

IMPORTANT DISCLOSURES AND CONSIDERATIONS FOR INVESTORS IN AUCTION RATE SECURITIES

Goldman, Sachs & Co., as a Broker-Dealer of Auction Rate Securities, provides the following important information about Auction Rate Securities and the Auction Procedures for customers, issuers and other interested persons. This information does not replace or supersede the information found in the offering material for any issue of Auction Rate Securities or the Auction Rate Procedures that govern the conduct of Auctions. However, it does include some information about the way we conduct Auctions that supplements information contained in the offering material or the Auction Rate Procedures. Capitalized terms are defined in a section at the end of this discussion. The terms “Goldman Sachs”, “we”, “us” and “our” all refer to Goldman, Sachs & Co. We may modify the information below from time to time to reflect changes in relevant circumstances or for other reasons.

WHAT ARE AUCTION RATE SECURITIES?

Auction Rate Securities are debt or preferred securities whose interest or dividend rate is reset periodically. They usually have a long-term maturity (or, in the case of preferred securities, no maturity). They may be issued by states and municipalities or their agencies and authorities in the form of tax-exempt or taxable bonds or by corporations in the form of bonds or preferred stock. For ease of reference, we generally use the term “issuer” to mean the entity issuing the securities. However, certain municipalities and governmental authorities serve as conduit issuers for not-for-profit and for-profit corporate borrowers which bear the ultimate responsibility for repaying the Auction Rate Securities. In the case of a conduit financing, certain references to the issuer might more appropriately be to a “borrower.”

The interest or dividend rate on Auction Rate Securities is reset periodically to the rate produced in an Auction that is governed by a set of Auction Procedures established by the issuer and its Auction Agent and described in the offering documents. The frequency of the periodic Auctions varies, with common reset periods being daily, 7 days, 14 days, 28 days or 35 days (“Rate Period”). Rate Periods of 49 days, 90 days, 180 days or longer are also possible. Under some programs, the issuer may change the reset period to a multi-year period. Any change in the reset period usually requires that there be a successful Auction after the issuer notifies the holders of such proposed change. Because the Rate ordinarily is reset frequently, the coupon is expected to move in relation to money market rates for instruments with a maturity of the relevant reset period and similar credit quality.

OVERVIEW OF AUCTION PROCEDURES

The Auction Procedures generally provide for investors to submit orders through a Broker-Dealer. Some Auction Rate Securities programs have a single Broker-Dealer and some have multiple Broker-Dealers. Holders may advise the Broker-Dealer

of (a) the par amount of the securities they wish to continue to hold, regardless of the Clearing Rate; (b) the par amount of securities they will hold or buy as long as the Clearing Rate is no lower than a specified Rate (and if the Clearing Rate is lower than the specified Rate, they are obligated to sell the securities they hold); and (c) the par amount of securities they wish to sell irrespective of the Clearing Rate. If a Holder fails to place an Order, most Auction Procedures provide that such Holder will be deemed to have elected to continue to hold its Auction Rate Securities regardless of the Clearing Rate, unless the Auction is one in which the frequency of the Auctions is being changed, in which case such Holder will be deemed to have elected to sell its Auction Rate Securities regardless of the Clearing Rate. Prospective Holders may submit a Bid for the par amount of securities they wish to buy as long as the Clearing Rate is no lower than a specified Rate. The Auction Procedures for most Auction Rate Securities allow Bids in the Auction by a Broker-Dealer acting for its own account. The Broker-Dealer submits all Bids to the Auction Agent. Auction Procedures generally provide that Orders must be placed with the Auction Agent by the Submission Deadline, but Broker-Dealers may require Bidders to comply with an earlier internal deadline.

PRIORITY OF ORDERS IN AN AUCTION

The Auction Agent ranks the Orders by Rate. Hold Orders that did not specify a Rate are allocated first. If there are any sell Orders or Orders to hold at a specified Rate, the Auction Agent then accepts Bids to buy or hold at a specified Rate beginning with the lowest Rate and then successively higher Rates, until all Orders are filled. If there are multiple Bids at the final Rate, the Auction Agent will allocate securities among the Bidders at such Rate on a pro-rata basis. All accepted Bids receive the same interest rate (the Clearing Rate).

