

GOLDMAN SACHS GROUP INC

Form 424B2

March 04, 2019

Filed Pursuant to Rule 424(b)(2)

Registration Statement No. 333-219206

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated March 4, 2019.

GS Finance Corp.

\$

Basket-Linked Trigger GEARS due

guaranteed by

The Goldman Sachs Group, Inc.

The notes will not bear interest. The amount that you will be paid on your notes on the stated maturity date (expected to be March 30, 2029) is based on the performance of a weighted basket comprised of the EURO STOXX 50[®] Index (40.00% weighting), the FTSE[®] 100 Index (20.00% weighting), Nikkei 225 (20.00% weighting), the Swiss Market Index (7.50% weighting), the S&P/ASX 200 Index (7.50% weighting) and the Hang Seng Index (5.00% weighting) as measured from the trade date (expected to be March 27, 2019) to and including the determination date (expected to be March 27, 2029). The initial basket level is 100 and the final basket level will equal the sum of the products, as calculated for each basket index, of: (i) the final index level divided by (ii) the initial index level (set on the trade date) multiplied by (iii) the applicable initial weighted value for each basket index.

If the final basket level on the determination date is greater than the initial basket level, then the return on the notes will be positive and equal the product of the basket return (the percentage increase or decrease in the final basket level from the initial basket level) multiplied by between 4.05 and 4.25 (set on the trade date).

If the final basket level is equal to or less than the initial basket level but greater than or equal to the downside threshold of 65.00% of the initial basket level, you will receive the face amount of your notes at maturity.

If the final basket level is less than the downside threshold of 65.00% of the initial basket level, then the return on your notes will be negative and will equal the basket return. If this occurs, you will receive significantly less than the face amount of your notes at maturity and you will lose your entire investment in the notes if the final basket level is zero.

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

if the final basket level is greater than the initial basket level, the sum of (a) \$10 plus (b) the product of the basket return times \$10 times between 4.05 and 4.25 (set on the trade date);

if the final basket level is equal to or less than the initial basket level but greater than or equal to the downside threshold of 65.00% of the initial basket level, \$10; or

if the final basket level is less than the downside threshold of 65.00% of the initial basket level, the sum of (a) \$10 plus (b) the product of the basket return times \$10, resulting in a loss proportionate to the negative basket return.

Declines in one basket index may offset increases in the other basket indices. Due to the unequal weighting of each basket index, the performances of the EURO STOXX 50[®] Index, the FTSE[®] 100 Index and Nikkei 225 will have a significantly larger impact on your return on the notes than the performance of the Swiss Market Index, the S&P/ASX 200 Index or the Hang Seng Index.

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-13.

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 \$8.60 and \$9.00 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.

Original issue date: expected to be March 29, 2019 Original issue price: 100.00% of the face amount

Underwriting discount: 5.45% of the face amount* Net proceeds to the issuer: 94.55% of the face amount

* UBS Financial Services Inc., as the selling agent, will receive a selling concession not in excess of 5% of the face amount.

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 prospectus. 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

Prospectus Supplement No. dated , 2019.

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 prospectus supplement, 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 prospectus in the initial sale of the notes. In addition, Goldman Sachs & Co. LLC or any other affiliate of GS Finance Corp. may use this prospectus 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 prospectus is being used in a market-making transaction.

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 \$8.60 and \$9.00 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 365 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 Prospectus

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 prospectus includes this prospectus supplement and the accompanying documents listed below. This prospectus supplement constitutes a supplement to the documents listed below and should be read in conjunction with such documents:

Prospectus supplement dated July 10, 2017

Prospectus dated July 10, 2017

The information in this prospectus supplement 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.

