| TIMELIN | $\text { vess } 3$ | Lowered | 9/12/14 | High: Low: | $\begin{array}{r} 100.8 \\ 61.0 \end{array}$ | $\begin{array}{r} 110.9 \\ 83.3 \end{array}$ | $\begin{array}{r} 135.0 \\ 94.8 \end{array}$ | $\begin{aligned} & 206.7 \\ & 124.2 \end{aligned}$ | $\begin{aligned} & 250.7 \\ & 157.4 \end{aligned}$ | $\begin{array}{r} 115.0 \\ 47.4 \end{array}$ | $\begin{array}{r} 193.6 \\ 59.1 \end{array}$ | $\begin{aligned} & 186.4 \\ & 129.5 \end{aligned}$ | $\begin{array}{r} 175.3 \\ 84.3 \end{array}$ | $\begin{array}{r} 129.7 \\ 90.4 \end{array}$ | $\begin{aligned} & 177.4 \\ & 129.6 \end{aligned}$ | $\begin{aligned} & 189.5 \\ & 151.6 \end{aligned}$ |  |  | Target Price 2017 \| 2018 | Range 2019 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| SAFET | $2$ | Raised 4/ | 18/14 | LEGEN | DS |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| TECHNIC BETA | $\begin{aligned} & \text { CAL } 3 \\ & .15 \end{aligned}$ | Lowered <br> = Market) |  | Options: | ative Pric area indic | Strength <br> tes reces |  |  |  |  |  |  |  |  |  |  |  |  |  | 640 -480 400 |
|  | 7-19 PRO | OJECTIO |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 320 |
|  |  |  | n'I Total |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Price | Gain | Return |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | -240 |
| $\begin{array}{\|l\|l} \text { High } \\ \text { Low } \\ \text { Lo } \end{array}$ |  | $\begin{aligned} & +60 \% \\ & +20 \%) \end{aligned}$ | 13\% |  |  |  |  | ${ }_{\text {, } 11}$ |  | Ill |  |  |  |  | II, \|111+ | 小, ا年 |  |  |  | 160 |
| Insider | Decisi | ons |  |  |  |  |  |  |  |  | $1^{11}$ |  |  |  |  |  |  |  |  | -120 |
| insider | N D J | F M A | M J J |  |  |  |  |  |  |  |  |  |  | 1,1 |  |  |  |  |  |  |
| to Buy Options | $\begin{array}{llll}0 & 0 & 0 \\ 1 & 0 & \\ 3 & 0\end{array}$ | $\begin{array}{llll}0 & 0 & 0 \\ 3 & 0 & 0\end{array}$ | $\begin{array}{llll}0 & 0 & 0 \\ 0 & 0 & 2\end{array}$ | "וा\| |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 80 -60 |
| to Sell | 301 | 300 | $0 \quad 04$ |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | RETURN 9/14 |  |
| Institu | ${ }_{4} 42013$ | 102014 | 202014 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | THIS STOCK VLARTH. INDEX |  |
| to Buy | 424 | 416 | 384 |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 1 yr . | 17.6 9.5 |  |
| to Sell | 450 | 442 | 462 | traded |  |  |  |  |  |  |  |  |  | ththt |  |  |  | $\begin{aligned} & 3 \mathrm{yr} . \\ & 5 \mathrm{yr} . \end{aligned}$ | $\begin{array}{rr}102.7 & 84.2 \\ 6.0 & 104.4\end{array}$ |  |
| Hld's(000) | 316240 | 307904 | 309095 |  |  |  |  |  |  |  |  |  |  |  |  | 1 |  |  |  |  |
| 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |  | E LINE PUB. LLC | 17-19 |
| 52.64 | 56.25 | 68.26 | 65.38 | 48.32 | 49.94 | 61.87 | 99.52 | 168.06 | 222.19 | 121.07 | 100.31 | 90.57 | 75.79 | 89.57 | 91.57 | 90.80 | 100.25 | Reven | ser sh A | 117.65 |
| 9.2\% | 9.9\% | 11.3\% | 14.7\% | 21.6\% | 8.1\% | 8.8\% | 7.1\% | 6.5\% | 5.3\% | 8.7\% | 7.9\% | 7.7\% | 10.2\% | 7.5\% | 7.9\% | 9.0\% | 8.0\% | Commi | ions | 8.0\% |
| 8.9\% | 22.7\% | 19.7\% | 20.0\% | 17.7\% | 36.2\% | 40.1\% | 35.6\% | 34.6\% | 33.7\% | 15.1\% | 55.8\% | 44.8\% | 7.6\% | 14.0\% | 17.1\% | 42.0\% | 45.0\% | Princi | Trans | 32.0\% |
| 14.9\% | 17.1\% | 16.1\% | 11.8\% | 11.2\% | 10.1\% | 11.0\% | 8.2\% | 8.0\% | 8.5\% | 9.6\% | 9.2\% | 10.4\% | 11.8\% | 11.8\% | 14.6\% | 14.5\% | 16.5\% | Invest | anking | 14.5\% |
