![GS INVESTMENTS, INC.]

MarketView

Third Quarter 2004

INVESTMENTS, INC.

GSI Tenants

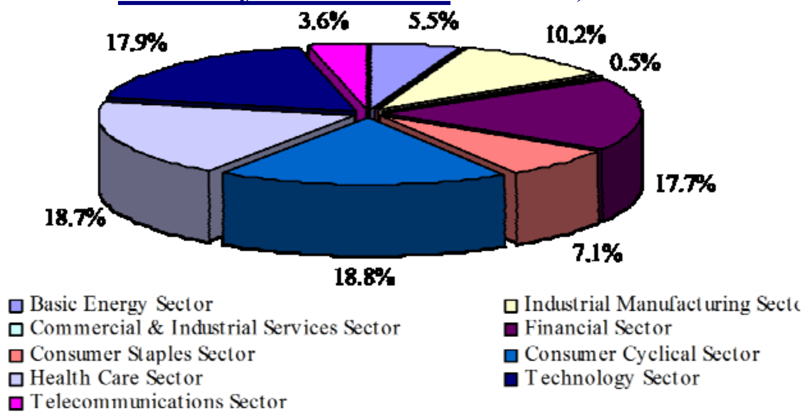
GS Investments, Inc. represents a logical choice for investment management for the following reasons:

1. A commitment to high-quality, personalized, client service.
2. Utilization of individual securities.
3. Balanced account manager utilizing bonds and stocks, their mix based on account objectives.
4. Use of large-cap growth stocks, adding a mid/small-cap "twist" for superior investment performance.
5. Extensive experience in the management of both individual and institutional investment accounts.
6. A competitive fee schedule.
7. Confidential environment.

Investment Strategy

1. Invest for the long-term.
2. Diversify investments.
3. Use fixed income securities for portfolio risk control and income.
4. Use equities to maximize portfolio return and offset inflation.
5. Manage portfolios according to each owner's risk

Industry Breakdown—June 30, 2004



Top Ten Holdings (as a percent of Equities)

Microsoft Corporation	2.05%
Wells Fargo & Company	1.95%
General Electric Company	1.87%
Cisco Systems Incorporated	1.87%
3M Company	1.81%
Exxon Mobil Corporation	1.77%
Pfizer Incorporated	1.74%
Medtronic Incorporated	1.70%
Home Depot Incorporated	1.70%
Amgen Corporation	1.65%

Market Summary

It seems as though we have discovered the existence of another planet in our solar system, much like our planet Earth. It is capable of sustaining life - even Capitalism - but is absent of all color. We are told that name of this planet is Malaise, where the inhabitants are indecisive and relatively uninspired.

Obviously, this reference is tongue-and-cheek, but best describes what Glenn and I are witnessing in the market today.

As you know, the stock market moved ahead nicely in 2003, continuing its upward trend in the first half of 2004 (the S&P 500 increased 26%in 2003 and 3.3% in the first six months of 2004).[1] This move was supported by:

- Strong corporate profits (up 20% last year with annual estimated increases ranging from 7-12% over the next 3 years).[2]
- Low short-term interest rates (the federal funds rate now stands at 1.25% and, even if tripled (3.75%), would be still be low when viewed in historical terms. [3]
- Low inflation (arguably running at 3% annually and not anticipated to be hyper-inflationary).[4]
- An economy that remains strong (although GDP growth is expected to slow from its 2003 pace of 6.3%, 4% in the second half of this year and an anticipated 3% to 4% next year is nothing to sneeze at).[5]
- Declining unemployment (although June's job report was softer than anticipated, more than 1,500,000 jobs have been gained since the economy began its turn).[6]

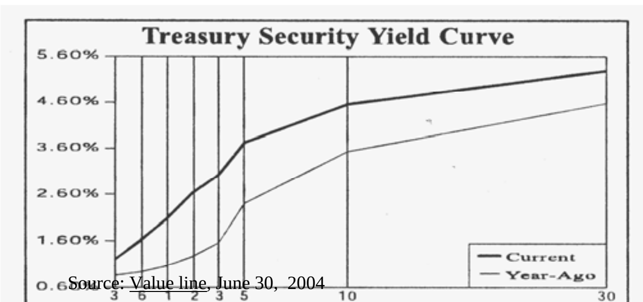
In addition, stocks are not necessarily expensive. According to Thomson First Call, the market now trades at 17 times this year's earnings ($65.93/share) and 15 times 2005 estimates ($72.95E/share), well within the historical confines of a reasonably-priced market.[7]

1—7 Business Week Magazine, July 19, 2004

However, investor expectations are that interest rates will continue to move higher, so there is a reluctance to commit funds now.

