



Goldman, Sachs & Co. – Merchant Banking Division

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This brochure provides information about the qualifications and business practices of the Merchant Banking Division of Goldman, Sachs & Co. If you have any questions about the contents of this brochure, please contact us at (877) 591-4656. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.

Additional information about Goldman, Sachs & Co.'s Merchant Banking Division is available on the SEC's website at www.adviserinfo.sec.gov.

March 30, 2012

This brochure describes the investment advisory services provided by the Merchant Banking Division of Goldman, Sachs & Co. ("GS&Co."). A separate brochure has been prepared for GS&Co.'s Private Wealth Management group.

Item 2 - MATERIAL CHANGES

On October 11, 2011, the SEC and other federal regulators proposed draft rules implementing Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (otherwise known as the “Volcker Rule”). For further discussion of the potential impact, please see “Legal, Tax and Other Regulatory Risks” in Item 8.

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Item 4 - ADVISORY BUSINESS

Introduction

This Brochure relates to the investment advisory services offered by the Merchant Banking Division (“MBD”) of Goldman, Sachs & Co. (“GS&Co.”). GS&Co. is a wholly-owned subsidiary of The Goldman Sachs Group, Inc. (together with its affiliates, the “Firm”). The Firm, through MBD, controls the general partner of certain investment limited partnerships (the “MBD Funds”) that have been privately placed and are not registered under the Investment Company Act of 1940. The Firm is a public company that is a bank holding company and a financial holding company under the Bank Holding Company Act of 1956, as amended (“BHCA”), and a worldwide, full-service financial services organization. MBD, together with its predecessor business areas, has been in operation since 1986. GS&Co. has been a registered investment adviser since 1981.

The Private Wealth Management Group is another business unit of GS&Co. and its advisory services are described in a separate brochure. Unless otherwise specified, references in this Brochure to the advisory services provided by GS&Co. means advisory services provided by MBD.

Merchant Banking Division Advisory Services

The MBD Funds generally make long-term investments, primarily in privately negotiated transactions, in the following asset classes: corporate equity, corporate credit, real estate equity, real estate credit and infrastructure. GS&Co. manages each MBD Fund with full discretion to negotiate the purchase and sale of investments by each MBD Fund in accordance with the authority granted to GS&Co. under that MBD Fund’s governing document. These activities are performed by GS&Co. through MBD. Additional information about the specific types of investments made by a particular MBD Fund can be found in the offering materials of each MBD Fund.

Investment Restrictions

The investment restrictions applicable to each MBD Fund are described in the offering materials for the MBD Fund. Each MBD Fund generally provides investors with the right to opt out of investments if an investor is prohibited from making the investment for legal or regulatory reasons.

Assets Under Management

As of December 31, 2011, MBD managed approximately \$77,938,500,000 in client assets, all of which are managed on a discretionary basis. This includes the limited partners’ uncalled capital, in addition to the total undiscounted value of all MBD investments (including MBD-managed investments held on the Firm’s balance sheet and employee fund investments), excluding commitment facility leverage.¹

Item 5 - FEES AND COMPENSATION

Fees for Advisory Services

GS&Co. generally receives an annual management fee from each MBD Fund. In addition, the Firm and/or its employees, directly or indirectly, may receive an incentive allocation or incentive fee (collectively, “Override”) from an MBD Fund if the MBD Fund has satisfied certain performance thresholds. The amount of the fees charged by GS&Co. varies from fund to fund. A general summary of the management fees and Override paid by the MBD Funds is below.

¹ The assets under management excludes any accounts managed by another business unit, division or affiliate of GS&Co.

The management fee charged by GS&Co. to an MBD Fund is generally calculated as a percentage of (i) invested capital, (ii) committed capital during the period when the MBD Fund is permitted to make investments and then on invested capital at the end of the commitment period, or (iii) total asset value. The management fee ranges from 0.5% to 2.0%.

The Override is generally 20% of each MBD Fund's profits after investors achieve a preferred return that typically ranges between 6% and 10% depending on the particular MBD Fund. Management fees and Override generally are not negotiable by investors in the MBD Funds.

Generally, management fees and the Override are not payable by funds raised for the benefit of the Firm's employees ("MBD Employee Funds") that invest in, or alongside, the MBD Funds.

Specific information about the management fee charged to each MBD Fund is provided in the MBD Fund's offering materials.

MBD may, subject to applicable law and Firm policies, enter into confidential side letters or similar agreements or other arrangements with investors that amend or supplement the economic, legal or other terms of, the offering materials with respect to such investors. Such agreements may involve, among other matters: (i) different management fee arrangements based upon the size of capital commitments; (ii) certain investors receiving information not generally received by investors; (iii) the ability of certain investors to provide selected confidential information to regulators; (iv) modifications to offering materials; (v) agreements to permit representatives of certain investors to serve on the Investment Advisory Committee; and (vi) certain investors being granted preferential rights to certain co-investment opportunities. In addition, the Firm may enter into agreements with an investor that gives the investor legal, economic or other rights and obligations which do not relate to the investor's investment in the MBD Fund, but are granted because of the investor's investment in the MBD Fund and / or other funds sponsored by the Firm.

Calculation and Deduction of Advisory Fees

The management fee is generally paid to GS&Co. by each MBD Fund on behalf of its investors. While the management fee is generally paid using net proceeds from investment dispositions and/or current cash flow of an MBD Fund, MBD Funds may issue capital calls to investors for the payment of the management fee. The Override is paid to the Firm and/or its employees from time to time out of distributions made by the MBD Fund.

Other Fees and Expenses

Each MBD Fund bears the expenses incurred in connection with its organization and offering of its interests to investors. In addition, each MBD Fund bears the ongoing expenses it incurs, including: (i) expenses relating to identifying, evaluating, investigating, valuing, structuring, monitoring, holding, tracking, servicing, harvesting, selling or purchasing investments and potential investments (whether or not completed); (ii) costs of debt incurred by that MBD Fund, if any, as well as costs incurred in implementing hedging strategies and foreign exchange trades, if any; and (iii) other expenses incurred in connection with the administration of that MBD Fund, such as expenses relating to fund accounting, insurance, tax and legal advice, marketing efforts and information technology.

Certain affiliates of GS&Co., such as Archon Group, L.P. ("Archon"), perform a variety of services for the MBD Funds. These services vary depending on the MBD Fund, but they may include asset management, accounting services and loan servicing, disposition services, due diligence services and other operational support services. In exchange for these services, Archon or other GS&Co. affiliates will receive customary fees.

Prepaid Fees

MBD generally does not charge clients fees in advance.

Compensation for the Sale of Securities and Other Investment Products

Neither MBD nor MBD's supervised persons accepts compensation for the sale of securities held by MBD Funds. Other business units of GS&Co. may receive this type of compensation from time to time. See Item 11 for additional information. MBD chooses the brokers with whom to execute transactions in accordance with its duty of best execution and can choose either affiliated or unaffiliated brokers. MBD does not reduce its fees to offset execution charges paid to its affiliates.

Item 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As set forth in Item 5, MBD may be entitled to receive performance-based fees from MBD Funds. MBD also manages certain MBD Funds that are not required to pay performance-based fees, including MBD Employee Funds. As a general matter, the MBD Employee Funds and other funds that do not pay performance based fees co-invest with the MBD Funds which pay performance fees, and therefore no conflict of interest exists with respect to allocation of investments between the fee paying funds and the non-fee paying funds. MBD has adopted written policies and procedures designed to address conflicts of interest in allocating investment opportunities among the funds that it manages.

Item 7 - TYPES OF CLIENTS

MBD provides investment advice only to MBD Funds.

The minimum amount investors must invest in an MBD Fund is set forth in the MBD Fund's offering materials and varies from fund to fund (ranging from \$1 million to \$50 million). This minimum may be reduced or waived by the general partner of each MBD Fund. MBD Employee Funds generally have lower minimum investment amounts than the other MBD Funds.

Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

GS&Co., through MBD, together with its predecessor business areas, has over two decades of experience as a private equity investor. MBD has a history of investing in corporate equity for over 25 years, in corporate credit for over 15 years, in real estate for over 20 years and in infrastructure for seven years. MBD has a global presence and access to internally generated, proprietary investment opportunities. By utilizing investment professionals located around the world and its local market relationships, knowledge and expertise, MBD can source, assess and make opportunistic investments in different markets with a knowledgeable local perspective. The Firm maintains a broad network of relationships with companies, investment firms, investors, entrepreneurs and financial intermediaries around the world. These relationships generate a substantial flow of opportunities which allow the MBD Funds to be selective in committing capital to investments in situations that GS&Co. believes have attractive risk/reward characteristics.

