GOLDMAN SACHS GROUP INC
Form FWP
October 03, 2018
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Free Writing Prospectus pursuant to Rule 433 / Registration Statement No. 333-219206

GS Finance Corp.

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Trigger Autocallable Contingent Yield Notes due

guaranteed by

The Goldman Sachs Group, Inc.

The notes will not pay a fixed coupon and may pay no coupon on a payment date. The amount that you will be paid on your notes is based on the performance of the MSCI EAFE Index and the Russell 2000® Index. The notes will mature on the stated maturity date set forth below unless they are automatically called on any determination date commencing in October 2019. Your notes will be called if the closing level of each index on any determination date commencing in October 2019 is *greater than* or *equal to* its initial index level (set on the trade date), resulting in a payment on the applicable payment date (the dates specified on page S-7) equal to the face amount of your notes *plus* the contingent coupon (described below) then due. The notes will not be called if the closing level of at least one index is less than its respective initial index level on a determination date.

On each determination date (the dates in January, April, July and October specified on page S-7), unless previously called, if the closing level of each index is *greater than* or *equal to* 70% of its initial index level, you will receive on the applicable payment date a contingent coupon of between $0.1625 and $0.16875 (set on the trade date) for each $10 face amount of your notes. **If the closing level of at least one index on any determination date is less than 70% of its initial index level, you will not receive a contingent coupon payment on the applicable payment date.**

Unless previously redeemed, the amount that you will be paid on your notes at maturity, in addition to the final contingent coupon, if any, is based on the performance of the lesser performing index (the index with the lowest index return). The index return for each index is the percentage increase or decrease in the final index level of such index on the final determination date from its initial index level.

At maturity, for each $10 face amount of your notes outstanding, you will receive an amount in cash equal to:

- if the final index level of each index is *greater than* or *equal to* 70% of its initial index level, $10 *plus* the final contingent coupon;

- if the final index level of each index is *greater than* or *equal to* 50% of its initial index level but the final index level of at least one index is *less than* 70% of its initial index level, $10. **You will not receive a final contingent coupon**; or

- if the final index level of at least one index is *less than* 50% of its initial index level, the *sum* of (i) $10 *plus* (ii) the *product* of (a) the lesser performing index return *times* (b) $10. **You will receive *less than* 50% of the face amount of your notes and you will not receive a final contingent coupon.**

The maximum return on your notes is expected to be between 1.625% and 1.6875% quarterly (or between 6.5% and 6.75% per annum, assuming that you received all four contingent coupon payments in a year), regardless of how much any index appreciates.

SUMMARY TERMS (continued on page S-2)

Indices:	MSCI EAFE Index Russell 2000® Index	**Initial index level:**	the closing level of each index on the trade date
Downside threshold:	50% of initial index level	**Trade date:**	expected to be October 3, 2018
Coupon barrier:	70% of initial index level	**Original issue date:**	expected to be October 5, 2018
Contingent coupon:	expected to be between $0.1625 and $0.16875/quarter (between 6.5% and 6.75% p.a.)	**Stated maturity date:**	unless the notes are automatically called, expected to be October 6, 2028

CUSIP / ISIN:	36256M247 / US36256M2474	**Original issue price:**	100% of face amount
Underwriting discount:	3.95% of face amount*	**Net proceeds to issuer:**	96.05% of face amount

*UBS Financial Services Inc., the selling agent, will receive a selling concession not in excess of 3.5% of the face amount.

You should read the disclosure herein to better understand the terms and risks of your investment, including the credit risk of GS Finance Corp. and The Goldman Sachs Group, Inc. See page S-15.

The estimated value of your notes at the time the terms of your notes are set on the trade date is expected to be between $9.30 and $9.60 per $10 face amount. For a discussion of the estimated value and the price at which Goldman Sachs & Co. LLC would initially buy or sell your notes, if it makes a market in the notes, see the following page.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense. The notes are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency, nor are they obligations of, or guaranteed by, a bank.

Goldman Sachs & Co. LLC

UBS Financial Services Inc.
Selling Agent

October 2, 2018

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The issue price, underwriting discount and net proceeds listed above relate to the notes we sell initially. We may decide to sell additional notes after the date of this document, at issue prices and with underwriting discounts and net proceeds that differ from the amounts set forth above. The return (whether positive or negative) on your investment in notes will depend in part on the issue price you pay for such notes.

GS Finance Corp. may use this document in the initial sale of the notes. In addition, Goldman Sachs & Co. LLC, or any other affiliate of GS Finance Corp., may use this document in a market-making transaction in a note after its initial sale. ***Unless GS Finance Corp. or its agent informs the purchaser otherwise in the confirmation of sale, this document is being used in a market-making transaction.***