ALL-HOLD RATE IN ALL-HOLD AUCTIONS

If all Holders elect to hold their Auction Rate Securities without specifying a Rate, the Auction is called an “All Hold” Auction and the new Rate will be equal to the All Hold Rate. Under current program documents, the All Hold Rate typically is based on a percentage of a reference rate, usually LIBOR or an index of Treasury securities, which percentage usually produces a Rate that is materially below a market rate.

MAXIMUM RATE IN FAILED AUCTIONS

If the Auction Agent does not receive Bids lower than the Maximum Rate for the total par amount of Auction Rate Securities being auctioned, the Auction is said to be a “Failed Auction,” and the Auction Procedures generally provide that the Rate is set at the Maximum Rate, which is usually a multiple of a reference rate, such as LIBOR or an index of Treasury securities, or a fixed number, such as 15%. The multiple may depend on the credit rating of the issuer or the securities. This Rate is designed in part to compensate the Holder for the loss of liquidity resulting from a Failed Auction. Although the Maximum Rate is generally above a market rate, Holders may be disadvantaged if

there is a Failed Auction because they are not able to exit their positions by means of the Auction.

SETTLEMENT PROCEDURES

Once the Clearing Rate has been determined, the Auction Agent notifies the issuer's paying agent of the Clearing Rate, which will be effective the business day following the Auction or, in the case of daily Auctions, the same day, and (in Auctions where there is more than one Broker-Dealer) notifies the participating Broker-Dealers whose customers are net sellers of the names of the Broker-Dealers whose customers are the buyers of such securities. Settlement of such purchase and sale transactions occurs on the business day following the Auction unless the Auction is occurring daily in which case the settlement is the same day. When we receive an allocation from the Auction Agent, we allocate the Auction Rate Securities to customers who bid through Goldman Sachs in accordance with the Auction Procedures. When there is an insufficient number of Auction Rate Securities sold to cover all Bids to buy or hold at the Clearing Rate, the securities are allocated pro rata to persons who submitted Bids to buy or hold at the Clearing Rate, subject to adjustments to avoid allocations below the minimum denomination for the securities.

APPLICABLE LAW AND INDUSTRY STANDARDS

As a Broker-Dealer submitting orders into Auctions and engaging in transactions for its own account and for the account of customers, Goldman Sachs is subject to the securities laws of the United States, the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"), the rules of NASD, Inc., NYSE, Inc. and the other self regulatory organizations to which it belongs, and the rules of the Municipal Securities Rulemaking Board ("MSRB") with respect to Auction Rate Securities that are municipal securities.

SECURITIES AND EXCHANGE COMMISSION INQUIRIES

On May 31, 2006, the SEC announced that it had settled its investigation against 15 firms, including Goldman Sachs, that participate in the Auction Rate Securities market regarding their respective practices and procedures in this market. The SEC alleged in the settlement that the firms had managed Auctions for Auction Rate Securities in which they participated in ways that were not adequately disclosed or that did not conform to disclosed Auction Procedures. As part of the settlement, Goldman Sachs, like the other settling firms, agreed to pay a civil money penalty. In addition, like the other firms, Goldman Sachs, without admitting or denying the SEC's allegations, agreed to be censured, to cease and desist from violating certain provisions of the securities laws, to provide to customers written descriptions of its material Auction practices and procedures, and to implement procedures reasonably designed to detect and prevent any failures by Goldman Sachs to conduct the Auction process in accordance with disclosed procedures. The SEC order may be viewed at the following site:
<http://www.sec.gov/litigation/admin/2006/33-8684.pdf>

INDUSTRY BEST PRACTICES

On May 31, 2006, the Bond Market Association (“BMA”) issued an exposure draft of Best Practices for Broker-Dealers of Auction Rate Securities (“Best Practices”). The Best Practices were developed by a task force of traders, lawyers and compliance officers from member firms of the BMA with input from several of the banks that act as Auction Agents for Auction Rate Securities programs. We endeavor to apply the Best Practices to our business in all relevant respects. The Best Practices may be viewed at the following site:

http://www.bondmarkets.com/assets/files/best_practices_for_auction_rate_secs_%20exposure_draft_5-31-06.pdf

PRACTICES, PROCEDURES AND PRINCIPLES APPLICABLE TO AUCTION RATE SECURITIES

The objective of the Auction is to establish a Rate for the next Rate Period.

The Auction Agent determines the Rate from the Orders received from Holders and Prospective Holders in the Auction.

Our obligation to the issuer is to solicit Bids.

