

The Depository Trust Company

IMPORTANT

B#: 0879

DATE: October 31, 2000

TO: All Participants
Managing Partner/Officer; Cashier and Operations

CATEGORY: Settlement/Underwriting

FROM: Denise Russo, Director, Underwriting Dept.

ATTENTION: Data Processing and Underwriting Managers

SUBJECT: Section 3(c)(7) Restrictions for GS Global Funding Inc.
Resettleable - Rate Voting Cumulative Pfd. Stock Series A

(A) CUSIP Number: 36227R200

(B) Security Description: GS Global Funding Inc.

(C) Offer Amount: 1,250 Shares

(D) Managing Underwriter: Goldman Sachs

(E) Paying Agent: Bank of New York

(F) Closing Date: October 31, 2000

Special Instructions:

Refer to the attachments for important instructions from the issuer.

GS Global Funding, Inc.

Rc: Resetable-Rate Voting Cumulative Preferred Stock, Series A (liquidation preference \$100,000 per share) (the "Series A Preferred Shares")

CUSIP No. 36227 R 200

GS Global Funding, Inc., a Delaware corporation (the "Company") and Goldman, Sachs & Co. (the "Initial Purchaser"), are putting Participants on notice that they are required to follow these purchase and transfer restrictions with regard to the above-referenced security. See "Notice to Investors" and "Certain Erisa Considerations" in the Offering Circular dated October 24, 2000.

The Series A Preferred Shares may be offered, resold, pledged or otherwise transferred only in compliance with the Securities Act of 1933, as amended (the "Securities Act"), and all applicable securities laws of the States of the United States and foreign jurisdictions and only pursuant to Rule 144A under the Securities Act ("Rule 144A") to a qualified institutional buyer ("Qualified Institutional Buyer") who is also a qualified purchaser ("Qualified Purchaser") within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "1940 Act"), purchasing for its own account or for the account of a Qualified Institutional Buyer who is also a Qualified Purchaser, and is not a broker-dealer that owns and invests on a discretionary basis less than U.S.\$ 25 million in securities of issuers that are not affiliated persons of the dealer and is not a plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan, if investment decisions with respect to the plan are made by beneficiaries of the plan, whom the seller has informed, in each case, that the offer, resale, pledge or other transfer is being made in reliance on Rule 144A, in accordance with all applicable securities laws of the States of the United States and foreign jurisdictions and in a minimum amount of Series A Preferred Shares having a liquidation preference of \$100,000. Any holder or beneficial owner of Series A Preferred Shares is required to notify any subsequent purchaser of Series A Preferred Shares from it of the resale restrictions referred to herein.

The funds used to purchase and hold an interest in the Series A Preferred Shares may not be assets of (a) an "employee benefit plan" as defined in section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), whether or not such plan is subject to Title I of ERISA, (b) a "plan" described in section 4975(e)(1) of the Internal Revenue Code (the "Code") or (c) an entity whose underlying assets include "plan assets" by reason of the investment by an "employee benefit plan" or other "plan" in the entity within the meaning of 29 C.F.R. Section 2510.3-101 or otherwise (the plans and entities described in clauses (a), (b) and (c) being referred to as "Benefit Plan Investors"), in each case other than any Insurance Company General Account (within the meaning of U.S. Department of Labor Prohibited Transaction Class Exemption 95-60) less than 25% of the assets of which constitute plan assets for purposes of Part 4, Subtitle A, Title I of ERISA ("Qualified Insurance General Accounts").

If at any time the Company determines or is notified that (i) on the date on which any holder or beneficial owner of any Series A Preferred Shares acquired Series A Preferred Shares, it was not a Qualified Institutional Buyer who was also a Qualified Purchaser or (ii) on

the date on which any holder or beneficial owner of Series A Preferred Shares acquired Series A Preferred Shares or on any day thereafter that such holder or beneficial owner holds Series A Preferred Shares, the funds that such holder or beneficial owner used to purchase and hold its interest in the Series A Preferred Shares were assets of a Benefit Plan Investor other than a Qualified Insurance General Account, then the Company and the Transfer Agent may consider the acquisition of the related Series A Preferred Shares void from the outset and the Company will have the right to (a) redeem the Series A Preferred Shares held by such holder or beneficial owner for a redemption price equal to the lesser of (1) the price at which such Series A Preferred Shares were sold by the Initial Purchaser in connection with their initial distribution or (2) the price which such holder or beneficial owner paid for such Series A Preferred Shares, in each case including an amount equal to accrued but unpaid dividends thereon, or (b) compel the holder or beneficial owner to sell its interest in the Series A Preferred Shares, or sell such interest on behalf of such holder or beneficial owner, to any person other than GS Group or any of its affiliates.