The process of investing in (or lending to) a target company or borrower is carried out by (i) a team of investment professionals (the "Investment Team"), (ii) an investment committee comprised of individuals in MBD and other senior professionals (the "Investment Committee"), (iii) a network of professionals within the Firm, and (iv) external advisors. Once the Investment Team identifies an investment opportunity, they prepare a memorandum and presentation for the Investment Committee to review. Based on the analyses, investment thesis, results of due diligence, and recommendation presented at the Investment Committee meeting, the Investment Committee determines whether MBD should make the investment. If the Investment Committee decides to pursue the opportunity, the Investment Team, in

conjunction with external advisers, completes business, accounting, legal and other due diligence on the target company or asset and finalizes definitive agreements relating to the transaction. MBD monitors the performance of the portfolio company after the investment is closed, with a focus on value creation. Members of the Investment Team may serve on the board of directors of a portfolio company after the investment is made. As a result, these members may discuss the company performance and strategy with other board members and management on a regular basis. During internal MBD meetings, the Investment Team discusses the potential exit timing of an investment. Typical exit methods for equity interests include: (i) sale through a public offering or a private placement; (ii) sale to a strategic or financial buyer; and (iii) recapitalization. For credit investments, the exit process may also be completed through repayment or refinancing with a third party. Throughout the exit process, the Investment Team typically negotiates the sale price, structures the exit of the investment and coordinates external advisors involved in the exit process.

Investments by the MBD Funds involve substantial risks, including the possibility of partial or total loss of the investment. Prospective investors are told in the applicable offering materials not to subscribe to an MBD Fund unless they can readily bear the consequences of a complete loss of their investment.

Material Risks for Significant Investment Strategies

Introduction. The following list of risk factors does not purport to be a complete list or explanation of the risks involved in an investment in an MBD Fund. In addition, as each MBD Fund's investment program develops and changes over time, an investment in an MBD Fund may be subject to additional and different risk factors. Additional risks associated with an MBD Fund's investment objectives are set forth under Item 8 and in the offering materials for each MBD Fund. Prior to making an investment in an MBD Fund, prospective investors are told to read the offering materials and the governing document for the applicable MBD Fund and are told to consult with their own advisors before deciding whether to invest in an MBD Fund.

Inability to Meet Investment Objective or Execute Investment Strategy. The success of an MBD Fund depends on GS&Co.'s ability to identify and select appropriate investment opportunities, as well as the ability to acquire and manage those investments effectively. The market for investments targeted by the MBD Funds can be highly competitive. Additional sponsors or competitors may enter the market during an MBD Fund's term, increasing competition and making it difficult for the MBD Fund to find attractive investment opportunities. In addition, GS&Co. may not be able to obtain as favorable terms as it would otherwise in a less competitive investment environment. Identifying attractive investment opportunities is difficult and involves a high degree of uncertainty. Even if investment opportunities are identified, there is no assurance that an MBD Fund's efforts to acquire interests in those investments will be successful. An MBD Fund's inability to meet its objectives and execute its strategy may have a negative effect on the investment results of an MBD Fund.

Investments in Illiquid Investments. The investments of the MBD Funds are likely to be illiquid and equity investments are unlikely to provide current income. Illiquidity may result from the absence of an established market for investments as well as legal and contractual restrictions on their resale by the MBD Fund. Even if the investments of the MBD Funds are successful, they are unlikely to produce a realized return for a period of years.

Market Risk. The value of the investments of the MBD Funds may go up or down in response to an array of market factors, including the performance of particular industry sectors or governments and/or general economic conditions.

Lack of Diversification. There can be no assurance that GS&Co. can make a suitable number of investments. Consequently, the aggregate returns realized by investors may be substantially adversely affected by the unfavorable performance of a small number of these investments.

Compensation Arrangements. If an MBD Fund achieves certain performance thresholds, the Firm and/or its employees may receive Override from the MBD Fund. This arrangement may create an

incentive for GS&Co. to cause the MBD Fund to make investments that are riskier or more speculative than would be the case if this arrangement were not in effect. In addition, GS&Co. may face a conflict of interest in valuing the securities or assets in the portfolio that lack a readily ascertainable market value as the value of the assets held by an MBD Fund may affect the timing of the payment of the Override.

Regulation and Treatment of an MBD Fund as a Bank Holding Company Affiliate. The Firm is regulated as a bank holding company under the BHCA, which generally restricts bank holding companies from engaging in business activities other than the business of banking and certain closely related activities. The Firm has elected to become a financial holding company under the BHCA and, as such, may engage in a broader range of financial and related activities than it would otherwise be able to, as long as the Firm continues to meet certain eligibility requirements. Because the Firm is generally deemed to “control” each MBD Fund within the meaning of the BHCA, certain of these restrictions are expected to apply to each MBD Fund as well. Accordingly, the BHCA and other applicable banking laws, rules, regulations and guidelines, and their interpretation and administration by the appropriate regulatory agencies, may restrict the transactions and relationships between GS&Co. and its affiliates, on the one hand, and each MBD Fund, on the other hand, and may restrict the types of investments that may be made by, and the operations of, the MBD Funds.

GS&Co. expects that each MBD Fund will conduct its activities in a manner that is consistent with the BHCA. However, the bank regulatory requirements applicable to the Firm and the MBD Funds may have a material adverse effect on the MBD Funds. For example, these requirements may require that the MBD Funds be dissolved earlier than previously contemplated. Additionally, if the Firm no longer meets the eligibility requirements to be a financial holding company, each MBD Fund may be limited in its ability to make new merchant banking investments and could be required to terminate certain activities and/or sell certain investments if the Firm remained ineligible for financial holding company status for a prolonged period.

Valuation Risk. General movements in prevailing market conditions could have a substantial impact on the value of Investments and investment opportunities generally. Certain securities and other assets in which MBD Funds may invest may not have a readily ascertainable market value and will be valued by the MBD Fund in accordance with US generally accepted accounting principles. In addition, the MBD Fund may face a conflict of interest in valuing securities or assets that lack a readily ascertainable market value as the value of the assets held by the MBD Funds will affect the timing of the payment of the Override.

Public Securities. In some cases, an MBD Fund may be limited in its ability to sell investments in public securities because the Firm may have material, non-public information regarding the issuers of those securities or as a result of other Firm policies. The inability to sell securities in these circumstances may affect the investment results of an MBD Fund.

Hedging Transactions. An MBD Fund may engage in currency hedging, interest rate hedging or other hedging strategies in order to manage risk. While these transactions may reduce certain risks, the transactions themselves entail certain other risks. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of those positions decline, but instead establishes other positions designed to gain from those same developments, thus offsetting the decline in the portfolio positions’ value. These types of hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. While an MBD Fund may enter into hedging transactions to seek to reduce risk, unanticipated changes in currency exchange rates, interest rates or public security prices may result in a poorer overall performance for the MBD Fund than if it had not engaged in any hedging transaction. There is no guarantee GS&Co. will use hedging techniques or that those techniques will be successful when used.

Fund-level Leverage. Certain MBD Funds may incur fund-level indebtedness or provide guarantees in connection with the acquisition, development and operation of investments. Furthermore, certain MBD Funds may incur short-term indebtedness for the purpose of financing an investment prior to the receipt of capital contributions from investors. In the event of a failure to pay or other event of default under any

of the indebtedness associated with a particular MBD Fund, the lenders could require the investors to fund their entire remaining capital commitments. In addition, in the event that the lenders require investors whose capital commitments have been pledged to fund their capital commitment to repay indebtedness, the failure of certain of those investors to honor their capital commitments could result in the remaining investors' payments exceeding their pro rata share of the indebtedness. Finally, lenders could require an MBD Fund to sell some or all of its investments, or could foreclose on those investments prematurely, causing an MBD Fund to suffer losses.

The extent to which an MBD Fund uses leverage may have important consequences to its investors, including the following: (i) greater fluctuations in the net asset value of the MBD Fund, (ii) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional portfolio investments, distributions to investors or other purposes, (iii) increased interest expenses if interest rate levels were to increase, and (iv) in certain circumstances, prematurely disposing of portfolio companies to service the MBD Fund's debt obligations.

Dilution from Subsequent Closings. Where applicable, investors subscribing for interests at subsequent closings of an MBD Fund generally will participate in existing investments, diluting the interest of existing investors therein. Although such investors generally will contribute their pro rata share of previously made draws (plus an additional amount thereon), there can be no assurance that this payment will reflect the fair value of the MBD Fund's existing investments at the time such additional investors subscribe for interests.