SUMMARY INFORMATION

We refer to the notes we are offering by this prospectus supplement 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-23. Please note that in this prospectus supplement, 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 prospectus supplement 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 basket: a weighted basket comprised of six underlying basket indices

Underlying basket indices: the EURO STOXX 50[®] Index (Bloomberg symbol, “SX5E Index”), as published by STOXX Limited; the FTSE[®] 100 Index (Bloomberg symbol, “UKX Index”), as published by FTSE Russell; the Nikkei 225 (Bloomberg symbol, “NKY Index”), as published by Nikkei Inc.; the Swiss Market Index (Bloomberg symbol, “SMI Index”), as published by SIX Group Ltd.; the S&P/ASX 200 Index (Bloomberg symbol, “AS51 Index”), as published by S&P Dow Jones Indices LLC; and the Hang Seng Index (Bloomberg symbol, “HSI Index”), as published by The Hang Seng Indexes Company Limited; see “The Underlying Basket and the Underlying Basket Indices” on page S-31

Specified currency: U.S. dollars (“\$”)

Face amount: each note will have a face amount of \$10, or an integral multiple of \$10 in excess thereof; \$ 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 prospectus supplement

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 prospectus supplement. GS&Co. proposes initially to offer the notes to the public at the original issue price set forth on the cover page of this prospectus supplement, and to UBS Financial

Services Inc. at such price less a concession not in excess of 5% of the face amount. See “Supplemental Plan of Distribution” on page S-71

Cash settlement amount: on the stated maturity date, for each \$10 face amount of your notes you will receive an amount in cash equal to:

if the final underlying basket level is greater than the initial underlying basket level, the sum of (a) \$10 plus (b) the product of the underlying basket return times \$10 times the upside gearing;

if the final underlying basket level is equal to or less than the initial underlying basket level but greater than or equal to the downside threshold, \$10; or

S-3

if the final underlying basket level is less than the downside threshold, the sum of (a) \$10 plus (b) the product of the underlying basket return times \$10, resulting in a loss proportionate to the negative underlying basket return. Purchase at amount other than face amount: the amount we will pay you at the stated maturity date for your notes 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 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. Also, the stated downside threshold would not offer the same measure of protection to your investment as would be the case if you had 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”

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 a pre-paid derivative contract in respect of the underlying basket indices, as described under “Supplemental Discussion of U.S. Federal Income Tax Consequences” herein. Pursuant to this approach, it is the opinion of Sidley Austin LLP that upon the sale, exchange or maturity of your notes, it would be reasonable for you to recognize capital gain or loss equal to the difference, if any, between the amount of cash you receive at such time and your tax basis in your notes. No statutory, judicial or administrative authority directly discusses how your notes should be treated for U.S. federal income tax purposes. As a result, the U.S. federal income tax consequences of your investment in the notes are uncertain and alternative characterizations are possible. The Internal Revenue Service might assert that a treatment other than that described above is more appropriate (including on a retroactive basis) and the timing and character of income in respect of the notes might differ from the treatment described above.

Trade date: expected to be March 27, 2019

Original issue date (settlement date) (to be set on the trade date): expected to be March 29, 2019

Initial underlying basket level: 100

Initial weighted value: the initial weighted value for each of the underlying basket indices is expected to equal the product of the initial weight of such underlying basket index times the initial underlying basket level. The initial weight of each underlying basket index is shown in the table below:

Underlying Basket Index	Initial Weight in Underlying Basket
EURO STOXX 50® Index	40.00%
FTSE® 100 Index	20.00%
Nikkei 225	20.00%
Swiss Market Index	7.50%
S&P/ASX 200 Index	7.50%
Hang Seng Index	5.00%

Initial EURO STOXX 50[®] Index level (to be set on the trade date):

Initial FTSE[®] 100 Index level (to be set on the trade date):

Initial Nikkei 225 level (to be set on the trade date):

Initial Swiss Market Index level (to be set on the trade date):

Initial S&P/ASX 200 Index level (to be set on the trade date):

Initial Hang Seng Index level (to be set on the trade date):

Final EURO STOXX 50[®] Index level: the closing level of such underlying basket 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-26 and subject to adjustment as provided under “Specific Terms of Your Notes — Discontinuance or Modification of an Underlying Basket Index” on page S-26

Final FTSE[®] 100 Index level: the closing level of such underlying basket 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-26 and subject to adjustment as provided under “Specific Terms of Your Notes — Discontinuance or Modification of an Underlying Basket Index” on page S-26

Final Nikkei 225 level: the closing level of such underlying basket 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-26 and subject to adjustment as provided under “Specific Terms of Your Notes — Discontinuance or Modification of an Underlying Basket Index” on page S-26

Final Swiss Market Index level: the closing level of such underlying basket 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-26 and subject to adjustment as provided under “Specific Terms of Your Notes — Discontinuance or Modification of an Underlying Basket Index” on page S-26