ADDITIONAL SUMMARY TERMS	
Issuer:	GS Finance Corp.
Guarantor:	The Goldman Sachs Group, Inc.
Index/Initial index level:	MSCI EAFE Index / the closing level of such index on the trade date
Index/Initial index level:	Russell 2000® Index / the closing level of such index on the trade date
Autocall feature:	if, as measured on any call observation date, the closing level of each index is *greater than* or *equal to* its initial index level, your notes will be automatically called; if your notes are automatically called on any call observation date, on the corresponding call payment date, in addition to the contingent coupon then due, you will receive an amount in cash equal to $10 for each $10 face amount of your notes, and no further payments will be made since your notes will no longer be outstanding. If the closing level of at least one index is below its initial index level on a call observation date, the notes cannot be called.
Cash settlement amount:	• if the final index level of each index is *greater than* or *equal to* its coupon barrier, $10 *plus* the final contingent coupon; • if the final index level of each index is *greater than* or *equal to* its downside threshold but the final index level of at least one index is *less than* its coupon barrier, $10; or • if the final index level of at least one index is *less than* its downside threshold, the *sum* of (i) $10 *plus* (ii) the *product* of (a) the lesser performing index return *times* (b) $10.
Determination date:	expected to be October 3, 2028
Final index level:	with respect to each index, the closing level of such index on the determination date, except in the limited circumstances described under Specific Terms of Your Notes Consequences of a Market Disruption Event or a Non-Trading Day on page S-32
Closing level:	with respect to each index on any trading day, the closing level of such index, as further described under Specific Terms of Your Notes Special Calculation Provisions Closing Level on page S-35
Index return:	with respect to each index on the determination date, the *quotient* of (i) the final index level *minus* the initial index level *divided by* (ii) the initial index level, expressed as a positive or negative percentage

Lesser performing index:	the index with the lowest index return
Lesser performing index return:	the index return of the lesser performing index
Face amount:	$10 per note
Minimum purchase amount:	in connection with the initial offering of the notes, the minimum face amount of notes that may be purchased by any investor is $1,000
Call observation dates:	expected to be each coupon determination date specified in the table below commencing October 3, 2019, to the extent the notes are then outstanding, subject to adjustment as described under Specific Terms of Your Notes Call Observation Dates on page S-32. Although the call observation dates occur quarterly after October 3, 2019, there may not be an equal number of days between call observation dates.
Call payment dates:	expected to be the coupon payment date immediately after the applicable call observation date, subject to adjustment as described under Specific Terms of Your Notes Call Payment Dates on page S-32
Original issue price:	100% of the face amount
No listing:	the offered notes will not be listed or displayed on any securities exchange or interdealer market quotation system

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Coupon Determination Dates*	**Coupon Payment Dates****
January 3, 2019	January 7, 2019
April 3, 2019	April 5, 2019
July 3, 2019	July 8, 2019
October 3, 2019	October 7, 2019
January 3, 2020	January 7, 2020
April 3, 2020	April 7, 2020
July 6, 2020	July 8, 2020
October 5, 2020	October 7, 2020
January 4, 2021	January 6, 2021
April 5, 2021	April 7, 2021
July 6, 2021	July 8, 2021
October 4, 2021	October 6, 2021
January 3, 2022	January 5, 2022
April 4, 2022	April 6, 2022
July 5, 2022	July 7, 2022
October 3, 2022	October 5, 2022
January 3, 2023	January 5, 2023
April 3, 2023	April 5, 2023
July 3, 2023	July 6, 2023
October 3, 2023	October 5, 2023
January 3, 2024	January 5, 2024
April 3, 2024	April 5, 2024
July 3, 2024	July 8, 2024
October 3, 2024	October 7, 2024
January 3, 2025	January 7, 2025
April 3, 2025	April 7, 2025
July 3, 2025	July 8, 2025
October 3, 2025	October 7, 2025
January 5, 2026	January 7, 2026
April 6, 2026	April 8, 2026
July 6, 2026	July 8, 2026
October 5, 2026	October 7, 2026
January 4, 2027	January 6, 2027
April 5, 2027	April 7, 2027
July 6, 2027	July 8, 2027
October 4, 2027	October 6, 2027
January 3, 2028	January 5, 2028
April 3, 2028	April 5, 2028
July 3, 2028	July 6, 2028
October 3, 2028	October 6, 2028

*Subject to adjustment as described under Specific Terms of Your Notes Coupon Determination Dates on page S-31 of this document

**Subject to adjustment as described under Specific Terms of Your Notes Contingent Coupon and Coupon Payment Dates on page S-31 of this document

This is the first date on which your notes may be automatically called.

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Estimated Value of Your Notes

The estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to pricing models used by Goldman Sachs & Co. LLC (GS&Co.) and taking into account our credit spreads) is expected to be between $9.30 and $9.60 per $10 face amount, which is less than the original issue price. The value of your notes at any time will reflect many factors and cannot be predicted; however, the price (not including GS&Co. s customary bid and ask spreads) at which GS&Co. would initially buy or sell notes (if it makes a market, which it is not obligated to do) and the value that GS&Co. will initially use for account statements and otherwise is equal to approximately the estimated value of your notes at the time of pricing, plus an additional amount (initially equal to $ per $10 face amount).

Prior to , the price (not including GS&Co. s customary bid and ask spreads) at which GS&Co. would buy or sell your notes (if it makes a market, which it is not obligated to do) will equal approximately the sum of (a) the then-current estimated value of your notes (as determined by reference to GS&Co. s pricing models) plus (b) any remaining additional amount (the additional amount will decline to zero on a straight-line basis over a 364 day period from the time of pricing). On and after , the price (not including GS&Co. s customary bid and ask spreads) at which GS&Co. would buy or sell your notes (if it makes a market) will equal approximately the then-current estimated value of your notes determined by reference to such pricing models.

About Your Notes

GS Finance Corp. and The Goldman Sachs Group, Inc. have filed a registration statement (including a prospectus, as supplemented by the prospectus supplement listed below) with the Securities and Exchange Commission (SEC) for the offering to which this communication relates. Before you invest, you should read the prospectus, prospectus supplement and any other documents relating to this offering that GS Finance Corp. and The Goldman Sachs Group, Inc. have filed with the SEC for more complete information about us and this offering. You may get these documents without cost by visiting EDGAR on the SEC web site at sec.gov. Alternatively, we will arrange to send you the prospectus and prospectus supplement if you so request by calling (212) 357-4612.