Legal, Tax and Other Regulatory Risks. Legal, tax and regulatory changes could occur during the term of an MBD Fund that may adversely affect the MBD Fund and its investment results, or some or all of the investors in the MBD Fund. The Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law on July 21, 2010. Certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act known as the "Volcker Rule" will limit banking entities, such as the Firm, from sponsoring and investing in private equity funds, such as the MBD Funds.

In October 2011, the proposed rules to implement the Volcker Rule were issued and included an extensive request for comments on the proposal. The proposed rules are highly complex and many aspects of the Volcker Rule remain unclear. The Firm is analyzing how the proposed rules could affect the Firm, including MBD and the MBD Funds, and expects that as proposed they would entail significant compliance efforts. However, the full impact of the Dodd-Frank prohibition on proprietary trading and limitation related to investment funds will depend upon the detailed scope of the prohibitions, permitted activities, exceptions and exclusions, and the full impact on the firm, including MBD and the MBD Funds, will not be known with certainty until the rules are finalized.

An MBD Fund and/or some or all of its investors also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules. As an affiliate of the Firm, a regulated entity, an MBD Fund's activities may be subject to new or revised laws, regulations or initiatives that may not be applicable to an investor unaffiliated with a regulated entity. Compliance with any new or revised laws or regulations could be difficult and expensive, and may have an adverse effect on an MBD Fund and its investors and/or the manner in which an MBD Fund conducts business. New or revised laws or regulations may also subject an MBD Fund or some or all of its investors to increased taxes or other costs.

Each prospective investor is told to be aware that tax laws and regulations are changing on an ongoing basis, and these laws and regulations may be changed with retroactive effect. Moreover, the interpretation and application of tax laws and regulations by certain tax authorities may not be clear, consistent or transparent. Uncertainty in the tax law may require an MBD Fund to accrue potential tax liabilities even in situations where an MBD Fund and/or its investors do not expect to be ultimately subject to those tax liabilities. Moreover, accounting standards and/or related tax reporting obligations may change, giving rise to additional accrual and/or other reporting obligations. Each prospective investor is also told to be aware that other developments in the tax laws of the United States could have a material effect on the tax consequences to investors, the MBD Funds and/or an MBD Fund's investments and that

investors may be required to provide certain additional information to an MBD Fund (which may be provided to the Internal Revenue Service or other taxing authorities) or may be subject to other adverse consequences as a result of that change in tax laws.

Each prospective investor is told that it will or may be required to take into account its distributive share of all items of partnership income, gain, loss, deduction and credit, whether or not distributed. Because of the nature of an MBD Fund's investment activities, an MBD Fund may generate taxable income in excess of cash distributions to investors, and no assurance can be given that an MBD Fund will be able to make cash distributions to cover such tax liabilities as they arise.

In any given year, a prospective investor is told to be prepared to incur taxable income in excess of cash received from an MBD Fund. The specific U.S. federal income tax consequences to an MBD Fund and the investors will depend upon the types of Investments made and the manner in which those Investments are structured, among other considerations. An MBD Fund may generate losses, deductions, and other tax attributes that may be subject to special limitations and other complex rules.

Material Risks for Particular Types of Securities

Risks Associated with Investing in the MBD Funds Generally

Operating and Financial Risks of Portfolio Companies. An MBD Fund's investments in portfolio companies may involve a high degree of business and financial risk. Some of the portfolio companies may be highly leveraged. Leverage may have important consequences to the portfolio companies and an MBD Fund as an investor. These companies may be subject to restrictive financial and operating covenants that may impair the ability of these companies to finance their future operations and capital needs. As a result, these companies may have limited flexibility to respond to changing business and economic conditions and to business opportunities. A leveraged company's income and equity will tend to increase or decrease at a greater rate than if borrowed money were not used. In addition, a portfolio company with a leveraged capital structure may be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of that portfolio company or its industry. In the event that a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of an MBD Fund's investment in a portfolio company could be significantly reduced or even eliminated.

Moreover, portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and/or a larger number of qualified managerial and technical personnel. Some of the portfolio companies may (i) be operating at a loss or have significant variations in operating results, (ii) be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, (iii) require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, (iv) be in an early stage of development, (v) not have a proven operating history, or (vi) otherwise have a weak financial condition that could result in insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company, each of which could materially adversely affect the investment results of an MBD Fund.

Reliance on Portfolio Company Management. Although an MBD Fund may seek to be represented on the board of directors of its portfolio companies, there is no assurance that this representation, if sought, will be obtained. Furthermore, even in cases where an MBD Fund may have certain rights to (i) be represented on the board of directors of portfolio companies, and/or (ii) participate in certain significant business decisions and/or other management rights, the MBD Funds do not have active roles in the day-to-day management of those companies. Accordingly, the success or failure of an MBD Fund's portfolio companies will depend to a significant extent on their management.

Risks of Global Investing Generally. Certain MBD Funds invest capital outside the U.S. in non-U.S. companies. These investments involve additional risks compared with investing exclusively in the United States.

Because investments in non-U.S. companies may involve non-U.S. dollar currencies, the MBD Funds may be affected unfavorably by changes in currency rates (including as a result of the devaluation of a foreign currency) and may incur transaction costs in connection with conversions between various currencies.

Depending on where they are located, portfolio companies may be subject to accounting, auditing and financial reporting requirements that differ, including with respect to completeness and quality of information, from those applicable in the United States, and, accordingly, the financial statements of a company may not reflect its financial position or results of operations in the way that this information would be reflected had the financial statements been prepared in accordance with U.S. Generally Accepted Accounting Principles. Additionally, for companies that keep accounting records in local currency, some countries' inflation accounting rules require, for both tax and accounting purposes, that certain assets and liabilities be restated on the company's balance sheet in order to express items in terms of constant purchasing power, while others do not permit this restatement. Financial information that is incomplete may adversely affect an MBD Fund's investment decisions.

It also may be difficult to enforce contractual or other legal rights in certain countries. For example, legal proceedings in certain jurisdictions may take longer to conclude than similar proceedings in other countries. Moreover, once a judgment is obtained, a variety of causes may make enforcement or collection of that judgment difficult.

Investment in certain countries may be restricted or controlled to varying degrees. These restrictions or controls may at times limit investment and may increase the risk associated with the investments. For example, certain countries may: (i) require governmental approval prior to investment in companies or industries deemed important to national interests; (ii) limit the amount of investment by persons who are not citizens; (iii) limit investments by persons who are not citizens to only a specific class of securities of a company that may have less advantageous terms than the classes available for purchase by citizens of the country; and/or (iv) impose additional taxes on investors who are not citizens, including expropriation and/or confiscatory taxes, as well as withholding taxes and import duties. In addition, the repatriation of both investment income and capital from certain countries may be subject to restrictions such as government consent or a waiting period. These measures could adversely affect the returns associated with certain investments.

Nature of Bankruptcy and Other Proceedings. Investments in portfolio companies that become debtors in reorganization or liquidation proceedings under U.S. bankruptcy law present a number of risks not normally applicable to investments in financially sound portfolio companies. These risks include adverse and permanent effects of the proceedings on the portfolio company, such as the loss of its market position and key personnel, the portfolio company otherwise becoming incapable of restoring itself as a viable entity and, if converted to a liquidation, a possible liquidation value of the portfolio company that is less than the value that was believed to exist at the time of the investment. Many events in bankruptcy proceedings are adversarial and the duration of a bankruptcy case is generally difficult to predict. Stockholders, creditors and other interested parties are all entitled to participate in bankruptcy proceedings and will attempt to influence the outcome for their own benefit. The bankruptcy courts have extensive power and, under some circumstances, may alter contractual obligations of a bankrupt company. The reorganization of a company under U.S. bankruptcy law usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve legal, professional and administrative costs to the company and it is subject to unpredictable delays. An MBD Fund's return on investment can be impacted adversely by these delays. The debt of companies in reorganization or liquidation will in most cases not pay current interest. Also, certain claims, such as for taxes, may have priority by law over the claims of certain creditors. In addition, under certain circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of these actions. In addition, under certain circumstances, payments to an MBD Fund and distributions by an MBD Fund to its investors may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

Dependence Upon Investment Manager. Investors in an MBD Fund have no right or power to participate in the management or control of the business of such a Fund and thus must depend solely upon the ability of MBD with respect to making and managing investments. In addition, investors will generally not have an opportunity to evaluate the specific investments made by MBD Funds or the terms of any investment. From time to time, there may be personnel changes within MBD or the Investment Committee. The loss of investment professionals by MBD could have a material adverse effect on MBD Funds' performance.