Goldman Sachs is generally designated in a Broker-Dealer Agreement as a Broker-Dealer to contact Holders and Prospective Holders and solicit Bids for the securities. We do not guarantee to any issuer that the Auction will result in the lowest possible Rate for the securities. While we are not generally required to make an orderly market in the Auction Rate Securities, we may, in our discretion, take action to promote an orderly market consistent with industry best practices.

In multi-dealer programs each Broker-Dealer must act independently. The Broker-Dealers may not share with one another any information about the Orders that they have received or that they may submit or their estimates of possible Clearing Rates, or otherwise communicate with one another about the possible results of the Auction. A Broker-Dealer may, however, share with broker-dealers that are not designated as program Broker-Dealers any information that the Broker-Dealer may share with its own customers (such as Price Talk). In addition, when we participate in a syndicate for an initial offering of Auction Rate Securities, prior to the first Auction, we are permitted to communicate with other prospective dealers participating in the syndicate in connection with the initial offering.

We receive Broker-Dealer fees from issuers.

When Goldman Sachs has been appointed by the issuers of Auction Rate Securities to serve as a dealer for the related Auctions it is generally paid by those issuers for its services pursuant to the Broker-Dealer Agreement. Those agreements generally provide that Goldman Sachs will receive from the issuer Broker-Dealer fees usually

based on an annual percentage of the principal amount of the Auction Rate Securities sold or successfully placed through Goldman Sachs. As a result, our interests in conducting Auctions may differ from those of investors who participate in Auctions.

In some cases we may share a portion of the fees we receive from the issuer with other broker-dealers that submit orders through us that we successfully place in Auctions. Similarly, with respect to auctions for other Auction Rate Securities for which we do not serve as a Broker-Dealer, the other firms that serve as Broker-Dealers in those Auctions may share fees with us for orders that we submit through those firms that those firms successfully place in those Auctions.

Our obligation to Holders and Prospective Holders with respect to Auctions is a normal dealer obligation to persons purchasing securities from a broker-dealer.

The obligation of the Broker-Dealer to Holders and Prospective Holders who bid for and sell Auction Rate Securities is no more extensive than normal dealer obligations governed by existing law.

Goldman Sachs generally submits orders to sell all of its Auction Rate Securities in each Auction and may also submit Bid Orders.

Goldman Sachs is permitted, but not obligated, to submit Orders in Auctions for its own account either as a Bidder or a seller and routinely does so in the Auction Rate Securities market in its sole discretion. We may make multiple Bids for our own account provided that each Bid is at a market rate. We may withdraw or modify a Bid for our own account prior to the Submission Deadline, unless the Auction Procedures provide that all Bids are irrevocable when made. Although we are generally not required to do so by the Auction Rate Procedures, it is our practice to submit an Order into the Auction to sell all Auction Rate Securities that our Auction Desk holds for our own account on the date of an Auction. When we submit an Order for our own account, we are likely to have an advantage over other Bidders because we will have knowledge of some or all of the other Orders placed through us in that Auction and, thus, could determine the rate and size of our Order so as to ensure that our Order is likely to be accepted in the Auction and that the Auction is likely to clear at a particular rate. For this reason, and because we are appointed and paid by the issuer to serve as a Broker-Dealer in the Auction, our interests in conducting an Auction may differ from those of Holders and Prospective Holders who participate in Auctions. We would not have knowledge of Orders submitted to the Auction Agent by any other firm that is, or may in the future be, appointed to accept Orders pursuant to a Broker-Dealer Agreement.

Where we are the only Broker-Dealer appointed by the issuer to serve as Broker-Dealer in the Auction, we would be the only Broker-Dealer that submits Orders to the Auction Agent in that Auction. As a result, in such circumstances, we could discern the Clearing Rate before the Orders are submitted to the Auction Agent and set the Clearing Rate with our Order.

While we are not obligated to do so, we routinely place one or more Bids in an Auction for our own account to acquire the securities for our inventory or to prevent an Auction from failing or clearing at a Rate that we believe does not reflect the market for the securities. We may place such Bids even after obtaining knowledge of some or all of the other Orders submitted through us. When bidding for our own account, we may also bid outside or inside the range of Rates that we post in our Price Talk, but we do not make Bids outside of the Estimated Market Rate.

We may also encourage bidding by others in Auctions. We may encourage such Bids even after obtaining knowledge of some or all of the other Orders submitted through our Auction Desk.