The notes are part of the Medium-Term Notes, Series E program of GS Finance Corp. and are fully and unconditionally guaranteed by The Goldman Sachs Group, Inc. This document should be read in conjunction with the following:

- Prospectus supplement dated July 10, 2017

- Prospectus dated July 10, 2017

The information in this document supersedes any conflicting information in the documents listed above. In addition, some of the terms or features described in the listed documents may not apply to your notes.

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SUMMARY INFORMATION

We refer to the notes we are offering by this document as the offered notes or the notes . Each of the offered notes has the terms described below and under Specific Terms of Your Notes on page S-28. Please note that in this document, references to GS Finance Corp. , we , our and us mean only GS Finance Corp. and do not include its subsidiaries or affiliates, references to The Goldman Sachs Group, Inc. , our parent company, mean only The Goldman Sachs Group, Inc. and do not include its subsidiaries or affiliates and references to Goldman Sachs mean The Goldman Sachs Group, Inc. together with its consolidated subsidiaries and affiliates, including us. Also, references to the accompanying prospectus mean the accompanying prospectus, dated July 10, 2017, and references to the accompanying prospectus supplement mean the accompanying prospectus supplement, dated July 10, 2017, for Medium-Term Notes, Series E, in each case of GS Finance Corp. and The Goldman Sachs Group, Inc. References to the indenture in this document mean the senior debt indenture, dated as of October 10, 2008, as supplemented by the First Supplemental Indenture, dated as of February 20, 2015, each among us, as issuer, The Goldman Sachs Group, Inc., as guarantor, and The Bank of New York Mellon, as trustee. This indenture, as so supplemented and as further supplemented thereafter, is referred to as the GSFC 2008 indenture in the accompanying prospectus supplement.

Key Terms

Issuer: GS Finance Corp.

Guarantor: The Goldman Sachs Group, Inc.

Underlying indices: the MSCI EAFE Index (Bloomberg symbol, MXEA Index), as maintained by MSCI Inc., and the Russell 2000® Index (Bloomberg symbol, RTY Index), as published by FTSE Russell; see The Underlying Indices on page S-39.

Specified currency: U.S. dollars ($)

Face amount: each note will have a face amount equal to $10; $ in the aggregate for all the offered notes; the aggregate face amount of the offered notes may be increased if the issuer, at its sole option, decides to sell an additional amount of the offered notes on a date subsequent to the date of this document

Denominations: $10 and integral multiples of $10 in excess thereof

Minimum purchase amount: In connection with the initial offering of the notes, the minimum face amount of notes that may be purchased by any investor is $1,000

Supplemental plan of distribution: GS Finance Corp. expects to agree to sell to Goldman Sachs & Co. LLC (GS&Co.), and GS&Co. expects to agree to purchase from GS Finance Corp., the aggregate face amount of the offered notes specified on the front cover of this document. GS&Co. proposes initially to offer the notes to the public at the original issue price set forth on the cover page of this document, and to UBS Financial Services Inc. at such price less a concession not in excess of 3.5% of the face amount. See Supplemental Plan of Distribution on page S-62

Purchase at amount other than face amount: the amount we will pay you for your notes on a call payment date or the stated maturity date, as the case may be, will not be adjusted based on the issue price you pay for your notes, so if you acquire notes at a premium (or discount) to face amount and hold them to a call payment date or the stated maturity date, it could affect your investment in a number of ways. The return on your investment in such notes will be lower (or higher) than it would have been had you purchased the notes at face amount. See Additional Risk Factors Specific to Your Notes If You Purchase Your Notes at a Premium to Face Amount, the Return on Your Investment Will Be Lower Than the Return on Notes Purchased at Face Amount and the Impact of Certain Key Terms of the Notes Will Be Negatively Affected on page S-20 of this document

Supplemental discussion of U.S. federal income tax consequences: you will be obligated pursuant to the terms of the notes in the absence of a change in law, an administrative determination or a judicial ruling to the contrary to characterize each note for all tax purposes as an income-bearing pre-paid derivative contract in respect of the underlying indices, as described under Supplemental Discussion of Federal Income Tax Consequences herein. Pursuant to this approach, it is the opinion of Sidley Austin LLP that it is likely that any contingent coupon payment will be taxed as ordinary income in accordance with your regular method of accounting for U.S. federal income tax purposes. If you are a United States alien holder of the notes, we intend to withhold on contingent coupon payments made to you at a 30% rate or at a lower rate specified by an applicable income tax treaty. In addition, upon the sale, exchange, redemption or maturity of your notes, it would be reasonable for you to recognize capital gain or loss equal to the

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difference, if any, between the amount of cash you receive at such time (excluding amounts attributable to any contingent coupon payment) and your tax basis in your notes.

Cash settlement amount (on any call payment date): if your notes are automatically called on a call observation date because the closing level of each underlying index is greater than or equal to its initial underlying index level, for each $10 face amount of your notes, on the related call payment date, we will pay you an amount in cash equal to the *sum* of (i) $10 *plus* (ii) the contingent coupon then due

Autocall feature: if, as measured on any call observation date, the closing level of each underlying index is *greater than* or *equal to* its initial underlying index level, your notes will be automatically called; if your notes are automatically called on any call observation date, on the corresponding call payment date, in addition to the contingent coupon then due, you will receive an amount in cash equal to $10 for each $10 face amount of your notes, and no further payments will be made since your notes will no longer be outstanding. If the closing level of at least one underlying index is below its initial underlying index level on a call observation date, the notes cannot be called.