Final S&P/ASX 200 Index level: the closing level of such underlying basket 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-26 and subject to adjustment as provided under “Specific Terms of Your Notes — Discontinuance or Modification of an Underlying Basket Index” on page S-26

Final Hang Seng Index level: the closing level of such underlying basket 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-26 and subject to adjustment as provided under “Specific Terms of Your Notes — Discontinuance or Modification of an Underlying Basket Index” on page S-26

Final underlying basket level: the sum of the following: (1) the final EURO STOXX 50[®] Index level divided by the initial EURO STOXX 50[®] Index level, multiplied by the initial weighted value of the EURO STOXX 50[®] Index plus (2) the final FTSE[®] 100 Index level divided by the initial FTSE[®] 100 Index level, multiplied by the initial weighted value of the FTSE[®] 100 Index plus (3) the final Nikkei 225 level divided by the initial Nikkei 225 level, multiplied by the initial weighted value of the Nikkei 225 plus (4) the final Swiss Market Index level divided by the initial Swiss Market Index level, multiplied by the initial weighted value of the Swiss Market Index plus (5) the final S&P/ASX 200 Index level divided by the initial S&P/ASX 200 Index level, multiplied by the initial weighted value of the S&P/ASX 200 Index plus (6) the final Hang

S-5

Seng Index level divided by the initial Hang Seng Index level, multiplied by the initial weighted value of the Hang Seng Index

Underlying basket return: the quotient of (i) the final underlying basket level minus the initial underlying basket level divided by (ii) the initial underlying basket level, expressed as a positive or negative percentage

Closing level: as described under “Specific Terms of Your Notes — Special Calculation Provisions — Closing Level” on page S-28

Upside gearing (to be set on the trade date): expected to be between 4.05 and 4.25

Downside threshold: 65.00% of the initial underlying basket level

Trigger event: the final underlying basket level is less than the downside threshold

Stated maturity date (to be set on the trade date): expected to be March 30, 2029, subject to adjustment as described under “Specific Terms of Your Notes — Stated Maturity Date” on page S-25

Determination date (to be set on the trade date): expected to be March 27, 2029, subject to adjustment as described under “Specific Terms of Your Notes — Determination Date” on page S-25

No interest: the notes will not bear interest

No redemption: the notes will not be subject to redemption right or price dependent redemption right

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

Calculation agent: GS&Co.

Business day: as described under “Specific Terms of Your Notes — Special Calculation Provisions — Business Day” on page S-27

Trading day: as described under “Specific Terms of Your Notes — Special Calculation Provisions — Trading Day” on page S-27

CUSIP no.: 36257D311

ISIN no.: US36257D3118

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

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 the impact that the various hypothetical final underlying basket levels or hypothetical closing levels of the underlying basket indices, as applicable, 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 final underlying basket levels and closing levels of the underlying basket indices that are entirely hypothetical; no one can predict what the level of the underlying basket will be on any day throughout the life of your notes, and no one can predict what the final underlying basket level will be on the determination date. The underlying basket indices have been highly volatile in the past — meaning that the levels of the underlying basket indices have changed considerably in relatively short periods — and their performance cannot be predicted for any future period.

The information in the following examples reflects 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 the stated maturity date. If you sell your notes in a secondary market prior to the stated maturity date, 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 basket 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-13 of this prospectus supplement. The information in the examples also reflects the key terms and assumptions in the box below.

Key Terms and Assumptions

Face amount	\$10
Upside gearing	4.05
Downside threshold	65.00% of the initial underlying basket level

Neither a market disruption event nor a non-trading day occurs with respect to any underlying basket index on the originally scheduled determination date

No change in or affecting any of the underlying basket indices or the methods by which any of the underlying basket index sponsors calculates the EURO STOXX 50[®] Index, the FTSE[®] 100 Index, Nikkei 225, the Swiss Market Index, the S&P/ASX 200 Index or the Hang Seng Index, respectively

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 EURO STOXX 50[®] Index level, the initial FTSE[®] 100 Index level, the initial Nikkei 225 level, the initial Swiss Market Index level, the initial S&P/ASX 200 Index level or the initial Hang Seng Index level that will serve as the baselines for determining the underlying basket return and the amount that we will pay on your notes, if any, at maturity. We will not do so until the trade date. As a result, the actual initial EURO STOXX 50[®] Index level, the initial FTSE[®] 100 Index level, the initial Nikkei 225 level, the initial Swiss Market Index level, the initial S&P/ASX 200 Index level and the initial Hang Seng Index level may differ substantially from the level of such underlying basket index prior to the trade date.