Bids by Goldman Sachs or by those it encourages to place Bids are likely to affect (i) the Auction Rate — including preventing the Auction Rate from being set at the Maximum Rate or otherwise causing Bidders to receive a higher or lower rate than they might have received had we not bid or encouraged others to bid and (ii) the allocation of securities being auctioned — including displacing some Bidders who may have their Bids rejected or receive fewer securities than they would have received if we had not bid or encouraged others to bid. Because of these practices, the fact that an Auction clears successfully does not mean that an investment in the securities involves no significant liquidity or credit risk. We are not obligated to continue to place such Bids or encourage others to bid in any particular Auction to prevent an Auction from failing or clearing at a Rate we believe does not reflect the market for the securities. Investors and issuers should not assume that we will do so or that Failed Auctions will not occur. Investors should also be aware that Bids by us or those we may encourage to place Bids may cause lower Rates to result.

Goldman Sachs will not selectively advise Holders of the possibility of an All Hold Auction.

In any particular Auction, if all outstanding securities are the subject of submitted hold Orders, the Auction Rate for the next succeeding Rate Period will be a minimum Rate called the “All Hold Rate” (such a situation is called an “All Hold Auction”). When an All Hold Auction is likely, Goldman Sachs may, but is not obligated to, advise Holders of that fact, which might facilitate the submission of Bids by Holders that would avoid the occurrence of an All Hold Auction. If Goldman Sachs decides to inform Holders of the likelihood of an All Hold Auction, it will make that information available to all Holders for whom it acts as Broker-Dealer at the same time.

If Goldman Sachs holds any securities for its own account on an Auction Date, it is our practice to submit a sell Order into the Auction with respect to such securities, which would prevent that Auction from being an All Hold Auction. Goldman Sachs may, but is not obligated to, submit Bids for its own account in that same Auction, as set forth above.

Goldman Sachs makes Price Talk available to all Holders and customers who are interested in bidding in the Auction.

Before the start of an Auction, we generally make available to Holders and customers who are interested in bidding in the Auction our good faith judgment of the range of likely Clearing Rates for the Auction based on market and other information. This is known as “Price Talk.” Price Talk is not a guaranty, and Holders and Prospective Holders are free to use it or ignore it. If we provide Price Talk, we will make the Price Talk available to all Holders and customers who are interested in bidding in the Auction. We do not make Price Talk available to other Broker-Dealers. We may occasionally update and change the Price Talk based on changes in issuer credit quality or macroeconomic factors that are likely to result in a change in interest rate levels, such as an announcement by the Federal Reserve Board of a change in the Federal Funds rate or an announcement by the Bureau of Labor Statistics of unemployment numbers. We will make such changes available to all Holders and customers that were given the original Price Talk. We provide our Price Talk with each day’s Auction Calendar.

The Goldman Sachs Auction Desk aggregates Orders of the same type at the same Rate for submission to the Auction Agent, but does not net Orders to sell with Orders to buy or hold.

We do not net Orders to sell against Bids. If we submit an aggregated Order at a particular Rate and are awarded securities with respect to that Order at that Rate, we are required to allocate such award among our customers bidding in the Auction in accordance with the allocation procedures in the Auction Procedures (including procedures required to satisfy minimum denomination and unit size restrictions, discussed below).

Goldman Sachs does not accept “all-or-nothing” Bids.

We do not accept “all-or-nothing” Bids (i.e., Bids whereby the Bidder proposes to reject an allocation smaller than the entire quantity bid) or any other type of Bid that allows the Bidder to avoid Auction Procedures that require the pro rata allocation of securities where there are not sufficient sell Orders to fill all Bids at the Clearing Rate.

Goldman Sachs does not provide assurances regarding Auction outcomes.

We provide no assurance as to the outcome of any Auction. Nor do we provide any assurance that any Bid will be accepted or that the Auction will clear at a Rate that a Bidder considers acceptable. Bids may be rejected or may be only partially filled, and the Rate on any securities purchased or retained may be lower than the Bidder expected. We do not enter into arrangements with customers prior to Auctions guaranteeing to purchase securities from the customer or to sell securities to the customer at a specified price or Rate in the event that the customer does not receive a specified amount of securities in the Auction at a desired Rate. However, after the Submission Deadline we may sell securities to or purchase securities from customers at market prices.