Cash settlement amount (on the stated maturity date): if your notes are not automatically called, for each $10 face amount of your notes, we will pay you on the stated maturity date an amount in cash equal to:

- if the final underlying index level of each underlying index is *greater than* or *equal to* its coupon barrier, $10 *plus* the final contingent coupon;

- if the final underlying index level of each underlying index is *greater than* or *equal to* its downside threshold but the final underlying index level of at least one underlying index is *less than* its coupon barrier, $10; or

- if the final underlying index level of at least one underlying index is *less than* its downside threshold, the *sum* of (i) $10 *plus* (ii) the *product* of (a) the lesser performing underlying index return *times* (b) $10.

Downside threshold: with respect to each underlying index, 50.00% of its initial underlying index level (rounded to the nearest one-thousandth)

Lesser performing underlying index return: the underlying index return of the lesser performing underlying index

Lesser performing underlying index: the underlying index with the lowest underlying index return

Contingent coupon (to be set on the trade date): subject to the autocall feature, on each coupon payment date, for each $10 face amount of your notes, we will pay you an amount in cash equal to:

- if the closing level of each underlying index on the related coupon determination date is *greater than* or *equal to* its coupon barrier, between $0.1625 and $0.16875 (i.e., equal to a return of between 6.5% and 6.75% per annum); or

- if the closing level of at least one underlying index on the related coupon determination date is *less than* its coupon barrier, $0.00

No contingent coupon payment or return of principal is guaranteed. As discussed above, we will not pay a contingent coupon with respect to any coupon determination date on which the closing level of at least one underlying index is less than its respective coupon barrier. Also, although both the coupon determination dates and coupon payment dates occur quarterly, there may not be an equal number of days between coupon determination dates or between coupon payment dates, respectively. However, the way in which the contingent coupon is determined will not vary based on the actual number of days between coupon determination dates or between coupon payment dates.

Coupon barrier: with respect to each underlying index, 70.00% of its initial underlying index level (rounded to the nearest one-thousandth)

Initial underlying index level (to be set on the trade date): with respect to each underlying index, the closing level of such underlying index on the trade date

Final underlying index level: with respect to each underlying index, the closing level of such underlying index on the determination date, except in the limited circumstances described under Specific Terms of Your Notes Consequences of a Market Disruption Event or a Non-Trading Day on page S-32

Closing level: with respect to each underlying index on any trading day, the closing level of such underlying index, as further described under Specific Terms of Your Notes Special Calculation Provisions Closing Level on page S-35

Underlying index return: with respect to each underlying index on the determination date, the *quotient* of (i) the final underlying index level *minus* the initial underlying index level *divided by* (ii) the initial underlying index level, expressed as a positive or negative percentage

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Defeasance: not applicable

No listing: the offered notes will not be listed or displayed on any securities exchange or interdealer market quotation system

Business day: as described under Specific Terms of Your Notes Special Calculation Provisions Business Day on page S-35

Trading day: as described under Specific Terms of Your Notes Special Calculation Provisions Trading Day on page S-35

Trade date: expected to be October 3, 2018

Original issue date (settlement date) (to be set on the trade date): expected to be October 5, 2018

Determination date (to be set on the trade date): expected to be October 3, 2028, subject to adjustment as described under Specific Terms of Your Notes Payment of Principal on Stated Maturity Date Determination Date on page S-30

Stated maturity date (to be set on the trade date): expected to be October 6, 2028, subject to adjustment as described under Specific Terms of Your Notes Payment of Principal on Stated Maturity Date Stated Maturity Date on page S-30

Call observation dates (to be set on the trade date): expected to be each coupon determination date specified in the table below commencing October 3, 2019, to the extent the notes are then outstanding, subject to adjustment as described under Specific Terms of Your Notes Call Observation Dates on page S-32. Although the call observation dates occur quarterly after October 3, 2019, there may not be an equal number of days between call observation dates.

Call payment dates (to be set on the trade date): expected to be the coupon payment date immediately after the applicable call observation date, subject to adjustment as described under Specific Terms of Your Notes

Call Payment Dates on page S-32

Coupon determination dates (to be set on the trade date): expected to be the dates specified as such in the table under the section Coupon payment dates below, subject to adjustment as described under Specific Terms of Your Notes Coupon Determination Dates on page S-31. Although the coupon determination dates occur quarterly, there may not be an equal number of days between coupon determination dates.

Coupon payment dates (to be set on the trade date): expected to be the dates specified in the table below, subject to adjustment as described under Specific Terms of Your Notes Contingent Coupon and Coupon Payment Dates on page S-31. Although the coupon payment dates occur quarterly, there may not be an equal number of days between coupon payment dates.

Coupon Determination Dates	Coupon Payment Dates
January 3, 2019	January 7, 2019
April 3, 2019	April 5, 2019
July 3, 2019	July 8, 2019
October 3, 2019	October 7, 2019
January 3, 2020	January 7, 2020
April 3, 2020	April 7, 2020
July 6, 2020	July 8, 2020
October 5, 2020	October 7, 2020
January 4, 2021	January 6, 2021
April 5, 2021	April 7, 2021
July 6, 2021	July 8, 2021
October 4, 2021	October 6, 2021
January 3, 2022	January 5, 2022
April 4, 2022	April 6, 2022
July 5, 2022	July 7, 2022
October 3, 2022	October 5, 2022
January 3, 2023	January 5, 2023
April 3, 2023	April 5, 2023
July 3, 2023	July 6, 2023
October 3, 2023	October 5, 2023
January 3, 2024	January 5, 2024

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April 3, 2024	April 5, 2024
July 3, 2024	July 8, 2024
October 3, 2024	October 7, 2024
January 3, 2025	January 7, 2025
April 3, 2025	April 7, 2025
July 3, 2025	July 8, 2025
October 3, 2025	October 7, 2025
January 5, 2026	January 7, 2026
April 6, 2026	April 8, 2026
July 6, 2026	July 8, 2026
October 5, 2026	October 7, 2026
January 4, 2027	January 6, 2027
April 5, 2027	April 7, 2027
July 6, 2027	July 8, 2027
October 4, 2027	October 6, 2027
January 3, 2028	January 5, 2028
April 3, 2028	April 5, 2028
July 3, 2028	July 6, 2028
October 3, 2028	October 6, 2028

This is the first date on which your notes may be automatically called.

