



OTC Option Risk Disclosure Statement

Prior to the purchase or sale of over-the-counter options (“OTC Options”), Goldman, Sachs & Co. (“GS&Co.”), Goldman Sachs Financial Markets L.P. (“GSFM”) and Goldman Sachs International (“GSI”) believe clients should be aware of the risks involved in trading options generally and in purchasing or selling OTC Options in particular.

We have sent to you the most recent disclosure pamphlet prepared by The Options Clearing Corporation (the “OCC”), entitled **Characteristics and Risks of Standardized Options**. Please note that the OCC’s disclosure pamphlet relates to options listed on exchanges in the United States and that certain of the discussions contained therein may not be wholly applicable to OTC Options. You should not construe the OCC pamphlet or this risk disclosure statement as legal, business or tax advice, and should consult your attorney, business advisor and tax advisor as to legal, business, tax and related matters concerning OTC Options.

You should also read and understand the following additional special risks relating to OTC Options:

1. Credit Risk. GS&Co. or GSFM will be the writer of any OTC Option purchased by you from GS&Co. or GSFM, respectively. Consequently, any such option will be an obligation of GS&Co. and will not be an obligation of the OCC or another clearing organization (as would be the case with standardized, listed options). It is important to evaluate the comparative credit risks.

GSI or GSFM, as the case may be will be the writer of any OTC Option purchased by you from GSI or GSFM, as the case may be, although such purchases will be effected through GS&Co. as agent. Consequently, any such purchase from GSI or GSFM, as the case may be, as effected through GS&Co., will be an obligation of GSI and will not be an obligation of the OCC or any other clearing organization (as would be the case with standardized, listed options). It is important to evaluate the comparative credit risks. In addition, GS&Co. is acting solely in its capacity as agent for both you and GSI or GSFM, as the case may be and has not guaranteed or endorsed any such option and is not financially responsible for the performance by GSI or GSFM, as the case may be under such option.

GSI is a foreign broker-dealer. Accordingly, you should note that GSI is not directly or indirectly subject to regulation by the Securities and Exchange Commission or any U.S. national association of securities dealers or U.S. securities exchange, and you will not be entitled to the protections of the Securities Investor Protection Act of 1970, as amended (the “Securities Investor Protection Act”).

GSFM is an OTC derivatives dealer registered under the Securities Exchange Act of 1934, as amended. However, you should note that you will not be entitled to the protections of the Securities Investor Protection Act.

2. Restrictions on Transfer; Non-Marketability. OTC Options purchased from GS&Co., GSFM or GSI, as effected through GS&Co., have not been approved or disapproved by the Securities and Exchange Commission, the securities regulatory authority of any State or any other jurisdiction.

OTC Options will not be registered under the Securities Act of 1933, as amended (the “Securities Act”), or under the securities laws of any state. The offer and sale of OTC Options is intended to be exempt from registration under the Securities Act by virtue of Section 4(2) of that Act and/or Regulation D thereunder. There will be no public market for OTC Options. Each purchaser will be required to represent that it is acquiring OTC Options for investment and not with a view to resale or distribution. OTC Options purchased from GS&Co., GSFM or GSI, as effected through GS&Co., cannot be assigned or transferred without the prior written consent of GS&Co., GSFM or GSI, as the case may be. Further, each purchaser must be prepared to bear the economic risk of its investment.

It may be impossible for you to transfer any OTC Option purchased by you other than to GS&Co., GSFM or GSI, as the case may be. Unless otherwise agreed, none of GSI, GSFM nor GS&Co. is obligated to repurchase an OTC Option sold to you or resell an OTC Option purchased from you. Therefore, if you write and sell an OTC Option to GS&Co., GSFM

or GSI to offset an OTC Option you bought from another dealer, there will be no automatic close-out as would be the case with listed options. You will continue to be obligated as the writer of the OTC Option unless and until it is exercised or is sold back to you by GS&Co., GSFM and/or GSI.

3. Proprietary Trading. You should also be aware that GS&Co., GSFM and/or GSI engage in proprietary trading for their own accounts and the accounts of their affiliates in the same or similar instruments underlying OTC Options (including such trading as GS&Co., GSFM and/or GSI deem appropriate in their sole discretion to hedge its or their market risk in any option or other position whether between GS&Co., GSFM or GSI and you or with third parties) and that such trading may affect the value of OTC Options and the securities or other instruments underlying OTC Options.

4. Cash Settled Options. GS&Co., GSFM or GSI may hedge its exposure under a cash-settled option by trading in the underlying securities at or near the time the cash settlement value is determined. Such trading may adversely affect the cash settlement amount due in respect of that option.

5. Terms. The price and characteristics of an OTC Option are negotiated individually, and there is no central source to obtain prices from other dealers. Therefore, none of GS&Co., GSFM nor GSI represent or warrant to you that the prices for which OTC Options are offered by GS&Co., GSFM or GSI are the best prices available to you.

6. Market for Underlying Securities; Currency Risks; Valuations. Published prices for securities underlying an OTC Option may not accurately reflect the current market value of the securities at any given time. Representative bid and asked quotations for such securities are subject to change without notice and, unless otherwise represented by GS&Co. or GSFM as to a specific quantity of a security, do not represent the prices at which GS&Co., GSFM or GSI would be prepared to trade the underlying securities. Accordingly, you should seek representative quotations from several dealers active in markets for the underlying securities or consult other market information services to determine the intrinsic value of any OTC Option.

You should be aware that fluctuations in currency exchange rates may affect the value of any OTC Option on securities trading in or denominated in a foreign currency, as well as the value of any payment or delivery of securities in connection with such OTC Option.

Following the execution of an OTC Option, any valuation provided by GS&Co., GSFM or GSI in respect thereof is, unless otherwise specifically stated in writing, indicative only and may not represent a price at which GS&Co., GSFM or GSI is willing to repurchase or resell such OTC Option. Any such valuation is based on numerous factors, some of which are subjective, and do not necessarily reflect the values carried on the books and records of GS&Co., GSFM or GSI, prices which would have been available to other counterparties or prices obtainable from other dealers.

Some additional factors affecting the value of an OTC Option include the maturity, price and volatility of the underlying security or index and the level of interest rates.

7. Discretion of the Calculation Agent. GS&Co., GSFM and GSI in their capacities as calculation agents under the Master Agreement for OTC Options have discretionary power in certain instances (e.g., without limitation, market disruption events, merger events and stock splits), to determine the value of an index or adjust the terms of an option. Such decisions by the calculation agent may influence the value of the option.

8. Index Options. None of GS&Co., GSFM nor GSI makes any representation or warranty with respect to, nor are any of them responsible for, the structure, method of computation or publication of any index underlying an OTC Option, except as expressly stated in the confirmation for such OTC Option.

9. Loss of Investment. The purchaser of an OTC Option may lose its entire investment. This risk reflects the nature of an OTC Option as an asset which tends to decline in value over time. Therefore, an OTC Option is **not** intended to be the sole asset held by a purchaser.

We strongly suggest that you review the Master Agreements for OTC Options and all materials pertaining to the risks associated with OTC Options. Thus, when you purchase or write OTC Options, we will assume you understand the characteristics and risks associated with OTC Options and the contractual terms governing such OTC Options.