Each holder and beneficial owner of the Series A Preferred Shares acquired from the Initial Purchaser in connection with their initial distribution will be required to deliver to the Company and the Initial Purchaser a letter, in the form available from the Company and the Initial Purchaser, containing representations and agreements as follows, and each transferee of Series A Preferred Shares from any such holder or beneficial owner will be deemed to have represented and agreed with the Company, the Initial Purchaser and the Transfer Agent as follows:

(1) It (i) is a Qualified Institutional Buyer who is also a Qualified Purchaser, (ii) is not a broker-dealer that owns and invests on a discretionary basis less than U.S.\$ 25 million in securities of issuers that are not affiliated persons of the dealer and is not a plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan, if investment decisions with respect to the plan are made by beneficiaries of the plan, (iii) is aware that the sale of Series A Preferred Shares to it is being made in reliance on Rule 144A, (iv) is acquiring such Series A Preferred Shares for its own account or the account of a Qualified Institutional Buyer who is also a Qualified Purchaser and (v) has not been formed for the purpose of investing in the Company.

(2) It understands and acknowledges that the Company has not been registered under the 1940 Act and that the Series A Preferred Shares have not been, and will not be, registered under the Securities Act and may not be offered, resold, pledged or otherwise transferred by it except to a Qualified Institutional Buyer who is also a Qualified Purchaser, purchasing for its own account or the account of a Qualified Institutional Buyer who is also a Qualified Purchaser, and is not a broker-dealer that owns and invests on a discretionary basis less than U.S.\$ 25 million in securities of issuers that are not affiliated persons of the dealer and is not a plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan, if investment decisions with respect to the plan are made by beneficiaries of the plan, whom the seller has informed, in each case, that the offer, resale, pledge or other transfer is being made in reliance on Rule 144A, in accordance with all applicable securities laws of the states of the United States and foreign jurisdictions and in a minimum amount of Series A Preferred Shares having a stated liquidation preference of \$100,000.

(3) It will, and each subsequent holder or beneficial owner is required to, notify any subsequent purchaser of Series A Preferred Shares from it of the resale restrictions referred to in paragraph (2) above.

(4) On the date it acquires Series A Preferred Shares and on each day thereafter that it holds Series A Preferred Shares, the funds that it is using or will use to purchase and hold its interest in the Series A Preferred Shares are not assets of Benefit Plan Investors, *other than* Qualified Insurance General Accounts.

(5) It understands and acknowledges that in the event that at any time the Company determines or is notified that (i) on the date on which it acquired Series A Preferred Shares, it was not a Qualified Institutional Buyer who was also a Qualified Purchaser or (ii) on the date on which it acquired Series A Preferred Shares or on any day thereafter that it holds Series A Preferred Shares, the funds that it used to purchase and hold its interest in the Series A Preferred Shares were assets of a Benefit Plan Investor other than a Qualified Insurance General Account, then the Company and the Transfer Agent may consider the acquisition of the related Series A Preferred Shares void from the outset and the Company will have the right to (i) redeem the Series A Preferred Shares held by it for a redemption price equal to the lesser of (A) the price at which such Series A Preferred Shares were sold by the Initial Purchaser in connection with their initial distribution or (B) the price which it paid for such Series A Preferred Shares, in each case including an amount equal to accrued but unpaid dividends thereon, or (ii) compel the holder to sell its interest in the Series A Preferred Shares, or sell such interest on behalf of such holder, to any person other than GS Group or any of its affiliates.

The share certificates will bear a legend to the following effect unless the Company determines otherwise in compliance with applicable law:

"GS GLOBAL FUNDING, INC. (THE "COMPANY"), THE ISSUER OF THE SHARES OF RESETTABLE-RATE VOTING CUMULATIVE PREFERRED STOCK, SERIES A (THE "SERIES A PREFERRED SHARES" OR THE "SECURITIES"), REPRESENTED HEREBY, HAS NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "1940 ACT"), AND SUCH SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THESE SECURITIES MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND FOREIGN JURISDICTIONS AND ONLY PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QUALIFIED INSTITUTIONAL BUYER") WHO IS ALSO A QUALIFIED PURCHASER (A "QUALIFIED PURCHASER") AS DEFINED IN SECTION 2(A)(51) OF THE 1940 ACT FOR PURPOSES OF SECTION 3(C)(7) OF SUCH ACT, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHO IS ALSO A QUALIFIED PURCHASER, AND IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$ 25 MILLION IN SECURITIES OF ISSUERS THAT ARE NOT AFFILIATED PERSONS OF THE DEALER AND IS NOT A PLAN REFERRED TO IN

PARAGRAPH (A)(1)(i)(D) OR (A)(1)(i)(E) OF RULE 144A OR A TRUST FUND REFERRED TO IN PARAGRAPH (A)(1)(i)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY BENEFICIARIES OF THE PLAN, WHOM THE SELLER HAS INFORMED, IN EACH CASE, THAT THE OFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES OF AMERICA AND FOREIGN JURISDICTIONS AND IN A MINIMUM AMOUNT OF SERIES A PREFERRED SHARES HAVING A LIQUIDATION PREFERENCE OF \$100,000. THE HOLDER OR BENEFICIAL OWNER OF THESE SECURITIES WILL, AND EACH SUBSEQUENT HOLDER OR BENEFICIAL OWNER IS REQUIRED TO, NOTIFY ANY SUBSEQUENT PURCHASER OF SERIES A PREFERRED SHARES FROM IT OF THE RESALE RESTRICTIONS REFERRED TO HEREIN.