Regular record dates: the scheduled business day immediately preceding the day on which payment is to be made (as such payment date may be adjusted)

Calculation agent: GS&Co.

CUSIP no.: 36256M247

ISIN no.: US36256M2474

FDIC: the notes are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency, nor are they obligations of, or guaranteed by, a bank

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HYPOTHETICAL EXAMPLES

(Hypothetical terms only. Actual terms may vary.)

The following examples are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate (i) the impact that various hypothetical closing levels of the underlying indices on a coupon determination date could have on the contingent coupon payable on the related coupon payment date and (ii) the impact that the various hypothetical closing levels of the lesser performing underlying index on the determination date could have on the cash settlement amount at maturity assuming all other variables remain constant.

The examples below are based on a range of underlying index levels of the lesser performing underlying index that are entirely hypothetical; no one can predict what the underlying index level of any underlying index will be on any day throughout the life of your notes, what the closing level of any underlying index will be on any coupon determination date or call observation date, as the case may be, and what the final underlying index level of the lesser performing underlying index will be on the determination date. The underlying indices have been highly volatile in the past meaning that the underlying index levels have changed substantially in relatively short periods and their performance cannot be predicted for any future period.

The information in the following examples reflects the hypothetical rates of return on the offered notes assuming that they are purchased on the original issue date at the face amount and held to a call payment date or the stated maturity date. If you sell your notes in a secondary market prior to a call payment date or the stated maturity date, as the case may be, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the examples below such as interest rates, the volatility of the underlying indices, the creditworthiness of GS Finance Corp., as issuer, and the creditworthiness of The Goldman Sachs Group, Inc., as guarantor. In addition, the estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to pricing models used by GS&Co.) is less than the original issue price of your notes. For more information on the estimated value of your notes, see Additional Risk Factors Specific to Your Notes The Estimated Value of Your Notes At the Time the Terms of Your Notes Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your Notes on page S-15 of this document. The information in the examples also reflect the key terms and assumptions in the box below.

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Key Terms and Assumptions	
Face amount	$10
Hypothetical initial underlying index level of the MSCI EAFE Index	2,000
Hypothetical initial underlying index level of the Russell 2000® Index	1,600
Downside threshold	with respect to each underlying index, 50.00% of its initial underlying index level (based on the hypothetical initial underlying index levels above, the downside threshold equals 1,000 in the case of the MSCI EAFE Index and 800 in the case of the Russell 2000® Index)
Coupon barrier	with respect to each underlying index, 70.00% of its initial underlying index level (based on the hypothetical initial underlying index levels above, the coupon barrier equals 1,400 in the case of the MSCI EAFE Index and 1,120 in the case of the Russell 2000® Index)
Contingent coupon	$0.1625 (6.5% per annum)
Neither a market disruption event nor a non-trading day occurs on any originally scheduled coupon determination date or the originally scheduled determination date	
No change in or affecting any of the underlying index stocks or the method by which the applicable underlying index sponsor calculates any underlying index	
Notes purchased on original issue date at the face amount and held to the stated maturity date	

Moreover, we have not yet set the initial underlying index levels that will serve as the baseline for determining the contingent coupon payable on each coupon payment date, if any, if the notes will be automatically called, the underlying index returns and the amount that we will pay on your notes, if any, on the call payment date or at maturity. We will not do so until the trade date. As a result, the actual initial underlying index levels may differ substantially from the underlying index levels prior to the trade date. They may also differ substantially from the underlying index levels at the time you purchase your notes.

For these reasons, the actual performance of the underlying indices over the life of your notes, the actual underlying index levels on any call observation date or coupon determination date, as well as the contingent coupon payable, if any, on each coupon payment date, may bear little relation to the hypothetical examples shown below or to the historical underlying index levels shown elsewhere in this document. For information about the underlying index levels during recent periods, see The Underlying Indices Historical Closing Levels of the Underlying Indices on page S-54. Before investing in the notes, you should consult publicly available information to determine the underlying index levels between the date of this document and the date of your purchase of the notes.

Also, the hypothetical examples shown below do not take into account the effects of applicable taxes. Because of the U.S. tax treatment applicable to your notes, tax liabilities could affect the after-tax rate of return on your notes to a comparatively greater extent than the after-tax return on the underlying index stocks.

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Hypothetical Contingent Coupon Payments

With respect to each $10 face amount of notes, the examples below show hypothetical contingent coupons, if any, that we would pay on a coupon payment date if the closing levels of the underlying indices on the applicable coupon determination date were the hypothetical closing levels shown.