S-7

For these reasons, the actual performance of the underlying basket over the life of your notes, as well as the amount payable at maturity, if any, may bear little relation to the hypothetical examples shown below or to the historical levels of each underlying basket index shown elsewhere in this prospectus supplement. For information about the historical levels of the underlying basket index during recent periods, see “The Underlying Index — Historical Closing Levels of the Underlying Basket Indices” below. Before investing in the offered notes, you should consult publicly available information to determine the levels of the underlying basket indices between the date of this prospectus supplement and the date of your purchase of the offered 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 basket indices.

The levels in the left column of the table below represent hypothetical final underlying basket levels and are expressed as percentages of the initial underlying basket level. The amounts in the middle column represent the hypothetical cash settlement amounts, based on the corresponding hypothetical final underlying basket level (expressed as a percentage of the initial underlying basket level), assuming that a trigger event does not occur (i.e., the final underlying basket level is greater than or equal to the downside threshold), and are expressed as percentages of the face amount of a note (rounded to the nearest one-thousandth of a percent). The amounts in the right column represent the hypothetical cash settlement amounts, based on the corresponding hypothetical final underlying basket level (expressed as a percentage of the initial underlying basket level), assuming that a trigger event occurs (i.e., the final underlying basket level is less than the downside threshold), 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 basket level (expressed as a percentage of the initial underlying basket level) and the assumptions noted above.

Hypothetical Final Underlying Basket Level (as Percentage of Initial Underlying Basket Level)	Hypothetical Cash Settlement Amount (as Percentage of Face Amount)	
	Trigger Event Has Not Occurred	Trigger Event Has Occurred
150.000%	302.500%	N/A
125.000%	201.250%	N/A
120.000%	181.000%	N/A
115.000%	160.750%	N/A
110.000%	140.500%	N/A
100.000%	100.000%	N/A
90.000%	100.000%	N/A
80.000%	100.000%	N/A
65.000%	100.000%	N/A
64.999%	N/A	64.999%
25.000%	N/A	25.000%
0.000%	N/A	0.000%

If, for example, a trigger event has occurred and the final underlying basket level were determined to be 25.000% of the initial underlying basket 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, which is proportionate to the decline in the underlying basket from the trade date to the determination date (if you purchased your notes at a premium to face amount you would lose a correspondingly higher percentage of your investment).

S-8

If, for example, a trigger event has not occurred and the final underlying basket level were determined to be 90.000% of the initial underlying basket 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 a trigger event has not occurred (i.e., the hypothetical final underlying basket level is greater than or equal to the downside threshold), 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.

If, however, the final underlying basket level were determined to be 150.000% of the initial underlying basket level, the cash settlement amount that we would deliver on your notes at maturity would be 302.500% of the face amount of your notes, as shown in the table above. Since the hypothetical final underlying basket level is greater than the initial underlying basket level, the underlying basket return is enhanced by the upside gearing and the cash settlement amount that we would deliver on your notes at maturity would be 302.500% of the face amount of your notes, as shown in the table above.

The following examples illustrate the hypothetical cash settlement amount at maturity for each note based on hypothetical final levels of the underlying basket indices, calculated based on the key terms and assumptions above. The levels in Column A represent hypothetical initial levels for each underlying basket index, and the levels in Column B represent hypothetical final levels for each underlying basket index. The percentages in Column C represent hypothetical final levels for each underlying basket index in Column B expressed as percentages of the corresponding hypothetical initial levels in Column A. The amounts in Column D represent the applicable initial weighted value for each underlying basket index, and the amounts in Column E represent the products of the percentages in Column C times the corresponding amounts in Column D. The final underlying basket level for each example is shown beneath each example, and equals the sum of the products shown in Column E. The underlying basket return for each example is shown beneath the final underlying basket level for such example, and equals the quotient of (i) the final underlying basket level for such example minus the initial underlying basket level divided by (ii) the initial underlying basket level, expressed as a percentage. The values below have been rounded for ease of analysis.

