



COMPANY UPDATE

Terna (TRN.MI)

Sell

Forecasts increased, upside limited, EV/EBITDA at all time high; Sell

What's changed

Following the company's FY results and updated strategic plan, we have revised our estimates and price target. Due to its limited upside to our price target (only 5% compared to the sector average of 25%), we continue to view Terna as unattractive compared to the wider utilities sector, and reiterate our Sell rating.

Terna is currently trading at an all time high EV/EBITDA multiple of 9.8x (2010E), compared to the regulated utilities average of 9.2x. Terna's 2010E P/E is also close to its all time high at 16.1x, and well above the regulated utility average of 13.1x.

Implications

Terna's FY results were broadly in line with our expectations at EBITDA and net income, and we have made minimal changes to our 2010 forecasts to reflect this.

In the medium term, we have increased our revenues expectations from Terna's investments in solar projects through SunTergrid, and we also reflect higher capex in the regulated business. We have reduced our expected cost of debt for 2010 and 2011 (to 3.5%). As a result of these changes, we our EBITDA increase 2% and 4% in 2011E and 2012E, with net income for the same years up 10% and 8%.

Valuation

Our 12-month price target is derived from a RAB-based valuation and increases to €3.3 (from €3.2) to reflect a higher 2010E RAB value and working capital improvements. Our revised price target implies 5% potential upside, well below the average potential upside that we see in the utilities sector (25%).

Key risks

Key risks are potential regulatory changes and higher/lower interest rates.

INVESTMENT LIST MEMBERSHIP

Pan-Europe Sell List

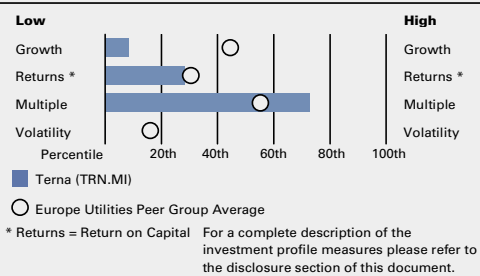
Coverage View: Cautious

Italy:
Power

Matija Gergolet
+44(20)7552-3519 | matija.gergolet@gs.com Goldman Sachs International

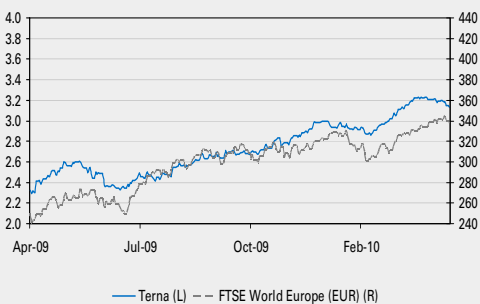
Fred Barasi
+44(20)7552-1168 | fred.barasi@gs.com Goldman Sachs International

Investment Profile



Key data	Current			
Price (€)	3.13			
12 month price target (€)	3.30			
Upside/(downside) (%)	5			
Market cap (€ mn)	6,262.8			
Enterprise value (€ mn)	10,858.7			
	12/09	12/10E	12/11E	12/12E
Revenue (€ mn) New	1,360.7	1,493.5	1,634.4	1,676.4
Revenue revision (%)	(0.1)	0.6	3.1	4.1
EBIT (€ mn) New	694.4	744.2	838.8	864.7
EBIT revision (%)	(3.3)	(0.9)	2.8	4.9
EPS (€) New	0.39	0.19	0.22	0.21
EPS (€) Old	0.39	0.19	0.20	0.19
EV/EBITDA (X)	9.0	9.8	9.4	9.5
P/E (X)	6.6	16.1	14.3	15.2
Dividend yield (%)	7.5	6.1	6.2	6.2
FCF yield (%)	(3.9)	(10.2)	(3.3)	(4.2)
CROCI (%)	6.5	6.3	6.5	6.3

Price performance chart



Share price performance (%)	3 month	6 month	12 month
Absolute	5.6	16.4	34.8
Rel. to FTSE World Europe (EUR)	3.4	9.4	(0.2)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 4/19/2010 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.