Scenario 1

Hypothetical Coupon Determination Date	Hypothetical Closing Level of the MSCI EAFE Index	Hypothetical Closing Level of the Russell 2000® Index	Hypothetical Contingent Coupon Paid on Related Coupon Payment Date
First	1,400	400	$0.000
Second	950	800	$0.000
Third	**1,450**	**1,200**	**$0.1625**
Fourth	2,100	400	$0.000
Fifth	800	800	$0.000
Sixth	930	1,700	$0.000
Seventh	**1,650**	**1,200**	**$0.1625**
Eighth	870	400	$0.000
Ninth	**1,500**	**1,200**	**$0.1625**
Tenth	960	400	$0.000
Eleventh	980	800	$0.000
Twelfth - Fortieth	900	1,600	$0.000
		Total Hypothetical Contingent Coupons Paid	**$0.4875**

In Scenario 1, the hypothetical closing level of each underlying index increases and decreases by varying amounts, compared to its hypothetical initial underlying index level, on the hypothetical coupon determination dates. Because the hypothetical closing level of each underlying index on the third, seventh and ninth hypothetical coupon determination dates is *greater than* or *equal to* its hypothetical coupon barrier, hypothetical contingent coupons are paid on the three related hypothetical coupon payment dates and the total of the hypothetical contingent coupons paid in Scenario 1 is $0.4875. Because the hypothetical closing level of at least one of the underlying indices on all other hypothetical coupon determination dates is *less than* its hypothetical coupon barrier, no contingent coupons will be paid, including at maturity. Regardless of any contingent coupons paid during the term of the notes, the overall return on your notes may be zero or less.

Scenario 2

Hypothetical Coupon Determination Date	Hypothetical Closing Level of the MSCI EAFE Index	Hypothetical Closing Level of the Russell 2000® Index	Hypothetical Contingent Coupon Paid on Related Coupon Payment Date
First	990	1,100	$0.000
Second	900	1,800	$0.000
Third	1,300	1,100	$0.000
Fourth	870	1,400	$0.000
Fifth	910	1,800	$0.000
Sixth	950	1,600	$0.000
Seventh	1,100	1,100	$0.000
Eighth	990	1,400	$0.000
Ninth	1,010	1,200	$0.000
Tenth	850	1,400	$0.000
Eleventh	1,000	1,800	$0.000
Twelfth - Fortieth	970	1,500	$0.000
		Total Hypothetical Contingent Coupons Paid	**$0.000**

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In Scenario 2, the hypothetical closing level of the MSCI EAFE Index decreases by varying amounts, compared to its hypothetical initial underlying index level, on the hypothetical coupon determination dates and the hypothetical closing level of the Russell 2000® Index increases and decreases by varying amounts, compared to its hypothetical initial underlying index level, on the hypothetical coupon determination dates. Because in each case the hypothetical closing level of the MSCI EAFE Index is *less than* its hypothetical coupon barrier, you will not receive a hypothetical contingent coupon payment on any hypothetical coupon payment date, even though the level of the Russell 2000® Index is above its hypothetical coupon barrier on each hypothetical coupon determination date. Therefore, the total of the hypothetical contingent coupons paid in Scenario 2 is $0.000. The overall return on your notes will be zero or less.

Scenario 3

Hypothetical Coupon Determination Date	Hypothetical Closing Level of the MSCI EAFE Index	Hypothetical Closing Level of the Russell 2000® Index	Hypothetical Contingent Coupon Paid on Related Coupon Payment Date
First	1,000	1,050	$0.000
Second	990	950	$0.000
Third	1,300	1,200	$0.000
Fourth	**2,100**	**2,500**	**$0.1625**
		Total Hypothetical Contingent Coupons Paid	**$0.1625**

In Scenario 3, the hypothetical closing level of each underlying index increases and decreases by varying amounts, compared to its hypothetical initial underlying index level, on the hypothetical coupon determination dates. Because the hypothetical closing level of at least one of the underlying indices on the first three hypothetical coupon determination dates is *less than* its hypothetical coupon barrier, no coupon will be paid on the first three hypothetical coupon payment dates. Because the hypothetical closing level of each underlying index is *greater than* or *equal to* its hypothetical initial underlying index level on the fourth hypothetical coupon determination date (which is also the first hypothetical call observation date), your notes will be automatically called. Therefore, on the corresponding hypothetical call payment date, in addition to the hypothetical contingent coupon of $0.1625, you will receive an amount in cash equal to $10 for each $10 face amount of your notes.

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Hypothetical Cash Settlement Amount at Maturity

If the notes are not automatically called on any call observation date (i.e., on each call observation date the closing level of at least one underlying index is less than its initial underlying index level) the cash settlement amount we would deliver for each $10 face amount of your notes on the stated maturity date will depend on the performance of the lesser performing underlying index on the determination date, as shown in the table below. The table below assumes that **the notes have not been automatically called on a call observation date** and reflects hypothetical cash settlement amounts that you could receive on the stated maturity date.

The levels in the left column of the table below represent hypothetical final underlying index levels of the lesser performing underlying index and are expressed as percentages of the initial underlying index level of the lesser performing underlying index. The amounts in the right column represent the hypothetical cash settlement amounts, based on the corresponding hypothetical final underlying index level of the lesser performing underlying index (expressed as a percentage of the initial underlying index level of the lesser performing underlying index), and are expressed as percentages of the face amount of a note (rounded to the nearest one-thousandth of a percent). Thus, a hypothetical cash settlement amount of 100.000% means that the value of the cash payment that we would deliver for each $10 of the outstanding face amount of the offered notes on the stated maturity date would equal 100.000% of the face amount of a note, based on the corresponding hypothetical final underlying index level of the lesser performing underlying index (expressed as a percentage of the initial underlying index level of the lesser performing underlying index) and the assumptions noted above.