Example 1: The final underlying basket level is greater than the initial underlying basket level.

	Column A	Column B	Column C	Column D	Column E
					Column C x
				Initial Weighted Value	Column D
Underlying Basket Index	Hypothetical Initial Level	Hypothetical Final Level	Column B / Column A		
EURO STOXX 50® Index	3,300.00	3,960.00	120.00%	40.00	48.00
FTSE® 100 Index	7,100.00	8,520.00	120.00%	20.00	24.00
Nikkei 225	21,600.00	25,920.00	120.00%	20.00	24.00
Swiss Market Index	9,400.00	11,280.00	120.00%	7.50	9.00
S&P/ASX 200 Index	6,200.00	7,440.00	120.00%	7.50	9.00
Hang Seng Index	28,800.000	34,560.000	120.00%	5.00	6.00
				Final Underlying Basket Level:	120.00
				Underlying Basket Return:	20.00%

In this example, all of the hypothetical final levels for the underlying basket indices are greater than the applicable hypothetical initial levels, which results in the hypothetical final underlying basket level being greater than the initial underlying basket level of 100.00. Since the hypothetical final underlying basket level was determined to be 120.00, the hypothetical cash settlement amount for each \$10 face amount of your notes will equal:

$$\text{Cash settlement amount} = \$10 + (\$10 \times 4.05 \times 20.00\%) = \$18.10$$

Example 2: The final underlying basket level is less than the initial underlying basket level, but greater than the downside threshold. The cash settlement amount equals the \$10 face amount.

	Column A	Column B	Column C	Column D	Column E
					Column C x
				Column B / Column A	Column D
Underlying Basket Index	Hypothetical Initial Level	Hypothetical Final Level	Column B / Column A	Initial Weighted Value	
EURO STOXX 50® Index	3,300.00	3,135.00	95.00%	40.00	38.00
FTSE® 100 Index	7,100.00	6,745.00	95.00%	20.00	19.00
Nikkei 225	21,600.00	20,520.00	95.00%	20.00	19.00
Swiss Market Index	9,400.00	8,930.00	95.00%	7.50	7.125
S&P/ASX 200 Index	6,200.00	5,890.00	95.00%	7.50	7.125
Hang Seng Index	28,800.000	27,360.000	95.00%	5.00	4.75
				Final Underlying Basket Level:	95.00
					-5.00%

Underlying Basket
Return:

In this example, all of the hypothetical final levels for the underlying basket indices are less than the applicable hypothetical initial levels, which results in the hypothetical final underlying basket level being less than the initial underlying basket level of 100.00. Since the hypothetical final underlying basket level of 95 is greater than the downside threshold of 65.00% of the initial underlying basket level but less than the initial underlying basket level of 100, the hypothetical cash settlement amount for each \$10 face amount of your notes will equal the face amount, or \$10.

S-10

Example 3: The final underlying basket level is less than the downside threshold. The cash settlement amount is less than the \$10 face amount.

	Column A	Column B	Column C	Column D	Column E
	Hypothetical Initial Level	Hypothetical Final Level	Column B / Column A	Column D Initial Weighted Value	Column C x Column D
Underlying Basket Index					
EURO STOXX 50 [®] Index	3,300.00	495.00	15.00%	40.00	6.00
FTSE [®] 100 Index	7,100.00	1,065.00	15.00%	20.00	3.00
Nikkei 225	21,600.00	21,600.00	100.00%	20.00	20.00
Swiss Market Index	9,400.00	9,494.00	101.00%	7.50	7.575
S&P/ASX 200 Index	6,200.00	6,262.00	101.00%	7.50	7.575
Hang Seng Index	28,800.000	29,088.000	101.00%	5.00	5.05
				Final Underlying Basket Level:	49.20
				Underlying Basket Return:	-50.80%

In this example, the hypothetical final levels of the EURO STOXX 50[®] Index and the FTSE[®] 100 Index are less than their hypothetical initial levels, while the hypothetical final level of the Nikkei 225 is equal to its hypothetical initial level and the hypothetical final levels of the Swiss Market Index, the S&P/ASX 200 Index and the Hang Seng Index are greater than their applicable hypothetical initial levels.