The Goldman Sachs Auction Desk does not accept “market order” Bids.

Current program documents for Auction Rate Securities do not provide for firm Bids to receive Auction Rate Securities at the Clearing Rate. If Prospective Holders could place “market order” Bids, and all Bids in an Auction were either hold Orders or “market order” Bids, then the Clearing Rate would not be set through the Auction process. Accordingly, the only way for a Prospective Holder to ensure that it receives securities is to submit a Bid that is likely to be accepted or to purchase securities after the Auction.

The Goldman Sachs Auction Desk will not accept an Order to sell, buy or hold at a stated Rate unless all of the necessary information has been specified by the customer or the customer’s representative, including Rate, amount (in dollars or units) and the issue or series of Auction Rate Securities.

The Auction Desk will not fill in missing information without specific instructions from the customer or customer’s representative. However, under current program documents, Bids below the minimum Rate for the Auction set by the Auction Agent will be treated as Bids at the minimum Rate. A sales representative of Goldman Sachs with trading discretion granted by a customer may specify some or all of the necessary information on behalf of the customer, but must do so without information from the Auction Desk about other Orders submitted to the Auction Desk in the Auction (except for information, which is available to all customers on request, about the aggregate amount of sell Orders outstanding).

Goldman Sachs does not permit the sharing of information from the Auction Desk to sales representatives about Orders received, and prohibits the disclosure of the Order of any Bidder to any other Bidder.

We do not provide information to customers or other brokers about the number of Orders placed, the Rate at which Orders are placed, the size of buy or hold Orders, what the Clearing Rate is likely to be or whether there are sufficient Bids to avoid a Failed Auction. However, we will advise any customer who asks of the aggregate amount of sell Orders outstanding at a given time, without Rate information.

Orders must be submitted by the applicable deadline.

Each Auction has a formal time deadline by which all Bids must be submitted by us to the Auction Agent. This deadline is called the “Submission Deadline.” To provide sufficient time to process and submit customer Bids to the Auction Agent before the Submission Deadline, we impose an earlier deadline — called the “Internal Deadline” — by which Bids must be submitted to the Goldman Sachs Auction Desk. Currently, we require that Bids for Auction Rate Securities subject to daily Auctions be submitted to our Auction Rate Desk by 10:15 a.m. and that Bids for all other Auction Rate Securities be submitted to our Auction Rate Desk by 12:15 p.m.

The Internal Deadline is subject to change by us. We may submit Bids for our own account at any time until the Submission Deadline. We may allow for correction of clerical errors after the Internal Deadline and prior to the Submission Deadline in appropriate instances where there is objective evidence of errors in transmission of data, resulting from manual, mechanical, or electronic failures. Some Auction Agents allow for the correction of clerical errors for a specified period of time after the Submission Deadline. Our policy is that Order corrections may not be submitted to the Auction Agent after the Submission Deadline unless the Auction Agent permits us to do so and in any event not more than one hour after the Auction results are first posted.

When the Goldman Sachs Auction Desk receives an allocation of Auction Rate Securities from the Auction Agent, the Auction Desk allocates those securities to customers in accordance with the Auction Procedures applicable to the securities.

Auction Rate Securities are allocated by the Auction Desk giving effect to the order of priority required by the Auction Procedures. When the number of Bids at the Clearing Rate exceeds the number of Auction Rate Securities available, the Auction Desk must allocate the Auction Rate Securities pro rata as required by the Auction Procedures. The Auction Desk will not allocate securities allocated by the Auction Agent in such a manner as to give some customers an amount more or less than their pro rata share (except as required to satisfy minimum denomination and unit size restrictions, discussed below).

The Auction Desk will not accept Orders to allocate securities or engage in transactions below the minimum denomination or unit size, with certain exceptions.

Auction Rate Securities are generally sold in unit sizes of \$1,000, \$5,000, \$25,000, \$50,000 and \$100,000. Although minimum denominations for Auction Rate Securities are generally the same as unit sizes, some issues with unit sizes of \$1,000 or \$5,000 have minimum denominations of \$25,000. Auction Rate Securities may not be bought or sold in amounts less than the unit size, and Orders may only be entered in whole unit sizes.