| 66.7\% | 50.1\% | 52.7\% | 53.3\% | 49.3\% | 45.5\% | 39.9\% | 48.9\% | 50.7\% | 52.2\% | 66.5\% | 26.9\% | 26.7\% | 57.5\% | 27.3\% | 22.9\% | 26.0\% | 26.5\% | Interes | ncome | 41.5\% |
| .3\% | .2\% | .2\% | .2\% | .2\% | .1\% | .2\% | .2\% | .2\% | .3\% | .1\% | . $2 \%$ | 10.4\% | 12.9\% | 39.4\% | 37.5\% | 8.5\% | 4.0\% | Other |  | 4.0\% |
| 2.62 | 5.27 | 6.35 | 4.26 | 4.03 | 5.87 | 8.92 | 11.21 | 19.69 | 24.73 | 4.47 | 22.13 | 14.90 | 4.51 | 14.13 | 15.46 | 15.40 | 16.00 | Earni | per sh AB | 23.50 |
|  | . 24 | . 48 | . 48 | . 48 | . 74 | 1.00 | 1.00 | 1.40 | 1.40 | 1.52 | 1.05 | 1.40 | 1.40 | 1.77 | 2.05 | 2.20 | 2.36 | Div'd | ecl'd per sh C | 2.60 |
| 14.95 | 22.50 | 34.19 | 38.28 | 40.18 | 45.73 | 52.00 | 60.21 | 79.21 | 100.28 | 108.23 | 123.77 | 138.71 | 138.59 | 149.45 | 159.66 | 179.10 | 186.90 | Book | lue per sh | 215.20 |
| 427.00 | 450.86 | 483.47 | 476.23 | 472.94 | 473.02 | 482.30 | 436.01 | 412.67 | 395.91 | 442.54 | 515.11 | 507.53 | 485.47 | 465.15 | 446.36 | 450.00 | 440.00 | Comm | Shs Outst'g D | 425.00 |
| -- | 12.5 | 15.1 | 21.1 | 19.7 | 13.7 | 10.8 | 9.9 | 7.9 | 8.5 | 36.9 | 6.3 | 10.4 | 29.1 | 7.9 | 10.2 | Bold fig | ures are | Avg | IP/E Ratio | 11.0 |
| -- | . 71 | . 98 | 1.08 | 1.08 | . 78 | . 57 | . 53 | . 43 | . 45 | 2.22 | . 42 | . 66 | 1.83 | . 50 | . 57 |  |  | Relativ | P/E Ratio | . 75 |
|  | .4\% | . $5 \%$ | .5\% | .6\% | . $9 \%$ | 1.0\% | .9\% | .9\% | .7\% | .9\% | .7\% | .9\% | 1.1\% | 1.6\% | 1.3\% |  |  | Avg An | 'I Div'd Yield | 1.0\% |
| CAPITAL STRUCTURE as of $6 / 30 / 14$ <br> ST Borrowings $\$ 45.8$ bill. <br> LT Debt $\$ 167.0$ bill. <br> (Total int. cov.: 2.8x) |  |  |  |  |  | 29839 | 43391 | 69353 | 87968 | 53579 | 51673 | 45967 | 36793 | 41664 | 40874 | 40850 | 44120 | Total | venues (\$mill) A | 50000 |
|  |  |  |  |  |  | 4553.0 | 5626.0 | 9537.0 | 11599 | 2322.0 | 13385 | 9363.0 | 4442.0 | 7475.0 | 8040.0 | 6950 | 7070 | Net Pro | (\$mill) | 9990 |
|  |  |  |  |  |  | 31.8\% | 32.0\% | 34.5\% | 34.1\% | .6\% | 32.5\% | 27.4\% | 28.0\% | 33.3\% | 31.5\% | 30.0\% | 30.0\% | Income | Tax Rate | 30.0\% |
|  |  |  |  |  |  | 15.3\% | 13.0\% | 13.8\% | 13.2\% | 4.3\% | 25.9\% | 20.4\% | 12.1\% | 17.9\% | 19.7\% | 17.0\% | 16.0\% | Net Pro | it Margin | 20.0\% |
| Leases, Uncapitalized Annual rentals $\$ 387$ mill. No Defined Pension Benefit Plan |  |  |  |  |  | 80696 | 100007 | 173266 | 229884 | 168220 | 185085 | 174399 | 173545 | 167305 | 160965 | 157000 | 155000 | Long-T | m Debt | 160000 |
|  |  |  |  |  |  | 25079 | 28002 | 35786 | 42800 | 64369 | 70714 | 77356 | 70379 | 75716 | 78467 | 80600 | 82245 | Shr. Eq | uity (\$mill) | 91450 |
| Pfd Stock $\$ 7200$ mill. Pfd Div'd $\$ 314.0$ mill. |  |  |  |  |  | 6.0\% | 9.0\% | 9.4\% | 8.9\% | 7.7\% | 6.4\% | 4.8\% | 2.9\% | 3.9\% | 4.8\% | 3.0\% | 3.0\% | Return | n Total Cap'l | 4.0\% |
|  |  |  |  |  |  | 18.2\% | 20.1\% | 26.7\% | 27.1\% | 3.6\% | 18.9\% | 12.1\% | 6.3\% | 9.9\% | 10.2\% | 8.5\% | 8.5\% | Return | n Shr. Equity | 11.0\% |
| Common Stock 450,579,936 shs. as of $7 / 25 / 14$ |  |  |  |  |  | 16.2\% | 19.5\% | 26.9\% | 27.1\% | 3.1\% | 17.5\% | 11.3\% | 2.5\% | 9.2\% | 9.5\% | 7.5\% | 7.5\% | Retaine | to Com Eq | 10.0\% |
| MARKET CAP: $\$ 82.8$ billion (Large Cap) |  |  |  |  |  | 11\% | 9\% | 8\% | 7\% | 37\% | 16\% | 15\% | 62\% | 15\% | 16\% | 14\% | 15\% | All Div' | sto Net Prof | 11\% |