Absence of Recourse to General Partner and Investment Manager. Fund offering materials limit the circumstances under which GS&Co. and its affiliates can be held liable to the relevant MBD Fund. As a result, investors may have a more limited right of action in certain cases than they would in the absence of such provisions.

Restriction on Transferability and Withdrawal. Prospective investors in an MBD Fund should not invest unless they are prepared to retain their interests until the MBD Fund liquidates. An investor generally may not, voluntarily or involuntarily, sell, assign, encumber, mortgage or transfer his or her interest except in the limited manner prescribed by the offering materials for the MBD Fund. Investors may not withdraw capital or withdraw from the MBD Fund prior to its termination. Any transfer by an investor without the prior written consent of the MBD Fund will be void and subject to cancellation. The Firm, subject to applicable law, may transfer or pledge any of its interests in an MBD Fund, in whole or in part, including to any subsidiary or affiliate of, or successor to, GS Group or to any entity controlled by employees of GS&Co. The Firm may reduce or increase its capital commitment to an MBD Fund as long as its aggregate capital commitment to that particular MBD Fund family is not materially reduced, unless otherwise required by applicable law.

Board Participation and/or Creditors Committee. In connection with some of its investments, an MBD Fund may, but is not obligated to, seek representation on boards of directors and/or official and unofficial creditors' committees of the portfolio companies. While this representation may enable MBD to enhance the value of its investments, it may also prevent an MBD Fund from disposing of its investments in a timely and profitable manner. If representation on a board and/or a creditors committee causes an MBD Fund or GS&Co. to be deemed an affiliate or related party of the portfolio company, the securities of the portfolio company held by an MBD Fund may become restricted securities, which are not freely tradable. Board representation and/or participation on a creditors committee may also subject an MBD Fund to additional liability to which it would not otherwise be subject as an ordinary course, third party investor.

Environmental, Health and Safety Risks. Portfolio companies may be subject to statutes, rules and regulations relating to environmental protection, human health and safety, and may be liable for non-compliance with applicable environmental, health and safety requirements. An MBD Fund may be exposed to risk of loss from such claims arising in respect of such a portfolio company.

Force Majeure. Portfolio companies may be vulnerable to a *force majeure* event, including acts of God, war and strike, which could result in the destruction, impairment or loss of profitability for the portfolio companies. In addition, the damage caused by the *force majeure* event may adversely affect a party's ability to perform its obligations until it is able to remedy the damage. Insurance coverage of these risks may be limited, subject to large deductibles or completely unavailable, and the general partner of an MBD Fund will determine in its discretion whether to seek insurance coverage of, or seek alternative ways to manage or mitigate, these risks.

Risk Associated with Investing in Private Securities Relating to Infrastructure Assets

Governmental Regulation Relating to Infrastructure Assets. Certain investments related to infrastructure assets or companies ("Infrastructure Investments") will be subject to governmental regulation, and certain governments may have discretion in implementing regulations that could impact the business of Infrastructure Investments. In addition, the operations of Infrastructure Investments may rely on government permits, licenses, concessions, leases or contracts that are generally complex and

may result in a dispute over interpretation or enforceability. Government entities generally have influence over these companies in respect of the various contractual and regulatory relationships they may have. These government entities may exercise their authority in a manner that causes delays in the operation of the business of the Infrastructure Investments or increases administrative expenses. In this regard, the nature and extent of government regulation can also be a key driver of value and returns.

Risk Associated with Investing in Private Securities Related to Real Estate

Dependence on Operating Partners. Certain MBD Funds may rely on the expertise of operating partners who help to identify, evaluate, underwrite, operate, manage and dispose of assets. The selection of an operating partner is inherently based on subjective criteria, making the true performance and abilities of a particular operating partner difficult to assess. This reliance on third parties to manage or operate investments poses significant risks. For example, an operating partner may suffer a business failure, become bankrupt or engage in activities that compete with investments. These and other problems, including the deterioration of the business relationship between an MBD Fund and the operating partner, could have a material adverse effect on the assets managed by the operating partner.

Risks Associated with Investing in Debt

Debt Securities Risk. Certain MBD Funds may invest in debt, which is subject to interest rate risk and the risk that the issuer or the guarantor of the security will be unable or unwilling to make timely principal and/or interest payments, or otherwise to honor its obligations. These MBD Funds' debt investments may be unsecured and structurally or contractually subordinated to senior indebtedness. Moreover, these debt investments may not be protected by financial covenants or limitations upon additional indebtedness. The foregoing risks could materially adversely affect the investment results of an MBD Fund.

Mezzanine Debt. Mezzanine debt is typically subordinated to the obligations of a company to senior creditors, trade creditors and employees. As such, an investment in mezzanine debt is generally riskier than an investment in senior debt. The ability of an MBD Fund that invests in mezzanine debt to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors. In addition, the subordinated nature of the mezzanine debt may limit an MBD Fund's rights under and its recovery on the mezzanine loan if the issuer becomes the subject of bankruptcy or insolvency proceedings.

Collateral Securing Investments. Debt investments may also be subject to the risk that an MBD Fund's security interests in the underlying collateral are not properly or fully perfected. Compounding these risks, the collateral securing the debt investments may be subject to casualty or devaluation risks. Even where the debt held by an MBD Fund is secured by a perfected lien over a substantial portion of the assets of a portfolio company and its subsidiaries, the portfolio company and its subsidiaries will often be able to incur other indebtedness, which may have an exclusive lien over particular assets. As a result of the liens granted to the holders of this other indebtedness, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of these other secured debt instruments may have priority that ranks senior to an MBD Fund's investment in that portfolio company with respect to these assets. Furthermore, these other assets over which other lenders have a lien may be substantially more liquid or valuable than the assets over which an MBD Fund may have a lien. The portfolio companies may also be permitted to issue additional indebtedness that ranks in parity in right of payment or as to the proceeds of collateral with debt securities in which an MBD Fund invests, in which event, the MBD Fund would have to share on an equal basis any distributions with other creditors holding this debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company. In addition, where an MBD Fund holds a first lien to secure indebtedness owed to the MBD Fund, the portfolio companies may be permitted to issue other debt with liens that rank junior to the first liens granted to the MBD Fund. The intercreditor rights of the holders of the other junior lien debt may, in any insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company, affect the recovery that the MBD Fund would have been able to achieve in the absence of the other debt.

Potential Early Redemption of Some Investments. Debt investments will typically permit the borrowers to voluntarily prepay loans at any time, either with no or a small prepayment penalty. Borrowers may prepay their loans in a variety of circumstances, including when there is a decline in interest rates, or when the portfolio company's improved credit or operating or financial performance allows the refinancing of certain classes of debt with lower cost debt. Assuming an improvement in the credit market conditions, early repayments of the debt held by an MBD Fund could increase. To the extent early prepayments increase, they may have a material adverse effect on an MBD Fund's returns.

Lack of Control Over Portfolio Companies. An MBD Fund that focuses on debt investments generally will not be in a position to control any portfolio company. As a result, such an MBD Fund is subject to the risk that a portfolio company may make business decisions with which it disagrees and the management of the portfolio company, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not serve the interests of the MBD Fund as a debt investor.

Item 9 - DISCIPLINARY INFORMATION

Although the following matters relate to GS&Co., they do not involve MBD.

The SEC brought a civil action in the U.S. District Court for the Southern District of New York against GS&Co. and one of its employees in connection with a single collateralized debt obligation transaction made in early 2007. On July 14, 2010, the SEC and GS&Co. entered into a consent agreement settling this action against GS&Co. On July 20, 2010, the United States District Court entered a final judgment approving the settlement. GS&Co. has made applications with the Financial Industry Regulatory Authority for the continuation of certain self-regulatory organization memberships from which it would otherwise be disqualified as a result of the final judgment.

On August 21, 2008, GS&Co. entered a settlement in principle with state regulators regarding auction rate securities (ARS). Under the settlement, GS&Co. agreed to offer to repurchase at par approximately \$1 billion of ARS that were still held by its eligible Private Wealth Management clients and that were purchased through the firm prior to February 11, 2008. GS&Co. also paid a penalty of \$22.5 million and made certain related undertakings. Subsequently, GS&Co. entered several consent orders with different states to accomplish this settlement in principle.

On September 23, 2004, GS&Co. consented to the entry of final judgment pursuant to which GS&Co. was permanently restrained and enjoined from violating Rule 101 of Regulation M.