Pursuant to MSRB Rule G-15(f), we may not accept an Order to sell municipal Auction Rate Securities in an amount less than the minimum denomination unless it represents the amount of that issue remaining in the seller's account and the seller is liquidating the full amount. Although the rule permits us to sell less than the minimum denomination if it represents securities sold to liquidate another customer's position, as just described, and certain disclosures are made, as a matter of practice Goldman Sachs does not sell less than the minimum denomination to any customer.

The Auction Desk will not accept an Order to buy or hold at a stated Rate less than the minimum denomination of Auction Rate Securities. A customer who holds less than the minimum denomination may continue to hold that amount (without stating a Rate) or may put in an Order to sell, but only if it represents the entire remaining amount held by the customer.

The Auction Desk will not allocate less than the minimum denomination to a customer if the customer's Order at or above the minimum denomination would result in a pro rata allocation below the minimum denomination. Instead, Auction Rate Securities that would have gone to customers in amounts less than the minimum denomination are allocated pro rata to customers who are receiving at least the minimum denomination.

If the pro rata allocation of units results in some customers receiving fractional units, the Auction Desk rounds such fractional units up or down to reach a full unit size (but will not round down to an amount less than the minimum denomination).

The ability of Holders to resell Auction Rate Securities may be limited

Holders will be able to sell all of the securities that are the subject of submitted Orders to sell only if there are Bidders willing to purchase all those securities in the Auction (provided that the sale also complies with the minimum denomination requirements discussed above). If sufficient clearing Bids have not been made, Holders that have submitted Orders to sell will not be able to sell in the Auction the securities subject to such submitted Orders. As discussed above, Goldman Sachs may submit a Bid in an Auction to keep it from failing, but it is not obligated to do so. There may not always be enough Bidders to prevent an Auction from failing in the absence of a Bid by Goldman Sachs in the Auction for its own account. Therefore, Auction Failure Events are possible, especially if the issuer's credit were to deteriorate, a market disruption were to occur or if, for any reason, we were unable or unwilling to bid.

Between Auctions, there can be no assurance that a secondary market for the securities will develop or, if it does develop, that it will provide Holders the ability to resell the securities on the terms or at the times desired by a Holder. Goldman Sachs may, in its own discretion, decide to buy or sell the securities in the secondary market for its own account to or from investors at any time and at any price, including at prices equivalent to, below, or above the par value of the securities. However, Goldman Sachs is not obligated to make a market in the securities, and may discontinue trading in the securities without notice for any reason at any time. Holders who resell between Auctions may receive less than par value, depending on market conditions.

The ability to resell Auction Rate Securities will depend on various factors affecting the market for the securities, including news relating to the issuer, the attractiveness of alternative investments, the perceived risk of owning the securities (whether related to credit, liquidity or any other risk), the tax or accounting treatment accorded the securities (including recent clarification of U.S. generally accepted accounting principles as they apply to the accounting treatment of Auction Rate Securities), reactions of market participants to regulatory actions (such as those described above involving the SEC) or press reports, financial reporting cycles and market conditions generally. Demand for the securities may change without warning, and declines in demand may be short-lived or continue for longer periods.

Issuers may extend the length of an Rate Period.

The Auction Procedures generally permit an issuer, pursuant to those procedures, to extend the length of the next Rate Period. The issuer's declaration of a changed Rate Period may reduce the liquidity of an investment in the securities. A changed Rate Period would likely be longer than a regular Rate Period, and Holders would be unable to sell their securities in the next Auction until the end of the extended Rate Period. Holders who seek to sell their securities between auctions in an extended Rate Period may receive less than the price paid for them, especially when market interest rates have risen. The risks described in this paragraph become greater as the length of the changed Rate Period increases.

DEFINITIONS

All Hold Rate. The Rate that will apply to a new Rate Period if all Holders determine to hold their Auction Rate Securities without specifying a minimum Rate or a Broker-Dealer for an issue with only one Broker-Dealer fails to submit Orders to the Auction Agent prior to the Submission Deadline.

Auction. A process in which Holders and Prospective Holders for an issue of Auction Rate Securities indicate their interest in continuing to hold or purchase such securities. The Auction Agent reviews all Orders and determines the lowest Rate that will result in the sale of all securities being auctioned in accordance with the applicable Auction Procedures.

Auction Agent. An agent of the issuer or the trustee for the Auction Rate Securities, usually a bank, which, under the Auction Procedures, receives Orders and determines the Clearing Rate and the allocation of Auction Rate Securities among Auction participants.