Why then do we feel the need, as investors, to visit planet Malaise? The reasons are numerous. Some feel that the “good news” is already priced into the market. Some don’t believe in the sustainability of the market, given what they feel may be a slowing (yes slowing) economy. Some have adopted a more seasonal approach; specifically, buy stocks in October, sell them in May. Some investors are cautious based on the market losses of the early 2000s. Some cite the uncertainty of the upcoming elections and/or the current tension in the Middle East.

The bond market is not much different. After witnessing a “flight to quality” in the early 2000s, bond investors seem relatively uninterested in buying bonds in a rising interest rate environment. Bond yields have moved higher across the yield curve over the last year. This change as reprinted from Value Line is shown below:



Source: Value line, June 30, 2004

So if the money isn’t going into stocks or bonds, where is it going? In the words of the rather brash ESPN basketball announcer, Dick Vitale, “it’s in the cash, BABY!” Both stock and bond mutual funds have been building cash hoards according to a Wall Street Journal article printed in its publication dated July 15. Overall, cash holdings in non-money market mutual funds were reported at 4.7%, a number that has held steady for several years. But many funds are required to remain fully invested, and they tend to obscure the rising trend within funds that have no cash restriction. In the article, it was noted that 50 stock funds have more than 20% in cash now while seventy five bond funds have at least 30% of their assets in cash. Of note is the fact that many cash heavy stock funds are identified as value funds. Warren Buffett, a notable value investor has doubled his cash position to $35 billion in the past year.

The hesitancy to commit is not limited to investors. As of March 31, 2004, 374 S&P 500 companies held $556 billion in cash. This number signals an 11% increase since the end of 2003. Specific company references are found below (in billions of dollars):[8]

Microsoft	$56.4
Hewlett-Packard	15.0
Exxon Mobil	15.4
Johnson & Johnson	10.4
Well-Point Health	8.7

Why so much cash? The general notion is that the current cash stockpile is due, in large part, to a lack of favorable alternatives.

Corporations however are a bit different. Their options are as follows :

1) put the money to work in the economy through investment in capital spending or the overall workforce, 2) return some of the money to investors by increasing dividend payouts or repurchasing company stock. 3) hold cash in the treasury until uncertainties moderate.[9]

According to a report from the National Association for Business Economics, 41% of member companies intended to increase hiring in the next six months but only 13% foresaw increases of greater than 10%. Also, numerous corporations have plans for stock repurchase. For example, Microsoft is rumored to be buying back up to $40 billion of their stock.[10]

As our clients know, Glenn and I believe in remaining fully invested, splitting our client assets between stock and bonds (this mixture, of course, varies from client to client). With this said, client account performance continues to be strong. Domestic equities, on average, were ahead of the S&P 500 by roughly 6% for 2003 and are ahead by about 1% through the first 6 months of this year. REITs carried the fixed income portion of client accounts both last year and the first 6 months of this year. Specifically, REITs were up 32.46% for 2003 against the Lehman intermediate bond index of 5.2%. This year the REITs are up 7.65% vs. –0.11% through the end of June.

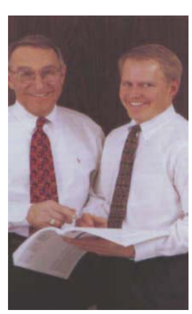
Account total return continues to outperform as well, returning 27.76% against a blended (70/30, stocks over bonds) 21.64% benchmark for 2003. Through June of this year, the total return of our client accounts is up 3.14% against a benchmark of 1.76%. All returns are net of fees and expenses.

Prior to the Federal Reserve’s recent increase in interest rates, we did invest some client funds in bonds maturing in two to five years capturing yields higher than money market funds. So far, this move has worked out well for these investments as yields have moved slightly downward in July.

As for stocks, we want to increase our energy weightings somewhat because it appears as if the prices of oil and natural gas will remain high due to terrorism and Global economic growth. Also, changes will be made by selling stocks where the outlook has turned negative and positioning in names that appear to have a more promising outlook. Healthcare is an area where we want to be strongly represented.

We continue to be optimistic about the longer-term outlook for the market. We are however, proceeding with caution over the next few months.

9-10 Business Week Magazine, July 19, 2004



We are committed to providing our clients with high-quality service and superior performance over the long-term.

Glenn & John Steinke