On April 28, 2003, GS&Co. entered into a global settlement relating to investment analysts' alleged conflicts of interest and involving various of the leading securities firms operating in the United States. GS&Co. was permanently restrained and enjoined from violating certain self-regulatory organization rules relating to investment research activities. GS&Co. agreed to pay an aggregate of \$25 million as penalties; to pay an aggregate of \$25 million as disgorgement of commissions and other monies; to contribute an aggregate of \$50 million over 5 years to provide independent research to clients; to contribute an aggregate of \$10 million over 5 years for investor education; and to adopt various additional policies, systems, procedures and other safeguards to ensure further the integrity of Goldman Sachs research.

Additional information about GS&Co.'s advisory affiliates is contained in Part 1 of GS&Co.'s Form ADV.

For information relating to other Goldman Sachs entities, please visit www.gs.com and refer to the public filings of The Goldman Sachs Group, Inc.

Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broker-Dealer Registration

GS&Co. is a registered broker-dealer. Certain of MBD's management persons are registered representatives of GS&Co. if necessary or appropriate to perform their responsibilities.

Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration

GS&Co. is registered with the Commodity Futures Trading Commission ("CFTC") as a futures commission merchant, a commodity pool operator, and a commodity trading advisor.

Other Material Relationships with Affiliated Entities

MBD has relationships with, and may utilize services of, affiliated Goldman Sachs entities and business units in connection with its activities. The particular services involved depend on the types of services offered by the affiliate or business unit. Particular relationships may include, but are not limited to, those discussed below.

Broker-Dealer, Municipal Securities Dealer, Government Securities Dealer or Broker

To the extent permitted by applicable law, MBD may use the securities, futures execution, custody or other services offered by GS&Co., Goldman Sachs International and other affiliates. The MBD Funds pay for broker-dealer or other services performed by MBD's affiliates. When the Firm acts as a broker-dealer or underwriter for an MBD Fund or its portfolio companies, it is anticipated that the commissions and fees, terms and conditions charged by the Firm will be in MBD's view substantially the same as those prevailing at the relevant time for comparable services provided by nonaffiliated companies.

Other Investment Advisers

Archon Group L.P. ("Archon") serves as sub-adviser to private investment funds ("Funds") formed and operated by GS&Co. and GS&Co. affiliates, including MBD. Archon also provides advisory services to other affiliates of the Firm. Archon provides services in the sourcing, acquisition, asset management, underwriting, due diligence, financing and disposition of real estate investments, including mortgage loans secured by real estate. Additional information about Archon can be found in its Form ADV filed with the Securities and Exchange Commission.

Advisory Affiliates

MBD not only provides investment advisory services to the MBD Funds through GS&Co. but also through certain of the employees of the following participating affiliates: Goldman Sachs (Asia) L.L.C., Goldman Sachs (India) Securities Private Limited, Goldman Sachs Broad Street (Beijing) Equity Investment Management Co., Ltd., Goldman Sachs (Singapore) Pte., Goldman Sachs Japan Holdings, Ltd., Goldman Sachs Global Services II Limited, Goldman Sachs International and Goldman Sachs Services Limited. These affiliates are not registered with the SEC as investment advisers but are foreign affiliated advisers that may provide advice or research to MBD for use for the MBD Funds (in such capacity, "Participating Affiliates"). The Participating Affiliates will act according to a series of SEC no-action relief letters mandating that Participating Affiliates remain subject to the regulatory supervision of both MBD and the SEC.

GS&Co. may, in its discretion, delegate all or a portion of its advisory or other functions (including placing trades on behalf of the MBD Funds) to any affiliate that is registered with the SEC as an investment adviser or to any Participating Affiliate. To the extent GS&Co. delegates its advisory or other functions to affiliates that are registered with the SEC as investment advisers, a copy of the brochure of each such

affiliate is available on the SEC's website (www.adviserinfo.sec.gov) and will be provided to the MBD Funds upon request.

Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor

MBD has affiliates registered with the CFTC as futures commission merchants, commodity pool operators, and/or commodity trading advisors. MBD's CFTC-registered affiliates include J. Aron & Company. If permitted by law and applicable regulations, MBD may buy or sell futures for the MBD Funds through its CFTC-registered affiliates and these affiliates may receive commissions.

Accountant or Accounting Firm

Archon provides accounting services to certain MBD Funds. The fees charged by Archon to the MBD Funds are, in MBD's view, substantially the same as those an MBD Fund would pay a non-affiliated company for comparable services.

Real Estate Broker or Dealer

Archon may assist certain MBD Funds in the sourcing, underwriting and due diligence of investment opportunities and provides extensive risk management services. In addition, Archon may provide other services to certain MBD Funds, including asset management and loan servicing. Archon receives asset management, disposition and incentive or other fees or allocations of income or gain, as well as expense reimbursements, as compensation for the provision of those services that are, in MBD's view, substantially the same as those an MBD Fund would pay a non-affiliated company for comparable services. These arrangements are described in the offering materials of the relevant MBD Fund. See also, Item 5.

Management Persons; Policies and Procedures

Certain of MBD's management persons may also hold positions with the affiliates listed above. In these positions, those management persons of MBD may have some responsibility with respect to the business of these affiliates and the compensation of these management persons may be based, in part, upon the profitability of other parts of the Firm. Consequently, in carrying out their roles at MBD and these other entities, the management persons of MBD may be subject to the same or similar potential conflicts of interest that exist between MBD and these affiliates.

MBD has established a variety of restrictions, procedures, and disclosures designed to address potential conflicts of interest that may arise between MBD, its management persons and its affiliates. The policies and procedures include: information barriers designed to prevent the flow of information between MBD, MBD employees and certain other affiliates; policies relating to brokerage selection; investment allocation policies applicable to the MBD Funds and policies relating to the conflicts of interest described above. Additional information about these conflicts and the policies and procedures to address them is available in Item 11.

Item 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics and Personal Trading

MBD has adopted a Code of Ethics (the "MBD Code") to guide MBD employees and selected others in complying with applicable federal securities laws and in complying with the fiduciary duties to which MBD is subject. In addition, the MBD Code requires MBD employees to comply with firm policies on personal trading, private investments and outside business activities and to act in good faith and place the interests

of its clients first in conducting personal securities transactions. MBD will provide a copy of the MBD Code to its clients and prospective clients upon request.

Participation or Interest in Client Transactions

The Firm is a worldwide, full-service investment banking, broker-dealer, asset management and financial services organization and a major participant in global financial markets. It provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high net worth individuals. As such, it acts as an investment banker, research provider, investment manager, financier, advisor, market maker, prime-broker, derivatives dealer, lender, counterparty, agent and principal. In those and other capacities, the Firm advises clients in all markets and transactions and purchases, sells, holds and recommends a broad array of investments including securities, derivatives, loans, commodities, currencies, credit default swaps, indices, baskets and other financial instruments and products for its own accounts and for the accounts of clients and has other direct and indirect interests in the global fixed income, currency, commodity, equity, bank loan and other markets in which the MBD Funds directly and indirectly invest. As a result, the Firm's activities may affect the MBD Funds in ways that may disadvantage or restrict the MBD Funds and/or benefit the Firm. In managing conflicts of interest that may arise as a result of the foregoing, MBD generally will be subject to fiduciary requirements. The following are descriptions of the key conflicts associated with the financial or other interests that MBD and the Firm may have in transactions effected by, with and on behalf of the MBD Funds.

Client Relationships

The Firm has longstanding relationships with, and regularly provides financing, investment banking and other services to, a significant number of corporations and private equity sponsors, leveraged buyout and hedge fund purchasers, potential portfolio companies and their respective senior managers, shareholders and partners and participants in and lenders to the real estate and related financial markets. Some of these corporations, private equity sponsors and other purchasers may directly compete with the MBD Funds for investment opportunities. The Firm considers these relationships in its management of the MBD Funds. In this regard, there may be certain investment opportunities or certain investment strategies that the Firm (i) does not undertake on behalf of the MBD Funds in view of these relationships, or (ii) refers to clients instead of retaining for the MBD Funds.

