks.jsp>. Transactions cost may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For all research available on a particular stock, please contact your sales representative or go to <http://360.gs.com>.

Disclosure information is also available at <http://www.gs.com/research/hedge.html> or from Research Compliance, 200 West Street, New York, NY 10282.

Copyright 2011 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.