Terna: Summary financials

Profit model (€ mn)	12/09	12/10E	12/11E	12/12E	Balance sheet (€ mn)	12/09	12/10E	12/11E	12/12E
Total revenue	1,360.7	1,493.5	1,634.4	1,676.4	Cash & equivalents	501.1	501.1	501.1	501.1
Operating costs	(357.5)	(390.5)	(400.4)	(405.1)	Accounts receivable	1,169.1	1,209.7	1,307.5	1,341.1
R&D	--	--	--	--	Inventory	11.7	11.7	11.7	11.7
Lease payments	0.0	0.0	0.0	0.0	Other current assets	18.4	28.6	32.4	33.6
Other operating profit/(expense)	0.0	0.0	0.0	0.0	Total current assets	1,700.3	1,751.1	1,852.7	1,887.5
EBITDA	1,003.2	1,103.0	1,234.0	1,271.3	Net PP&E	7,075.4	7,956.6	8,391.5	8,814.9
Depreciation & amortisation	(308.8)	(358.8)	(395.2)	(406.6)	Net intangibles	182.0	192.0	202.0	212.0
EBIT	694.4	744.2	838.8	864.7	Total investments	144.2	144.2	144.2	144.2
Net interest income/(expense)	(148.3)	(143.7)	(167.8)	(225.9)	Other long-term assets	217.8	217.8	217.8	217.8
Associates	0.0	0.0	0.0	0.0	Total assets	9,319.7	10,261.8	10,808.2	11,276.3
Profit/(loss) on disposals	0.0	0.0	0.0	0.0	Accounts payable	1,482.0	0.0	0.0	0.0
Others (recurring)	0.0	0.0	0.0	0.0	Short-term debt	99.7	0.0	0.0	0.0
Pretax profits	546.1	600.5	671.0	638.8	Other current liabilities	164.8	1,680.1	1,716.1	1,676.4
Income tax	(192.1)	(210.4)	(233.6)	(225.9)	Total current liabilities	1,746.5	1,680.1	1,716.1	1,676.4
Tax rate (%)	35.2	35.0	34.8	35.4	Long-term debt	4,199.2	5,198.8	5,679.9	6,188.2
Minorities	0.0	0.0	0.0	0.0	Other long-term liabilities	872.5	847.5	822.5	797.5
Preferred dividends	0.0	0.0	0.0	0.0	Total long-term liabilities	5,071.7	6,046.3	6,502.4	6,985.7
Net income (pre-exceptionals)	354.0	390.1	437.4	412.9	Total liabilities	6,818.2	7,726.5	8,218.5	8,662.1
Other non-recurring items post tax	417.0	0.0	0.0	0.0	Preferred shares	0.0	0.0	0.0	0.0
Net income	771.0	390.1	437.4	412.9	Total common equity	2,501.5	2,535.3	2,589.7	2,614.2
EPS (underlying) (€)	0.18	0.19	0.22	0.21	Minority interest	0.0	0.0	0.0	0.0
EPS (basic, reported) (€)	0.39	0.19	0.22	0.21	Total liabilities & equity	9,319.7	10,261.8	10,808.2	11,276.3
Weighted shares outstanding (mn)	2,000.9	2,000.9	2,000.9	2,000.9	Capitalised leases	0.0	0.0	0.0	0.0
Common dividends declared	380.2	385.0	390.6	390.9	Capital employed	6,800.4	7,734.1	8,269.6	8,802.4
DPS (€)	0.19	0.19	0.20	0.20	Adj for unfunded pensions & GW	(274.5)	(269.5)	(264.5)	(259.5)
Dividend payout ratio (%)	107.4	98.7	89.3	94.7	Adj capital employed	6,525.9	7,464.6	8,005.1	8,542.9
Dividend cover (X)	0.9	1.0	1.1	1.1	Gross cash invested	12,287.0	13,564.5	14,480.2	15,404.6
Growth & margins (%)	12/09	12/10E	12/11E	12/12E	Ratios	12/09	12/10E	12/11E	12/12E
Revenue growth	(2.5)	9.8	9.4	2.6	CROCI (%)	6.5	6.3	6.5	6.3
EBITDA growth	0.9	9.9	11.9	3.0	CROCI/WACC (X)	1.1	1.1	1.2	1.1
EBIT growth	(2.8)	7.2	12.7	3.1	ROIC (%)	8.8	6.7	6.9	6.6
Net income growth	135.4	(49.4)	12.1	(5.6)	ROIC/WACC (X)	1.4	1.2	1.2	1.2
EPS growth	8.1	10.2	12.1	(5.6)	ROA (%)	3.8	4.0	4.2	3.7
DPS growth	20.3	1.3	1.5	0.1	WACC (%)	6.1	5.7	5.6	5.5
EBITDA margin	73.7	73.9	75.5	75.8	Inventory days	3.1	2.9	2.6	2.5
EBIT margin	51.0	49.8	51.3	51.6	Asset turnover (X)	0.2	0.2	0.2	0.2
Cash flow statement (€ mn)	12/09	12/10E	12/11E	12/12E	Net debt/equity (%)	151.8	185.3	200.0	217.5
Net income	354.0	390.1	437.4	412.9	EBITDA interest cover (X)	6.8	7.7	7.4	5.6
D&A add-back (incl. ESO)	308.8	358.8	395.2	406.6	Valuation	12/09	12/10E	12/11E	12/12E
Minority interest add-back	0.0	0.0	0.0	0.0	EV/sales (X)	6.5	7.1	6.9	7.0
Net (inc)/dec working capital	159.7	(17.5)	(65.7)	(74.4)	EV/EBITDAR (X)	8.8	9.6	9.2	9.3
Other operating cash flow	(25.0)	(25.0)	(25.0)	(25.0)	EV/EBITDA (X)	8.8	9.6	9.2	9.3
Cash flow from operations	797.5	706.4	741.9	720.1	EV/EBIT (X)	12.7	14.3	13.5	13.7
Capital expenditures	(878.0)	(1,250.0)	(840.0)	(840.0)	P/E (X)	14.3	16.1	14.3	15.2
Acquisitions	(1,212.1)	0.0	0.0	0.0	Dividend yield (%)	7.5	6.1	6.2	6.2
Divestitures	847.6	0.0	0.0	0.0	FCF yield (%)	(3.9)	(10.2)	(3.3)	(4.2)
Others	0.0	0.0	0.0	0.0	EV/GCI (X)	0.7	0.8	0.8	0.8
Cash flow from investing	(1,242.5)	(1,250.0)	(840.0)	(840.0)	EV/adj. capital employed (X)	1.5	1.5	1.5	1.5
Dividends paid (common & pref)	(337.8)	(356.3)	(383.0)	(388.4)	Price/book (X)	2.4	2.5	2.4	2.4
Inc/(dec) in debt	104.4	899.9	481.1	508.3	Note: Ratios are adjusted for leases where appropriate. Only separately disclosed where significant and ongoing.				
Other financing cash flows	0.0	0.0	0.0	0.0	Note: Last actual year may include reported and estimated data.				
Cash flow from financing	(233.4)	543.6	98.1	119.9	Source: Company data, Goldman Sachs Research estimates.				
Total cash flow	(278.6)	0.0	0.0	0.0					
Capex/D&A (%)	284.3	348.4	212.6	206.6					
Reinvestment rate (%)	137.7	172.7	104.0	105.7					
Cash flow cover of dividends (X)	1.7	1.9	2.1	2.0					
Free cash flow cover of dividends (X)	(0.5)	(1.7)	(0.5)	(0.7)					