| BALANCE SHEET | 2012 | 2013 | $6 / 30 / 14$ |
| :--- | ---: | ---: | ---: |
| (\$\$MILL.) |  |  |  |
| Cash Assets | 122340 | 110804 | 97651 |
| Securities Owned | 278227 | 326298 | 273822 |
| Other | 537988 | 474405 | 488441 |
| Total Assets | 938555 | 911507 | 859914 |
| ST Financings | 44304 | 44692 | 45755 |
| LT Borrowings | 167305 | 160965 | 167019 |
| Other | 608835 | 627383 | 565511 |
| Total Liab. | 820444 | 833040 | 778285 |
| ANNUAL RATE | Past | Past | Est'd '10-'12 |
| of change (per sh) | 10 Yrs. | 5 Yrs. | to '16-'18 |
| Revenues | $6.0 \%$ | $8.0 \%$ | $5.5 \%$ |
| Earrings | $11.5 \%$ | $10.0 \%$ | $13.0 \%$ |
| Dividends | $18.5 \%$ | $7.5 \%$ | $4.0 \%$ |
| Book Value | $18.0 \%$ | $18.5 \%$ | $6.5 \%$ |

Cal- $\quad$ QUARTERLY REVENUES (\$ mill.) ${ }^{\text {A }}$ Full endar Mar.Per Jun.Per Sep.Per Dec.Per Year \begin{tabular}{r|rrrr|r|}
\hline 2011 \& 13643 \& 9549 \& 5585 \& 8016 \& 36793 \\
2012 \& 11801 \& 8592 \& 10144 \& 11127 \& 41664

 