Because the underlying basket is unequally weighted, increases in the lower weighted underlying basket indices will be offset by decreases in the more heavily weighted underlying basket indices. In this example, the large declines in the EURO STOXX 50[®] Index and the FTSE[®] 100 Index result in the hypothetical final underlying basket level being less than the downside threshold of 65.00% of the initial underlying basket level even though the Nikkei 225 remained flat and the Swiss Market Index, the S&P/ASX 200 Index and the Hang Seng Index increased.

Since the hypothetical final underlying basket level of 49.20 is less than the downside threshold of 65.00% of the initial underlying basket level, the hypothetical cash settlement amount for each \$10 face amount of your notes will equal:

$$\text{Cash settlement amount} = \$10 + (\$10 \times -50.80\%) = \$4.92$$

Example 4: The final underlying basket level is less than the downside threshold. The cash settlement amount is less than the \$10 face amount.

	Column A	Column B	Column C	Column D	Column E
	Hypothetical Initial Level	Hypothetical Final Level	Column B / Column A	Column D Initial Weighted Value	Column C x Column D
Underlying Basket Index					
EURO STOXX 50 [®] Index	3,300.00	1,320.00	40.00%	40.00	16.00
FTSE [®] 100 Index	7,100.00	3,195.00	45.00%	20.00	9.00
Nikkei 225	21,600.00	9,720.00	45.00%	20.00	9.00
Swiss Market Index	9,400.00	3,760.00	40.00%	7.50	3.00
S&P/ASX 200 Index	6,200.00	3,100.00	50.00%	7.50	3.75
Hang Seng Index	28,800.000	11,520.000	40.00%	5.00	2.00
				Final Underlying Basket Level:	42.75
				Underlying Basket Return:	-57.25%

S-11

In this example, the hypothetical final levels for all of the underlying basket indices are less than the applicable hypothetical initial levels, which results in the hypothetical final underlying basket level being less than the initial underlying basket level of 100.00. Since the hypothetical final underlying basket level of 42.75 is less than the downside threshold of 65.00% of the initial underlying basket level, the hypothetical cash settlement amount for each \$10 face amount of your notes will equal:

$$\text{Cash settlement amount} = \$10 + (\$10 \times -57.25\%) = \$4.275$$

The cash settlement amounts shown above are entirely hypothetical; they are based on levels of the underlying basket indices 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 the Notes — The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors” on page S-16.

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 combination of 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 on page S-16 in the section “Additional Risk Factors Specific to the Notes — The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors”. 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 prospectus supplement.

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

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 underlying basket index to which your notes are linked, the stocks comprising such underlying basket 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 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).

S-13

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 return on the notes will be based on the performance of the underlying basket indices, 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.

The Cash Settlement Amount on Your Notes Is Not Linked to the Level of the Underlying Basket Indices at Any Time Other than the Determination Date

The final underlying basket level will be based on the closing levels of the underlying basket indices on the determination date (subject to adjustment as described elsewhere in this prospectus supplement). Therefore, if the closing levels of the underlying basket indices dropped precipitously on the determination date, the cash settlement amount for your notes may be significantly less than it would have been had the cash settlement amount been linked to the closing levels of the underlying basket indices prior to such drop in the levels of the underlying basket indices. Although the actual levels of the underlying basket indices on the stated maturity date or at other times during the life of your notes may be higher than the closing levels of the underlying basket indices on the determination date, you will not benefit from the closing levels of the underlying basket indices at any time other than on the determination date.

You May Lose Your Entire Investment in the Notes

You can lose your entire investment in the notes. The cash payment on your notes, if any, on the stated maturity date will be based on the performance of a weighted basket comprised of the EURO STOXX 50[®] Index, the FTSE[®] 100 Index, the Nikkei 225, the Swiss Market Index, the S&P/ASX 200 Index and the Hang Seng Index as measured from the initial underlying basket level of 100 to the final underlying basket level on the determination date. If a trigger event has occurred, the amount in cash you will receive on your notes on the stated maturity date, if any, will be less than the face amount of your notes and you will incur a loss on the face amount proportionate to the decline of the underlying basket from the trade date to the determination date. 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 occurs only at maturity and the market price of your notes prior to the stated maturity date may be significantly lower than the purchase price you pay for your notes. Consequently, if you are able to sell your notes before the stated maturity date, you may receive far less than the amount of your investment in the notes.