Analyst Contributors

Matija Gergolet

matija.gergolet@gs.com

Fred Barasi

fred.barasi@gs.com

Price target up to €3.3, EBITDA and EPS higher medium term

Exhibit 1: SOTP valuation increased to €3.3 from €3.2

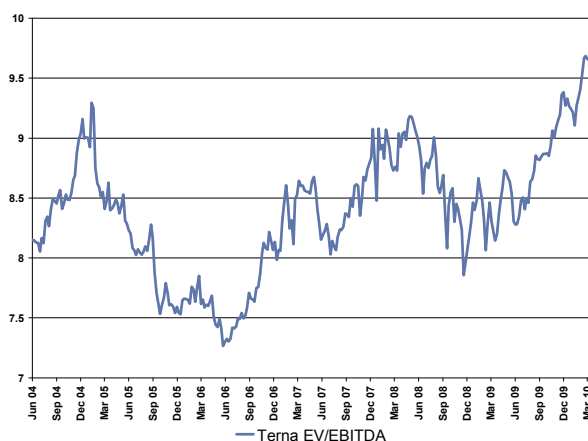
Terna 12-month price target

Terna RAB-based SOTP			
RAB-based valuation for end 2009E	EUR mn	EUR ps	Notes
Italian RAB end 2010E	8,880	4.44	Rab used for 2011 tariffs (18 months time lag)
TELAT	1,198	0.60	Transaction value (RAB) + inflation
Non regulated activities	135	0.07	6x 2010E EBITDA
Less net debt	-4,698	-2.35	End 2010E net debt
Investment in solar projects	326	0.16	Total invested capital
Other liabilities	-144	-0.07	Provisions for risks end 2010E
Terna equity-RAB value	5,697	2.85	Equity-RAB end 2010E
NPV cost outperformance (including GRN dispatching)	239	0.12	Estimate at 31.12.2010, for two regulatory periods
NPV spread between returns WACC	99	0.05	c.0.2% return spread for one more regulatory periods
NPV 2-3% incentive on c.€5bn of expansion capex to 2016	667	0.33	2-3% incremental return for this and next regulatory periods for 12 years
NPV from solar projects	98	0.05	30% premium to invested capital
Deferred taxes	-204	-0.10	Assuming €20mn pa cash outflows
Total RAB-value adjustments	899	0.45	Implies 15% premium to RAB
Total RAB-based valuation for Terna	6,596	3.30	

Source: Goldman Sachs Research estimates.