2012 \& 11801 \& 8592 \& 10144 \& 11127 \& 41664 \\
2013 \& 11773 \& 10449 \& 8280 \& 10372 \& 40874 \\
2014 \& 10885 \& 10704 \& 9150 \& 10111 \& 40850
\end{tabular} $\begin{array}{llllll}2015 & 12650 & 10515 & 9520 & 11435 & 44120\end{array}$

| Cal- <br> endar | EARNINGS PER SHARE AB <br> Mar.Per Jun.Per Sep.Per Dec.Per |  |  | Full <br> Year |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 2011 | 1.56 | 1.85 | d.84 | 1.84 | 4.51 |
| 2012 | 3.92 | 1.78 | 2.85 | 5.60 | 14.13 |
| 2013 | 4.29 | 3.70 | 2.88 | 4.59 | 15.46 |
| 2014 | 4.02 | 4.10 | 2.85 | 4.43 | 15.40 |
| 2015 | 4.50 | 3.25 | 3.20 | 5.05 | 16.00 |
| Cal- | QUARTERLY DIVIDENDS PAID C |  | Full |  |  |
| endar | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Year |
| 2010 | .35 | .35 | .35 | .35 | 1.40 |
| 2011 | .35 | .35 | .35 | .35 | 1.40 |
| 2012 | .35 | .46 | .46 | .50 | 1.77 |
| 2013 | .50 | .50 | .50 | .55 | 2.05 |
| 2014 | .55 | .55 | .55 |  |  |

BUSINESS: The Goldman Sachs Group, Inc. is a global investment banking and securities firm. Operates in four business segments: Investment Banking ( $18 \%$ of ' 13 revenues), Institutional Client Services $(46 \%)$, Investing \& Lending ( $21 \%$ ), and Investment Management ( $15 \%$ ). $42 \%$ of ' 13 revenues came from outside the Americas. Has $\$ 919$ billion in assets under management. Acq. Ayco, 7/03;
Shares of Goldman Sachs have risen in price since our July report, on strong second-quarter results. Earnings per share of $\$ 4.10$ beat our estimate of $\$ 3.70$ by a substantial margin. The rise in share net was largely due to an increase in earnings in the Investing \& Lending segment, thanks to net gains from investments in private equities as well as debt securities and loans. Revenues were slightly higher than expected, as well. Investment banking revenues were up, on an increase in equity underwriting revenues, which reflected a rise in private placements and initial public offerings.
The company is tightening rules concerning its bankers' stock and bond purchases. The new rules, which also prohibit investments in certain hedge funds, are meant to strengthen protections against conflicts of interest, after increased scrutiny from legislators and regulators. Indeed, Goldman will likely need to make significant changes to many of its operations going forward, particularly due to the implementation of the Volcker rule. This comprises a set of regulations meant to limit proprietary trading, which means

Spear, Leads, \& Kellogg, 10/00. Has about 32,900 employees. Parties to Shareholders Agreement c/o G.S. own $9.5 \%$ of stock; BlackRock, 5.1\%; State Street: 5.4\%; off./dir., 3.4\% (4/14 Proxy). Chairman/CEO: Lloyd C. Blankfein. President: Gary D. Cohn. Inc.: DE. Address: 200 West St., New York, NY 10004. Telephone: 212-902-1000. Internet: www.gs.com.
banks' ability to trade on their own accounts, rather than as intermediaries for client accounts. Since Goldman receives a higher proportion of revenues from such activity than most other large banks, it will likely feel a particularly hard impact.
Global regulators have agreed on stricter financing rules, as well. The Basel Committee on Banking Supervision reached an accord among global regulators on the net-stable funding rule, which will force banks and other lenders to reduce their reliance on short-term financing. Different kinds of assets held by banks will be assigned different weightings meant to determine the minimum amount of stable funding needed to back such investments. The new regulations are meant to help prevent a repeat of the financial instability that took place during the last recession.
These shares appear set to perform in line with the market over the short and long terms. The recent jump in the stock price has reduced appreciation potential out to 2017-2019. The issue is ranked to mirror the market over the next year, as well (Timeliness: 3).
Adam J. Platt
October 17, 2014

[^0]to fiscal 2009, year ended on last Friday in (B) Dil. egs. Excl. n/r gains/(losses): ' 00 , (35¢); (C) Div'd historically paid in late Feb., May, Nov. Data for stub period (Nov. 28, 2008 - Dec. '10, (\$1.72). Earnings may not sum due to Aug., and Nov. 27,2008 ) incl.: Revenues, $\$ 1,185$ million; earn- changes in the number of shares out. Next egs. (D) In millions.


[^0]:    (A) Fiscal year ends on last Friday in Dec. Prior ings, (\$2.15). report due mid January.

