

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit [www.djreprints.com](http://www.djreprints.com)

[See a sample reprint in PDF format.](#)

[Order a reprint of this article now](#)

**THE WALL STREET JOURNAL.**

WSJ.com

BUSINESS | JANUARY 15, 2009, 12:00 A.M. ET

## Goldman Finds a Way to Dole Out Cash

By SUSANNE CRAIG

Goldman Sachs Group Inc. traders, investment bankers and other employees suddenly aren't feeling so glum about their relatively puny bonuses.

This week, some of the roughly 30,000 employees at Goldman got a letter telling them that the Wall Street firm has changed how it doles out certain stock grants, including by easing the rules on when restricted shares may be sold.

Translation: Cash-strapped employees now can use their Goldman stock like an automated teller machine. In response, some rushed to sell, fueling a spike in the trading volume of Goldman shares on Tuesday, when most employees officially got their newly unrestricted stock.

A Goldman spokesman says the move is aimed at bringing the company's restricted-stock practices in line with other Wall Street firms. In addition, Goldman also recently offered to buy out employees who invested in the firm's money-losing Whitehall 2007 fund, representing another cash injection for employees who opt to cut their losses.

The \$4.8 billion fund was raised in 2007 and is part of Goldman's Whitehall family of real-estate funds. The offer is limited to Goldman employees. No top executives have opted into the Whitehall buyback.

Goldman shares are down more than 65% from their peak in 2007. Net income dropped 80% in the fiscal year ended Nov. 28. Average compensation per employee shrank 45% to \$363,655 from \$661,490 in fiscal 2007. Goldman's seven top executives gave up their bonuses for 2008, and bonuses for other employees generally fell sharply.

With lifestyles on Wall Street geared to hefty bonuses that augment base salaries ranging from \$100,000 to \$750,000, some traders and executives are being haunted by the expensive homes, lavish getaways and other luxuries that were comfortably affordable when times were good.

Short on cash and facing declines in their personal investments, the hardest-hit Wall Street employees are essentially facing margin calls on their lifestyle, unable

to keep up with payments on mortgages and other loans.

One top Goldman executive put his \$55 million vacation home in Nantucket, Mass., up for sale last year, fueling speculation that he needs cash. He didn't respond to a request for comment.

Rumors even swirled that Goldman formed an in-house pawnshop where partners could trade distressed assets such as houses and boats for cash. There is no such thing, the Goldman spokesman said.

At Goldman, 40% of the restricted stock an employee gets typically vests immediately, but it isn't delivered for three years. This is meant to encourage long-term ownership in the firm. Those who leave risk losing restricted shares that haven't vested.

Under the new rules, Goldman employees get their restricted stock in three slugs: one-third a year after it is granted, plus the remaining two-thirds in each of the following two years. This week, those sitting on restricted-stock grants from 2006 and 2007 got the shares that vested.

Previously, 40% of the shares vested immediately, although employees didn't take delivery of it for three years. The change applies to all employees eligible for restricted stock grants, except the top seven officers, including Chairman and Chief Executive Lloyd Blankfein.

About 25.9 million Goldman shares traded Tuesday, up 64% from Monday's 15.8 million. Trading volume eased on Wednesday, and Goldman shares fell \$2.23, or 2.9%, to \$75.69 in New York Stock Exchange trading.

**Write to** Susanne Craig at [susanne.craig@wsj.com](mailto:susanne.craig@wsj.com)

Copyright 2008 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com)