Exhibit 2: Terna EV/EBITDA at historical highs

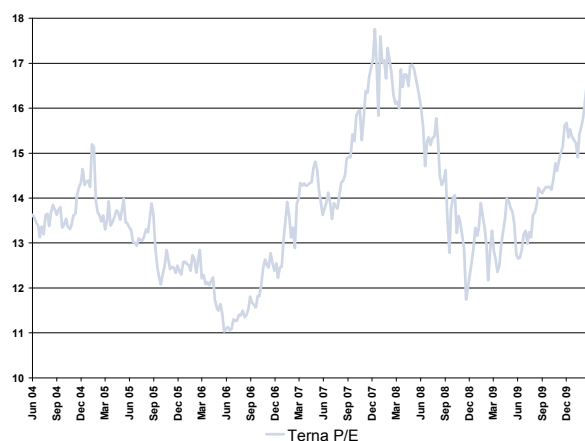
Terna EV/EBITDA (1-year forward)



Source: Goldman Sachs Research estimates.

Exhibit 3: Terna P/E close to record highs

Terna P/E (1-year forward)



Source: Goldman Sachs Research estimates.

Exhibit 4: EBITDA and EPS higher in the medium term, reflecting investments in solar
 EBITDA and EPS forecasts, € mn or €/share

New	2010E	2011E	2012E	2013E
EBITDA	1,103	1,234	1,271	1,344
Clean net income	390	437	413	420
EPS	0.19	0.22	0.21	0.21

Change	2010E	2011E	2012E	2013E
EBITDA	0%	2%	4%	5%
Clean net income	2%	10%	8%	9%
EPS	2%	10%	8%	9%

Source: Goldman Sachs Research estimates.

Reg AC

We, Matija Gergolet and Fred Barasi, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our 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)

Matija Gergolet: Europe-Utilities. Fred Barasi: Europe-Utilities.

Europe-Utilities: A2a SPA, Acciona SA, Centrica, CEZ, Drax Group Plc, E.ON, EDF, EDF Energies Nouvelles S.A., Edison SpA, EDP Renovaveis SA, Enagas, Endesa SA, Enel SpA, Energias de Portugal, Fortum, Gas Natural, GDF SUEZ, Iberdrola Renovables SA, Iberdrola SA, International Power, National Grid, Northumbrian Water Group, Pennon, PGE, Public Power Corporation SA, Red Electrica de Espana, RWE, Scottish and Southern Energy, Severn Trent, Shanks Group, Snam Rete Gas SpA, Suez Environnement, Terna, United Utilities, Veolia Environnement, Verbund.

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.

Goldman Sachs has received compensation for investment banking services in the past 12 months: Terna (€3.13)

Goldman Sachs expects to receive or intends to seek compensation for investment banking services in the next 3 months: Terna (€3.13)

Goldman Sachs had an investment banking services client relationship during the past 12 months with: Terna (€3.13)

Goldman Sachs had a non-securities services client relationship during the past 12 months with: Terna (€3.13)

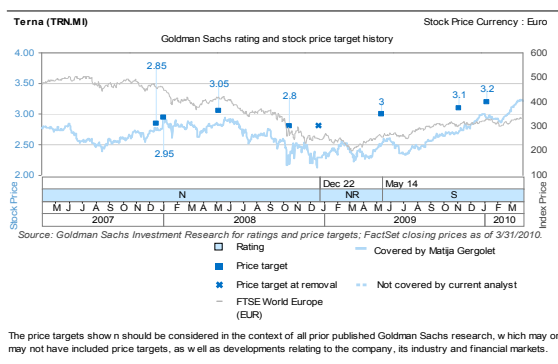
Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	30%	54%	16%	48%	46%	38%

As of April 1, 2010, Goldman Sachs Global Investment Research had investment ratings on 2,821 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 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 JBWere 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 JBWere (NZ) 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/publications/risks/riskchap1.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, One New York Plaza, New York, NY 10004.

Copyright 2010 The Goldman Sachs Group, Inc.

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.