

Talking Points

SEC announces amendments to Rule 2a-7

The Securities and Exchange Commission approved amendments to Rule 2a-7 on January 27, 2010. These newly adopted rules are meant to strengthen the regulatory requirements governing money market funds. GSAM is supportive of policies that are aimed at strengthening the money market industry and protecting investors. The GSAM Global Liquidity Management team remains committed to the conservative approach we have used managing portfolios since 1981.

Highlights of the rules include the following:

Portfolio Quality

- Money market funds will be restricted from investing more than 3% of their assets in second tier securities (versus 5% today); no more than ½ of 1% of assets may be invested in second tier securities issued by any single issuer (versus the current cap of 1% or \$1 million – whichever is greater); and no second tier securities that mature in more than 45 days (versus 397 days today).

Portfolio Maturity

- Weighted Average Maturity (WAM): Lowered to 60 days from 90 days;
- Weighted Average Life (WAL): This is a new limit, restricting the spread duration of the fund to 120 days.

Portfolio Liquidity: Daily and Weekly Requirements

- Daily: A minimum of 10% of taxable money market funds assets must be in cash, U.S. Treasury securities, or securities that convert into cash (e.g. mature) within one day.
- Weekly: A minimum of 30% of all money market fund assets must be in cash, U.S. Treasury securities, or other specified government securities with remaining maturities of 60 days or less, or securities that convert into cash within one week.
- Reduction of illiquid bucket to 5% of portfolio assets (versus 10%).

Enhanced Disclosures of Portfolios

- Funds will need to report a detailed schedule of portfolio holdings along with “shadow” NAV pricing (mark-to-market) to the SEC on a monthly basis. This information will be shared with the public on a 60-day lag.
- Monthly posting of portfolio holdings on a Fund’s web site.

Rating Agencies

- Money market fund investments in rated securities continue to be restricted to those securities in the top two rating categories (or unrated securities of comparable quality). Money market funds are still required to perform an independent credit analysis of every security purchased.

Stress Testing: Periodic testing will now be required;

Know Your Investor Procedures: These include a combination of liquidity requirements and procedures;

Suspension of Redemptions: The Fund’s Board will be able to suspend and liquidate in the event the Fund is about to break the buck.

The SEC did not issue an opinion on the fluctuating NAV proposal at this time.

For the official press release, please visit the SEC website: <http://www.sec.gov/news/press/2010/2010-14.htm>



Additional Notes:

Prospectuses for the Goldman Sachs Funds containing more complete information may be obtained from your authorized dealer or from Goldman, Sachs & Co. by calling 1-800-621-2550. Please consider the Funds' objectives, risks, and charges and expenses, and read the prospectuses carefully before investing. The prospectuses contain this and other information about the Funds.

An investment in a money market portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market portfolio seeks to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in a money market portfolio.

Holdings and allocations shown are unaudited, and may not be representative of current or future investments. Holdings and allocations may not include the Fund's entire investment portfolio, which may change at any time. Fund holdings should not be relied on in making investment decisions and should not be construed as research or investment advice regarding particular securities.

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