Seller Activities

The Firm is frequently engaged as a financial advisor, or to provide financing, to corporations and other entities and their management in connection with the sale of those companies or some or all of their assets. The Firm's compensation for those engagements is usually based upon sales proceeds and is contingent, in substantial part, upon a sale. As a result, because sellers generally require the Firm to act exclusively on their behalf, the MBD Funds will be precluded in many instances from attempting to acquire securities of, or providing financing to, the business being sold or otherwise participate as a buyer in the transaction. The Firm's decision to take on seller engagements is based upon a number of factors, including the likelihood in any particular situation that the successful buyer will be a financial purchaser rather than a strategic purchaser, the likelihood that any of the MBD Funds will be involved in the financing of that transaction and the compensation the Firm might receive by representing the seller. On occasion, the Firm may be given a choice by a seller of acting as its agent, as a potential purchaser of securities or assets, or as a buyer's source of financing through the MBD Funds. The Firm reserves the right to act as the seller's agent in those circumstances, even where this choice may preclude the MBD Funds from acquiring the relevant securities or assets.

Buyer Activities

The Firm also represents potential buyers of businesses, including private equity sponsors. In these cases, the Firm's compensation is usually a flat fee that is contingent, in substantial part, upon a purchase. Accordingly, the Firm may have an incentive to direct an acquisition opportunity to one of

these parties rather than to the MBD Funds or to form a consortium with one or more of these parties to bid for the acquisition opportunity, thereby eliminating or reducing the investment opportunity available to the MBD Funds. When the Firm represents a buyer seeking to acquire a particular business, or provides financing to a buyer in connection with an acquisition, the MBD Funds may be precluded from participating in the financing of the acquisition of that business. The Firm's buyer and financing assignments may include representation of clients who would not permit either the Firm or affiliates thereof, including the MBD Funds, to invest in the acquired company. In this case, none of the Firm or its affiliates, including the MBD Funds, would be allowed to participate as an investor. In some cases, a buyer represented by the Firm may invite the MBD Funds to participate in the investment. Alternatively, the MBD Funds may be asked to provide financing for this type of purchase. Each of these situations is likely to present difficult competing considerations involving conflicts of interest. In addition, the Firm may accept buyer advisory assignments in respect of a company in which the MBD Funds have an investment. The MBD Funds may be precluded from selling their investment during the assignment. The Firm evaluates potential buyer assignments in light of factors similar to those that will be considered in engaging in seller assignments.

Advisory and Underwriting Fees; Other Activities

The MBD Funds may make investments in portfolio companies to which the Firm is providing or competing to provide financial services, including as a broker, asset manager, lender, financial advisor, merger advisor, placement agent, underwriter, selling agent or arranger of hedging transactions. Services for advisory fees may range from general corporate financial advice to restructuring advice to merger and acquisition representation. Except as provided in the offering materials of certain MBD Funds, the MBD Funds do not receive any portion of the foregoing fees, or other fees received by the Firm for its services, whether or not the investment by the MBD Funds was a factor in selecting the Firm to provide services. In addition, as affiliates of the Firm, which is a regulated entity, the MBD Funds' activities may be subject to certain limitations that may not be applicable to an investor unaffiliated with a regulated entity. For instance, in connection with an equity offering of securities of a portfolio company for which the Firm is acting as an underwriter, the MBD Funds may, in certain instances, be subject to regulatory restrictions (in addition to contractual restrictions) on their ability to sell equity securities of the portfolio company for a period after completion of the offering.

Principal, Agency Cross and Other Securities Transactions

When permitted by applicable law and MBD policy, MBD, acting on behalf of the MBD Funds, may enter into transactions in securities and other instruments with or through the Firm and may cause the MBD Funds to engage in cross and/or agency cross transactions. There may be potential conflicts of interest or regulatory issues relating to these transactions which could limit MBD's decision to engage in these transactions for the MBD Funds. Principal transactions occur if MBD, on behalf of the MBD Funds, engages in a transaction in securities or other instruments with the Firm, acting as principal. The Firm may earn compensation (such as spread or markup) in connection with these transactions. Cross transactions occur if MBD causes an MBD Fund to buy securities or other instruments from, or sell securities or other instruments to, another MBD Fund. An agency cross transaction occurs when the Firm acts as broker for, and receives a commission from, both the MBD Fund on one side of the transaction and the person on the other side of the transaction in connection with the purchase or sale of securities. The Firm may have a potentially conflicting division of loyalties and responsibilities to the parties to such transactions, and has developed policies and procedures in relation to such transactions and conflicts. Any principal, cross or agency cross transactions will be effected in accordance with fiduciary requirements and applicable law (which may include disclosure and consent).

Affiliation with a Regulated Entity

As an affiliate of the Firm, a regulated entity, an MBD Fund's activities may be subject to certain limitations that may not be applicable to an investment entity unaffiliated with a regulated entity. For instance, an MBD Fund may be subject to certain BHCA regulations that restrict its ability to invest in certain investments or be involved in the management of certain investments, without prior regulatory

approval or qualification for certain exemptions under the BHCA. The MBD Funds may be subject to certain restrictions when considering investments in regulated industries, such as banking, insurance, energy or communications, because of the impact of these investments on the Firm. For example, there may be limits on the aggregate amount of investment by affiliated investors that may not be exceeded in certain regulated industries without the grant of a license or other regulatory or corporate consent or, if exceeded, may cause the MBD Fund, the Firm, and / or its clients to suffer disadvantages or business restrictions. As a result, the MBD Funds may restrict or limit transactions or exercise of rights for the Fund, or limit the amount of voting securities purchased, or restrict the type of governance rights it acquires or exercises in connection with its investments in regulated industries. In addition, the Firm may, because of legislation, new regulation, regulatory requirements, changes in its business or otherwise, be or become subject to additional restrictions on its business activities that could have an impact on the scope or conduct of the MBD Funds' activities, including on the kind of investments that the MBD Fund can purchase.

Investment Advisory Clients

The Firm acts as advisor to clients, including other investment partnerships, in asset management, investment management and other capacities with respect to investments in securities of a company in which the MBD Funds may have an investment. The Firm's asset management and investment management activities will generally be carried out without reference to portfolio companies or positions held by the MBD Funds or portfolio companies or entities in which the MBD Funds have invested. The Firm may give advice and take action with respect to any of its clients or investment accounts that may differ from the advice given, or may involve a different timing or nature of action taken, than with respect to the MBD Funds. Because of different objectives or other factors, a particular investment may be bought or sold by the MBD Funds, the Firm or its other investment funds, clients, or the employees of the Firm at a time when one of these persons or entities is selling or purchasing the investment.

Lending and Loan Syndication; Investments Where the Firm's Affiliates Provide or Arrange Financing to the Same Portfolio Company

The Firm is engaged in the business of making, underwriting and syndicating senior and other loans to corporate and other borrowers, and seeks to provide these services to portfolio companies. For instance, portfolio companies may borrow money from the Firm and/or the Firm may arrange or underwrite bank or high-yield financing used by portfolio companies. In certain circumstances, the Firm may be the sole provider of financing to a portfolio company. In addition, the Firm is the sponsor of (and some of the MBD Funds are) investment partnerships specializing in senior secured loan investments and mezzanine investments, which may make senior secured loan and/or mezzanine investments in portfolio companies alongside the MBD Funds or otherwise.

The holders of debt instruments and securities (which may include the Firm or its affiliated investment partnerships) may, and in the event of the issuer's financial distress or insolvency will, have interests substantially divergent from those of the MBD Funds. Thus, there can be no assurance that the interests of the MBD Funds will not be subordinated to those of the Firm, or other clients to the detriment of the MBD Funds. For instance, in connection with a restructuring of a financially distressed company, the equity interests in the company may be extinguished or substantially diluted while the creditors may receive a recovery of some or all of the amounts due to them and may receive equity in the company. In this regard, as a debt holder in a company subject to a restructuring, the Firm may recover amounts owed to it while the MBD Funds' equity interest may be extinguished or substantially diluted. In addition, in connection with lending arrangements involving a portfolio company, the Firm may seek to exercise its creditors' rights under the applicable loan agreement or other document, which may be detrimental to equity holders, including the MBD Funds.

Diverse Interests

An MBD Fund and its respective investors, including the Firm, may have conflicting investment, tax and other interests with respect to the investments made by the MBD Fund. Conflicts of interest may arise in

connection with decisions made by the MBD Fund, including with respect to the nature or structuring of investments. In selecting and structuring investments, MBD will generally consider investment objectives of the MBD Fund as a whole. As a result, certain investments may be more beneficial for one type of investor than for another type of investor.

Representing Creditors and Debtors

The Firm may represent creditor or debtor companies in proceedings under Chapter 11 of the U.S. Bankruptcy Code or prior to these filings. From time to time, the Firm may serve on creditor or equity committees. These actions, for which the Firm may be compensated, may limit or preclude the flexibility that the MBD Funds may otherwise have to buy or sell securities issued by those companies, as well as certain real estate or other assets.