FURTHER, THE FUNDS USED TO PURCHASE AND HOLD AN INTEREST IN THE SERIES A PREFERRED SHARES MAY NOT BE ASSETS OF (A) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), WHETHER OR NOT SUCH PLAN IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" DESCRIBED IN SECTION 4975(E)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR (C) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF THE INVESTMENT BY AN "EMPLOYEE BENEFIT PLAN" OR OTHER "PLAN" IN THE ENTITY WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 OR OTHERWISE (THE PLANS AND ENTITIES DESCRIBED IN CLAUSES (A), (B) AND (C) BEING REFERRED TO AS "BENEFIT PLAN INVESTORS"), IN EACH CASE OTHER THAN ANY INSURANCE COMPANY GENERAL ACCOUNT (WITHIN THE MEANING OF U.S. DEPARTMENT OF LABOR PROHIBITED TRANSACTION CLASS EXEMPTION 95-60) LESS THAN 25% OF THE ASSETS OF WHICH CONSTITUTE PLAN ASSETS FOR PURPOSES OF PART 4, SUBTITLE A, TITLE I OF ERISA ("QUALIFIED INSURANCE GENERAL ACCOUNTS").

IF AT ANY TIME THE COMPANY DETERMINES OR IS NOTIFIED THAT (I) ON THE DATE ON WHICH ANY HOLDER OR BENEFICIAL OWNER OF ANY SERIES A PREFERRED SHARES ACQUIRED SERIES A PREFERRED SHARES, IT WAS NOT A QUALIFIED INSTITUTIONAL BUYER WHO WAS ALSO A QUALIFIED PURCHASER OR (II) ON THE DATE ON WHICH ANY HOLDER OR BENEFICIAL OWNER OF SERIES A PREFERRED SHARES ACQUIRED SERIES A PREFERRED SHARES OR ON ANY DAY THEREAFTER THAT SUCH HOLDER OR BENEFICIAL OWNER HOLDS SERIES A PREFERRED SHARES, THE FUNDS THAT SUCH HOLDER OR BENEFICIAL OWNER USED TO PURCHASE AND HOLD ITS INTEREST IN THE SERIES A PREFERRED SHARES WERE ASSETS OF A BENEFIT PLAN INVESTOR OTHER THAN A QUALIFIED INSURANCE GENERAL ACCOUNT, THEN THE COMPANY AND THE TRANSFER AGENT MAY CONSIDER THE ACQUISITION OF THE RELATED SERIES A PREFERRED SHARES VOID FROM THE OUTSET AND THE COMPANY WILL HAVE THE RIGHT UNDER ITS CERTIFICATE OF INCORPORATION TO (A) REDEEM THE SERIES A PREFERRED SHARES HELD BY SUCH HOLDER OR BENEFICIAL OWNER FOR A REDEMPTION PRICE EQUAL TO THE LESSER OF (1)

THE PRICE AT WHICH SUCH SERIES A PREFERRED SHARES WERE SOLD BY GOLDMAN, SACHS & CO. IN CONNECTION WITH THEIR INITIAL DISTRIBUTION OR (2) THE PRICE WHICH SUCH HOLDER PAID FOR SUCH SERIES A PREFERRED SHARES, IN EACH CASE INCLUDING AN AMOUNT EQUAL TO ACCRUED BUT UNPAID DIVIDENDS THEREON, OR (B) COMPEL THE HOLDER OR BENEFICIAL OWNER TO SELL ITS INTEREST IN THE SERIES A PREFERRED SHARES, OR SELL SUCH INTEREST ON BEHALF OF SUCH HOLDER OR BENEFICIAL OWNER, TO ANY PERSON OTHER THAN THE GOLDMAN SACHS GROUP, INC. ("GS GROUP") OR ANY OF GS GROUP'S AFFILIATES."

The restrictions on transfer required by the Company (outlined above) with respect to the 1940 Act will be reflected under the notation 3c7 in DTC's User Manuals in upcoming editions of DTC's Reference Directory.

Any questions or comments regarding this subject may be directed to Matthew Furman of GS Global Funding, Inc. at 212-855-0757.