The Notes Have Not Been Automatically Called

Hypothetical Final Underlying Index Level of the Lesser Performing Underlying Index (as Percentage of Initial Underlying Index Level)	**Hypothetical Cash Settlement Amount at Maturity if the Notes Have Not Been Automatically Called on a Call Observation Date (as Percentage of Face Amount)**
99.999%	**100.000%***
85.000%	100.000%*
80.000%	100.000%*
75.000%	100.000%*
70.000%	**100.000%***
60.000%	100.000%
50.000%	**100.000%**
49.999%	49.999%
45.000%	45.000%
25.000%	25.000%
10.000%	10.000%
0.000%	**0.000%**

*Does not include the final contingent coupon

If, for example, the notes have not been automatically called on a call observation date and the final underlying index level of the lesser performing underlying index were determined to be 25.000% of its initial underlying index level, the cash settlement amount that we would deliver on your notes at maturity would be 25.000% of the face amount of your notes, as shown in the table above. As a result, if you purchased your notes on the original issue date at the face amount and held them to the stated maturity date,

you would lose 75.000% of your investment excluding any contingent coupons you may have received over the term of the notes (if you purchased your notes at a premium to face amount you would lose a correspondingly higher percentage of your investment).
In addition, if the final underlying index level of the lesser performing underlying index were determined to be 75.000% of its initial underlying index level, the cash settlement amount that we would deliver on your notes at maturity would be 100.000% of the face amount of your notes, as shown in the table above. Because the final underlying index level of the lesser performing underlying index is greater than or equal to its downside threshold, if you held your notes to the stated maturity date, you would receive $10 for each $10 face amount of your notes.

The cash settlement amounts shown above are entirely hypothetical; they are based on market prices for the underlying index stocks that may not be achieved on the determination date and on assumptions that may prove to be erroneous. The actual market value of your notes on the stated maturity date or at any other time, including any time you may wish to sell your notes, may bear little relation to the hypothetical cash settlement amounts shown above, and these amounts should not be viewed as an indication of the financial return on an investment in the offered notes. The hypothetical cash settlement amounts on notes held to the stated maturity date in the examples above assume you purchased your notes at their face amount and have not been adjusted to reflect the actual issue price you pay for your notes. The return on your investment (whether positive or negative) in your notes will be affected by the amount you pay for your notes. If you purchase your notes for a price other than the face amount, the return on your investment will differ from, and may be significantly lower than, the hypothetical returns suggested by the above examples. Please read Additional Risk Factors Specific to Your Notes The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors on page S-20.

Payments on the notes are economically equivalent to the amounts that would be paid on a combination of other instruments. For example, payments on the notes are economically equivalent to a bond bought by the holder and one or more options entered into between the holder and us. Therefore, the terms of the notes may be impacted by the various factors mentioned under Additional Risk Factors Specific to Your Notes The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors on page S-20. The discussion in this paragraph does not modify or affect the terms of the notes or the U.S. federal income tax treatment of the notes, as described elsewhere in this document.

We cannot predict the actual closing levels of the underlying indices on any day, the final underlying index levels of the underlying indices or what the market value of your notes will be on any particular trading day, nor can we predict the relationship between the closing levels of the underlying indices and the market value of your notes at any time prior to the stated maturity date. The actual contingent coupon payment, if any, that a holder of the notes will receive on each coupon payment date, the actual amount that you will receive at maturity, if any, and the rate of return on the offered notes will depend on whether or not the notes are called, the coupon and the actual initial underlying index levels, which we will set on the trade date, and on the actual closing levels of the underlying indices and the actual final underlying index levels determined by the calculation agent as described above. Moreover, the assumptions on which the hypothetical examples are based may turn out to be inaccurate. Consequently, the contingent coupon to be paid in respect of your notes, if any, and the cash amount to be paid in respect of your notes on the stated maturity date, if any, may be very different from the information reflected in the examples above.

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ADDITIONAL RISK FACTORS SPECIFIC TO YOUR NOTES

An investment in your notes is subject to the risks described below, as well as the risks and considerations described in the accompanying prospectus and in the accompanying prospectus supplement. You should carefully review these risks and considerations as well as the terms of the notes described herein and in the accompanying prospectus and the accompanying prospectus supplement. Your notes are a riskier investment than ordinary debt securities. Also, your notes are not equivalent to investing directly in the underlying index stocks, i.e., with respect to an index to which your notes are linked, the stocks comprising such index. You should carefully consider whether the offered notes are suited to your particular circumstances.

The Estimated Value of Your Notes At the Time the Terms of Your Notes Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your Notes

The original issue price for your notes exceeds the estimated value of your notes as of the time the terms of your notes are set on the trade date, as determined by reference to GS&Co. s pricing models and taking into account our credit spreads. Such estimated value on the trade date is set forth above under Estimated Value of Your Notes ; after the trade date, the estimated value as determined by reference to these models will be affected by changes in market conditions, the creditworthiness of GS Finance Corp., as issuer, the creditworthiness of The Goldman Sachs Group, Inc., as guarantor, and other relevant factors. The price at which GS&Co. would initially buy or sell your notes (if GS&Co. makes a market, which it is not obligated to do), and the value that GS&Co. will initially use for account statements and otherwise, also exceeds the estimated value of your notes as determined by reference to these models. As agreed by GS&Co. and the distribution participants, this excess (i.e., the additional amount described under Estimated Value of Your Notes) will decline to zero on a straight line basis over the period set forth above under Estimated Value of Your Notes . Thereafter, if GS&Co. buys or sells your notes it will do so at prices that reflect the estimated value determined by reference to such pricing models at that time. The price at which GS&Co. will buy or sell your notes at any time also will reflect its then current bid and ask spread for similar sized trades of structured notes.