Sponsor Fees; Monitoring Fees

Private equity sponsors may charge portfolio companies a sponsor fee in connection with acquisitions, dispositions and certain financings and recapitalizations by the sponsor or the underlying portfolio company. These fees generally are structured as one-time payments of a percentage of either the enterprise value of a company, in the case of an acquisition or disposition, or the aggregate amount of the financing, in the case of financings or recapitalizations. The Firm may receive sponsor fees from portfolio companies in connection with acquisitions, dispositions and certain financings and recapitalizations by the MBD Funds and/or portfolio companies. Over the life of an investment, the sponsors may receive multiple sponsor fees with respect to such investment. A private equity sponsor may also charge their portfolio companies annual monitoring fees (e.g., fees for time regularly devoted to a portfolio company) for managing the portfolio company. In this regard, portfolio companies may be charged monitoring fees by the Firm. Furthermore, any commitment fees and break-up fees paid in connection with investments in portfolio companies, or potential investments, will generally be paid to the Firm. In addition, the Firm's officers or employees may receive fees, stock or other equity securities paid and granted to directors on the boards of directors of portfolio companies. The portion of these sponsor fees, monitoring fees, commitment fees, break-up fees and/or Board of Directors' fees shared with investors in an MBD Fund is disclosed in the offering materials for such MBD Fund.

Structuring Fees

Certain of the MBD Funds and their affiliates may retain the Firm as financial advisor in connection with the financing or refinancing (or arrangement of financing) of their assets and indebtedness. In these cases, the Firm may receive structuring fees, plus expenses and indemnities. Over the life of an investment, the Firm may receive multiple structuring fees with respect to such investment. Certain of the MBD Funds and their affiliates may also charge their portfolio companies acquisition fees. The portion (if any) of any of these fees shared with investors in an MBD Fund is disclosed in the offering materials for the MBD Fund.

Investment Banking, Lending and Other Service Fees

Subject to applicable law, the Firm performs investment banking and other services (including underwriting, merger advisory, other financial advisory, lending, placement agency, selling agency, foreign currency hedging, brokerage and asset management services) for, and expects to receive customary compensation from, the MBD Funds, as well as from the portfolio companies, and/or other parties in connection with investments in portfolio companies or otherwise. This compensation has included, and is expected in the future to include, brokerage fees, asset management fees and financing or commitment fees or trading commissions paid by the MBD Funds, as well as financial advisory fees or fees in connection with restructurings and mergers and acquisitions, underwriting or placement fees, brokerage fees, asset management fees and financing or commitment fees or trading commissions paid by portfolio companies. These investment banking fees and other compensation, commissions and fees generally are not shared with the MBD Funds or their investors.

Subject to applicable law, the Firm may also make interest-bearing loans to the MBD Funds or portfolio companies, and may act as agent in connection with the placement or syndication of their indebtedness. The interest, fees, and other compensation received by the Firm in connection with these activities are not shared with the MBD Funds or their investors.

Material, Non-Public Information; Trading Restrictions; Information Not Made Available

From time to time, the ability of the MBD Funds to buy or sell certain securities may be restricted by applicable securities laws or regulatory requirements applicable to the Firm (and/or its internal policies designed to comply with these and similar requirements). As a global financial services company, the Firm may possess material, non-public information about a portfolio company or other potential investment that would limit the ability of the MBD Funds to buy and sell securities related to that portfolio company or other potential investment. This may adversely affect the MBD Fund's ability to make certain investments and/or to sell certain investments.

In addition, the Firm and its representatives may have access to certain information and/or may develop fundamental analyses, proprietary technical models or other investment strategies, opportunities or ideas, for use in connection with other clients or activities, which are not available to the Firm's personnel advising or otherwise providing services to the MBD Funds or to potential portfolio companies. The Firm is under no obligation to and may not disseminate, and in some cases (such as research) may be prohibited from disseminating, information between areas within the Firm, including to the MBD Funds.

Other Activities of Managers

MBD and other Firm personnel who play key roles in managing the MBD Funds may spend a portion of their time on matters other than or only tangentially related to any particular MBD Fund. Time may be spent on other Firm investment activities, including without limitation, investments made on behalf of the Firm. As a result, the other obligations of these individuals could conflict with their responsibilities to any of the MBD Funds.

Valuation Matters

Certain securities and other assets in which an MBD Fund may directly or indirectly invest may not have a readily observable market value and will be valued by GS&Co. in accordance with its valuation principles. These securities and other assets may constitute a substantial portion of the MBD Fund's investments.

Various divisions and units within the Firm are required to value assets, including in connection with managing or advising client or the Firm's accounts and in their capacity as a prime broker. These various divisions and units generally share information regarding valuation techniques and models or other public information relevant to the valuation of assets. However, GS&Co. values investments made by the MBD Funds according to MBD's valuation policies, and there may be situations where assets are valued differently by another division or unit of the Firm, particularly when an asset does not have a readily observable market price.

Personal Trading and Trading for Clients in the Same or Related Securities

Allocation of Investment Opportunities; Other Investment Activities of the Firm

Certain investment opportunities generated by the Firm or which otherwise become available may be appropriate for one or more of the MBD Funds, as well as other areas of the Firm or one or more other pooled investment vehicles for multiple third-party investors, co-investment vehicles, and separate accounts (collectively, the "Other Investment Entities"), or may be appropriate for co-investment by an MBD Fund and Other Investment Entity. The general partner of an MBD Fund may determine, in its good faith business judgment, not to pursue all or a portion of an investment opportunity, including opportunities that would be appropriate portfolio investments. Allocations of investment opportunities

present conflicts of interest and investment opportunities that are suitable for an MBD Fund may nonetheless be pursued and consummated by other areas of the Firm or other Firm sponsored investment funds. The allocation of investment opportunities among MBD Funds is determined by the Investment Committee of the relevant MBD Fund.

In allocating investment opportunities among the MBD Funds, on the one hand, and the Firm and the Other Investment Entities, on the other hand, MBD takes into account various factors, including various investment objectives, any relevant contractual provisions in the governing documents of Other Investment Entities, targeted returns, diversification requirements or considerations, if any, available capital commitments, the size of the investment opportunity, the expected duration of any particular MBD Fund's or business area's investment program, the anticipated magnitude of the overall investment program for the then current year and any changes in the rate at which the program is carried out, the composition of the various portfolios individually and as a whole, which business area or investment fund sourced the investment opportunity, and whether the investment represents a "add-on" investment opportunity for the Firm or one of these funds. The methodology for this allocation is likely to vary over time and on a case-by-case basis, and any determination with respect to the allocation of investment opportunities among an MBD Fund, on the one hand, and the Firm and the Other Investment Entities, on the other hand, is made in the discretion of the Firm. Certain information about how allocations of investment opportunities are made to an MBD Fund may be found in the private placement memorandum for that MBD Fund.

In addition, in certain instances, the MBD Investment Committee may determine it is beneficial for the Firm and the MBD Funds to co-invest because of, among other things, the size of the investment and/or the Firm's expertise in the industry. In this regard, opportunities in which the Firm, or another investment partnership sponsored by the Firm, is making an investment contemporaneously with an MBD Fund are not offered exclusively to the MBD Fund.

From time to time, the MBD Funds may make, or consider making, an investment in a company in which an Other Investment Entity already owns an interest. In addition, the MBD Funds or Other Investment Entities may, in their discretion, offer to the Firm's affiliates and/or third parties (which may include investors in the MBD Funds or Other Investment Entities) the opportunity to invest or co-invest in portfolio companies on a side-by-side basis or otherwise. Decisions by GS&Co. with respect to the MBD Funds' investment in a portfolio company, including the timing of any sales, and by the Other Investment Entities may be made independently. For example, the Firm or Other Investment Entities may invest or dispose of an investment in a particular company prior to or after the time that an MBD Fund invests in or disposes of its investment in the same company, potentially resulting in different rates of return and profit and loss on the investment and, possibly, adverse consequences for the MBD Fund. In other cases, the MBD Funds', the Firm's, or Other Investment Entities' sales programs and other activities with respect to a portfolio company may be coordinated. In addition, an MBD Fund may invest in an investment that the Firm or an affiliated fund has declined to pursue and the Firm and/or an affiliated fund may invest in an investment that an MBD Fund has declined to pursue. Alternatively, there may be investment opportunities or strategies that an MBD Fund will not pursue in light of their potential impact on other areas of the Firm or on portfolio companies or be unable to pursue as a result of non-competition agreements or other similar undertakings made by the Firm. Finally, an MBD Fund may invest or co-invest in companies or other entities in which another MBD Fund has or is making a principal investment at the time of the MBD Fund's investment.