Auction Desk. The business unit of a Broker Dealer that fulfills the responsibilities of the Broker-Dealer under a Broker-Dealer Agreement, including soliciting Bids for Auction Rate Securities. The Goldman Sachs Auction Desk also makes a secondary market in Auction Rate Securities.

Auction Procedures. The procedures governing the conduct of an Auction, usually set forth in the indenture or resolution covering the securities and summarized in the prospectus or offering statement for the issue or in supplemental disclosure documents.

Auction Rate Securities. Securities whose Rate is reset periodically based on an Auction.

Bid. A direction by a Holder or Prospective Holder specifying the principal amount of Auction Rate Securities which (i) a Holder commits to continue to hold for the next succeeding Rate Period if the Clearing Rate for such Rate Period is not

less than the Rate per annum specified in such Bid or (ii) a Holder or Prospective Holder offers to purchase if the Clearing Rate for the next succeeding Rate Period is not less than the Rate per annum specified in such Bid. Note that in clause (i) above, if the Clearing Rate is less than the Rate specified by a Holder, such Holder is obligated to sell such Auction Rate Securities.

Bidder. Each Holder and Prospective Holder who places a Bid.

Broker-Dealer. A Broker-Dealer designated in a Broker-Dealer Agreement to solicit Orders for Auction Rate Securities.

Broker-Dealer Agreement. The agreement between a Broker-Dealer, the Auction Agent and the issuer under which a Broker-Dealer agrees to solicit Orders for Auction Rate Securities.

Clearing Rate. In an Auction, the Rate for the next Rate Period determined by the Auction Agent to be the lowest Rate at which there are purchasers willing to buy all Auction Rate Securities offered for sale in such Auction.

Estimated Market Bid. A bona fide Bid at the Broker-Dealer's Estimated Market Rate.

Estimated Market Rate. A Rate or range of Rates which, in the Broker-Dealer's good faith judgment, reflects a fair and reasonable Rate, taking into consideration such circumstances as it believes are relevant, including prevailing market conditions with respect to such security at the time of the determination, general economic conditions and trends, current Rates for comparable securities, and the issuer's financial condition and prospects. In determining the Estimated Market Rate, we do not take into consideration the interest of the issuer in paying a low Rate or the interest of investors in receiving a high Rate. In determining the Estimated Market Rate for purposes of submitting a Bid for our own account, we may consider such factors as the expense involved, the size of our inventory position, our capital requirements and our risk management needs.

Failed Auction. An Auction at which the Auction Agent does not receive sufficient Orders at or below the specified Maximum Rate to purchase all the securities being sold. In the case of a Failed Auction, the Rate is set at the Maximum Rate.

Holder. The persons who are then the beneficial owners of the Auction Rate Securities.

Internal Deadline. The time by which all Orders must be submitted to the Goldman Sachs Auction Desk.

Maximum Rate. The Rate applied by the Auction Procedures to a Failed Auction, which is often a multiple of a reference rate, such as LIBOR or an index of

Treasury securities, not to exceed a fixed cap. The multiple may depend on the credit rating of the issuer of the securities. The Maximum Rate may also be an absolute number such as 15%.

Order. (i) A Bid, (ii) a hold order, i.e. a direction by a Holder specifying the principal amount of Auction Rate Securities which it will continue to hold regardless of the Clearing Rate in the ensuing Auction or (iii) a sell order, i.e. a direction by a Holder specifying the principal amount of Auction Rate Securities which it will sell regardless of the Clearing Rate in the ensuing Auction. This term includes orders placed by us for our own account.

Price Talk. A range of Rates that represents the good faith judgment of a Broker-Dealer, based on market and other information at a given time, of the range within which the Auction is likely to clear. Price Talk serves only as a guideline for investors as to where we believe that the Auction is likely, but not guaranteed, to clear. It may be based, among other things, on prevailing market conditions with respect to a security at the time of the determination, general economic conditions and trends, the Clearing Rate in recent Auctions for those securities and comparable securities and the issuer's financial condition and prospects.

Prospective Holders. Those persons who place a Bid in an Auction to become owners of the Auction Rate Securities.

Rate. An interest rate, in the case of auction rate bonds, or dividend rate, in the case of auction rate preferred stock.

Rate Period. The period of time for which the Auction will determine the Rate.

Submission Deadline. The time by which all Orders must be submitted to the Auction Agent by the Broker-Dealer.