In estimating the value of your notes as of the time the terms of your notes are set on the trade date, as disclosed above under Estimated Value of Your Notes , GS&Co. s pricing models consider certain variables, including principally our credit spreads, interest rates (forecasted, current and historical rates), volatility, price-sensitivity analysis and the time to maturity of the notes. These pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. As a result, the actual value you would receive if you sold your notes in the secondary market, if any, to others may differ, perhaps materially, from the estimated value of your notes determined by reference to our models due to, among other things, any differences in pricing models or assumptions used by others. See The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors below.

The difference between the estimated value of your notes as of the time the terms of your notes are set on the trade date and the original issue price is a result of certain factors, including principally the underwriting discount and commissions, the expenses incurred in creating, documenting and marketing the notes, and an estimate of the difference between the amounts we pay to GS&Co. and the amounts GS&Co. pays to us in connection with your notes. We pay to GS&Co. amounts based on what we would pay to holders of a non-structured note with a similar maturity. In return for such payment, GS&Co. pays to us the amounts we owe under your notes.

In addition to the factors discussed above, the value and quoted price of your notes at any time will reflect many factors and cannot be predicted. If GS&Co. makes a market in the notes, the price quoted by GS&Co. would reflect any changes in market conditions and other relevant factors, including any deterioration in our creditworthiness or perceived creditworthiness or the creditworthiness or perceived creditworthiness of The Goldman Sachs Group, Inc. These changes may adversely affect the value of your notes, including the price you may receive for your notes in any market making transaction. To the extent that GS&Co. makes a market in the notes, the quoted price will reflect the estimated value determined by

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reference to GS&Co. s pricing models at that time, plus or minus its then current bid and ask spread for similar sized trades of structured notes (and subject to the declining excess amount described above).

Furthermore, if you sell your notes, you will likely be charged a commission for secondary market transactions, or the price will likely reflect a dealer discount. This commission or discount will further reduce the proceeds you would receive for your notes in a secondary market sale.

There is no assurance that GS&Co. or any other party will be willing to purchase your notes at any price and, in this regard, GS&Co. is not obligated to make a market in the notes. See Your Notes May Not Have an Active Trading Market below.

The Notes Are Subject to the Credit Risk of the Issuer and the Guarantor

Although the contingent coupons (if any) and return on the notes will be based on the performance of each underlying index, the payment of any amount due on the notes is subject to the credit risk of GS Finance Corp., as issuer of the notes, and the credit risk of The Goldman Sachs Group, Inc., as guarantor of the notes. The notes are our unsecured obligations. Investors are dependent on our ability to pay all amounts due on the notes, and therefore investors are subject to our credit risk and to changes in the market s view of our creditworthiness. Similarly, investors are dependent on the ability of The Goldman Sachs Group, Inc., as guarantor of the notes, to pay all amounts due on the notes, and therefore are also subject to its credit risk and to changes in the market s view of its creditworthiness. See Description of the Notes We May Offer Information About Our Medium-Term Notes, Series E Program How the Notes Rank Against Other Debt on page S-4 of the accompanying prospectus supplement and Description of Debt Securities We May Offer Guarantee by The Goldman Sachs Group, Inc. on page 42 of the accompanying prospectus.

You May Lose Your Entire Investment in the Notes

You can lose your entire investment in the notes. Assuming your notes are not automatically called, the cash settlement amount on your notes, if any, on the stated maturity date will be based on the performance of the lesser performing of the MSCI EAFE Index and the Russell 2000® Index as measured from their initial underlying index levels set on the trade date to their closing levels on the determination date. If the final underlying index level of the lesser performing underlying index for your notes is *less than* its downside threshold, you will have a loss for each $10 of the face amount of your notes equal to the *product* of the lesser performing underlying index return *times* $10. Thus, you may lose your entire investment in the notes, which would include any premium to face amount you paid when you purchased the notes.

Also, the application of the downside threshold applies only at maturity and the market price of your notes prior to a call payment date or the stated maturity date, as the case may be, may be significantly lower than the purchase price you pay for your notes. Consequently, if you sell your notes before the stated maturity date, you may receive far less than the amount of your investment in the notes.

The Return on Your Notes May Change Significantly Despite Only a Small Change in the Level of the Lesser Performing Underlying Index

If your notes are not automatically called and the final underlying index level of the lesser performing underlying index is less than its downside threshold, you will receive less than the face amount of your notes and you could lose all or a substantial portion of your investment in the notes. This means that while a drop of up to 50.00% between the initial underlying index level and the final underlying index level of the lesser performing underlying index will not result in a loss of principal on the notes, a decrease in the final underlying index level of the lesser performing underlying index to less than 50.00% of its initial underlying index level will result in a loss of a significant portion of the face amount of the notes despite only a small change in the level of the lesser performing underlying index.

You May Not Receive a Contingent Coupon on Any Coupon Payment Date

You will be paid a contingent coupon on a coupon payment date only if the closing level of each underlying index on the applicable coupon determination date is *equal to* or *greater than* its coupon barrier. If the closing level of at least one underlying index on the related coupon determination date is less than its coupon barrier, you will not receive a contingent coupon payment on the applicable coupon payment date. If this occurs on every coupon determination date, whether due to changes in the levels of one or both

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underlying indices, the overall return you earn on your notes will be zero or less and such return will be less than you would have earned by investing in a note that bears interest at the prevailing market rate.

Because the Notes Are Linked to the Performance of the Lesser Performing Underlying Index, You Have a Greater Risk of Receiving No Quarterly Contingent Coupons and Sustaining a Significant Loss on Your Investment T