In addition, the Firm is a full-service securities firm and as such may from time to time, for its own account or the account of customers, effect transactions in and hold securities and other instruments. Generally, each MBD Fund's general partner seeks to act in the best interests of the MBD Fund (and, in the case of allocation of investment opportunities between the MBD Fund and other Firm sponsored investment partnerships, in the best interests of each MBD Fund) when considering allocations of investment opportunities among the MBD Fund and the Firm and/or other investment partnerships sponsored by the Firm. Investment opportunities that MBD has determined in its good faith business judgment not to pursue for the MBD Funds in whole or in part may be made by the Firm. Thus, the MBD Funds and the Firm may be viewed as competing for appropriate investment opportunities.

Investors in Any MBD Employee Fund may be Subject to Different Terms and these Terms may be More Favorable

The terms of an investment in an MBD Employee Fund are typically different from, and more favorable than, those of an investment by an external investor in the MBD Fund. For example, investors in an MBD Employee Fund generally are not subject to management fees or Override, may share in the Override as a holder of override interests, and may receive capital calls, distributions and information regarding investments at different times than external investors. In addition, to the extent permitted by law, certain investors in an MBD Employee Fund may be provided “leverage” by the Firm. In the event of a substantial decline in the value of an MBD Employee Fund’s investments, the leverage, if any, provided to employees may have the effect of rendering the investments by employees effectively worthless, which could undermine potential alignments of interest between employees and external investors. In certain circumstances, subject to applicable law, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Firm may offer to purchase, redeem or liquidate the interests held by one or more investors in an MBD Employee Fund (potentially on terms advantageous to the MBD Employee Fund investors) or to release one or more investors in an MBD Employee Fund from their obligations to fund capital commitments without offering external investors the same or a similar opportunity.

Personal Investing

MBD personnel are subject to the Firm’s policies and procedures regarding personal investing. MBD requires pre-clearance of all personal securities transactions by MBD personnel and MBD can deny any such transaction in its discretion. In order to address potential conflicts of interest with the MBD Funds and other legal and regulatory restrictions (such as when MBD has confidential information about a portfolio company), the Firm maintains a list of securities in which MBD personnel cannot trade.

Item 12 - BROKERAGE PRACTICES

Broker-Dealer Selection and Aggregation of Trades

Under the Investment Advisers Act of 1940 (the “Advisers Act”), GS&Co., through MBD, has a fiduciary duty to receive best execution from broker-dealers executing trades on behalf of the MBD Funds. One key factor in determining best execution is price, which also includes implicit and explicit costs (such as commissions, commission equivalents and markup/markdown). Other key factors include a broker-dealer’s execution capability, track record, financial stability, creditworthiness and clearance and settlement capability, as well as overall responsiveness and quality of service and confidentiality. When selecting or recommending broker-dealers, MBD does not consider whether MBD or any of its affiliates receives client referrals from that broker-dealer.

MBD executes orders for purchases or sales of publicly traded securities on behalf of multiple MBD Funds. Any trades made on behalf of multiple MBD Funds are aggregated and placed with one or more broker-dealers for execution. Partially executed orders are allocated pro-rata in accordance with the number of securities sought to be purchased or sold by each MBD Fund. MBD does not net buy and sell orders for the same MBD Fund if netting is not appropriate or practicable from MBD’s operational or other perspective.

Item 13 - REVIEW OF ACCOUNTS

General Description

At least quarterly, MBD reviews investments in the portfolio, and throughout the year monitors transactions that may affect valuations. Items which may impact the valuation of each investment include, but are not limited to: operating performance, financial strength and stability, market or industry dynamics, potential exit strategies, third-party independent appraisals, public comparables and broker or dealer quotations (if the investment is quoted on a public trading market).

Client Reports

MBD generally provides audited financial statements annually for each MBD Fund to investors in an MBD Fund and may provide other periodic reports.

Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Compensation for Client Referrals

MBD compensates other business units of GS&Co. and other divisions of the Firm for referring potential investors in the MBD Funds. These arrangements involve pre-negotiated fees based on a percentage of the commitments made by an investor referred by the other business unit or division.

Item 15 - CUSTODY

GS&Co. is generally deemed to have custody of the investments made by the MBD Funds and, in accordance with the Advisers Act, generally sends audited financial statements to investors within 120 calendar days of the end of the calendar year of the relevant MBD Fund.

Item 16 - INVESTMENT DISCRETION

GS&Co. acts as the investment manager to each MBD Fund in accordance with the authority granted under the governing document of the MBD Fund. Subject to the supervision of the general partner of the applicable MBD Fund, GS&Co. seeks to manage the MBD Fund's investments in accordance with the investment objectives set forth in the MBD Fund's offering materials.

Item 17 - VOTING CLIENT SECURITIES

Proxy Voting Policies

MBD has the authority to vote the securities held by all of the MBD Funds. MBD's guiding principles are to make proxy voting decisions that (i) tend to maximize the long term value of an MBD Fund's investment and (ii) minimize the impact of conflicts of interest. In evaluating investor-voting proposals, MBD may consider information from a variety of sources, including, without limitation, management of the entity presenting a proxy proposal, shareholder groups, and/or independent proxy research services. In all cases, however, the ultimate decision on how to vote a proxy rests with the relevant MBD investment professionals based upon their assessment of the particular transactions or other matters at issue. MBD delivers a copy of its proxy voting policies and procedures to the general partner of each MBD Fund and, upon written request, makes these policies available to investors in the MBD Funds.

Material conflicts of interest between MBD and an MBD Fund with respect to proxy voting (which are not otherwise addressed by the guidelines) are typically resolved as follows:

- MBD may disclose the conflict of interest to the MBD Fund and obtain the consent of the general partner of the MBD Fund, acting in its fiduciary capacity (as general partner) on behalf of the MBD Fund and its limited partners, before voting. When seeking this consent, MBD must provide the general partner with all pertinent information, including the nature of MBD's conflict; or
- MBD may abstain from voting the proxies or vote the proxies in accordance with the recommendation of an independent third party such as Institutional Shareholder Services; or
- MBD may take any other steps as it deems appropriate that result in a decision to vote the proxies that is based on the MBD Fund's best interest and is not a result of the conflict.

Item 18 - FINANCIAL INFORMATION

MBD has not attached a balance sheet because MBD is a division of GS&Co., which is a qualified custodian. GS&Co. has no financial condition that impairs MBD's ability to meet contractual commitments to clients and has never been the subject of a bankruptcy proceeding.

GLOSSARY

As used in this Brochure, these terms have the following meanings.

“Advisers Act” means the Investment Advisers Act of 1940.

“Archon” means Archon Group, L.P.

“BHCA” means the Bank Holding Company Act of 1956.

“Brochure” means GS&Co.’s Form ADV, Part 2A, Merchant Banking Division Brochure.

“CFTC” means the Commodity Futures Trading Commission.

“Firm” means The Goldman Sachs Group, Inc. and its affiliates.

“MBD Employee Funds” means funds raised for the benefit of the Firm’s employees that invest in, or alongside, the MBD Funds.

“GS&Co.” means Goldman, Sachs & Co.

“Infrastructure Investments” means certain MBD investments related to infrastructure assets or companies.

“Investment Committee” means an investment committee comprised of individuals in MBD and other senior professionals within the Firm involved in the process of MBD investing in or lending to a target company or borrower.

“Investment Team” means a team of investment professionals involved in the process of MBD investing in or lending to a target company or borrower.

“MBD” means the Merchant Banking Division of GS&Co.

“MBD Code” means the MBD Code of Ethics.

“MBD Funds” means certain investment limited partnerships that have been privately placed and whose general partner is controlled, through MBD, by the Firm.

“Other Investment Entities” means certain investment opportunities generated by the Firm or which otherwise become available and may be appropriate for one or more of the MBD Funds, as well as other areas of the Firm or one or more other pooled investment vehicles for multiple third-party investors, co-investment vehicles, and separate accounts.

“Override” means an incentive allocation or incentive fee received by the Firm and/or its employees, directly or indirectly, from an MBD Fund based on the satisfaction of certain performance thresholds by such MBD Fund.

“Participating Affiliates” means foreign affiliated advisers of GS&Co. that are not registered with the SEC as investment advisers but may provide advice or research to MBD for use for the MBD Funds.

“SEC” means the United States Securities and Exchange Commission.