Lower Downside Thresholds Are Generally Associated With Higher Volatility of the Basket and Therefore a Greater Risk of Loss

Volatility refers to the frequency and magnitude of changes in a basket level. The fact that the underlying basket to which your notes are linked is more volatile (as determined by us) than other baskets means that, as of the trade date, the expected risk that the underlying basket to which your notes are linked will close below its downside threshold on the determination date (in which case you will receive less than the face amount of your notes at maturity) is greater with respect to your notes than with respect to a note issued by us with the same terms and tenor, but linked to a less volatile basket.

S-14

If the expected volatility of the underlying basket is higher than for a note issued by us with the same terms and tenor, but linked to a less volatile basket, a relatively lower downside threshold for the notes may not necessarily indicate a lower risk of loss at maturity, because there is no guarantee that the downside threshold set for your notes adequately offsets this increased expected risk.

You should not take the historical volatility of any basket as an indication of its future volatility. You should be willing to accept the downside market risk of the underlying basket and the potential to lose some or all of your investment at maturity.

The Return on Your Notes May Change Significantly Despite Only a Small Change in the Underlying Basket Level

If a trigger event occurs, 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 35.00% between the initial underlying basket level and the final underlying basket level will not result in a loss of principal on the notes (since a trigger event will not have occurred), any additional decrease in the final underlying basket level to less than 65.00% of the initial underlying basket level will result in a loss of a significant portion of the principal amount of the notes.

Your Notes Will Not Bear Interest

You will not receive any interest payments on your notes. As a result, even if the cash settlement amount payable for each of your notes on the stated maturity date exceeds the face amount of your notes, the overall return you earn on your notes may be less than you would have earned by investing in a non-indexed debt security of comparable maturity that bears interest at a prevailing market rate.

The Lower Performance of One Underlying Basket Index May Offset an Increase in the Other Underlying Basket Indices

Declines in the level of one underlying basket index may offset increases in the levels of the other underlying basket indices. As a result, any return on the underlying basket— and thus on your notes — may be reduced or eliminated, which will have the effect of reducing the amount payable in respect of your notes at maturity. In addition, because the underlying basket indices are not equally weighted, increases in the lower weighted underlying basket indices may be offset by even small decreases in the more heavily weighted underlying basket indices.

Past Performance is No Guide to Future Performance

The actual performance of the underlying basket indices over the life of the notes, as well as the amount payable at maturity, may bear little relation to the historical closing levels of the underlying basket indices or to the hypothetical return examples set forth elsewhere in this prospectus supplement. We cannot predict the future performance of the underlying basket indices.

We May Sell an Additional Aggregate Face Amount of the Notes at a Different Issue Price

At our sole option, we may decide to sell an additional aggregate face amount of the notes subsequent to the date of this prospectus supplement. The issue price of the notes in the subsequent sale may differ substantially (higher or lower) from the original issue price you paid as provided on the cover of this prospectus supplement.

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

The cash settlement amount you will be paid for your notes on the stated maturity date will not be adjusted based on the issue price you pay for the notes. If you purchase notes at a price that differs from the face amount of the notes, then the return on your investment in such notes held to the stated maturity date will differ from, and may be substantially less than, the return on notes purchased at face amount. If you purchase your notes at a premium to face amount and hold them to the stated maturity date the return on your investment in the notes will be lower than it would have been had you purchased the notes at face amount or a discount to face amount. In addition, the impact of the downside threshold on the return on your investment will depend upon the price you pay for your notes relative to face amount. For example, if you purchase your notes at a premium to face amount, the downside threshold, while still providing some protection for the return on the notes, will allow a greater percentage decrease in your

S-15

investment in the notes than would have been the case for notes purchased at face amount or a discount to face amount.

The Return on Your Notes Will Not Reflect Any Dividends Paid on the Underlying Index Stocks

Each underlying basket index sponsor calculates the level of the applicable underlying basket index by reference to the prices of the underlying index stocks, without taking account of the value of dividends paid on those underlying index stocks. Therefore, the return on your notes will not reflect the return you would realize if you actually owned the underlying index stocks and received the dividends paid on those stocks. You will not receive any dividends that may be paid on any of the underlying index stocks by the underlying index stock issuers. See “—You Have No Shareholder Rights or Rights to Receive Any Underlying Index Stock” below for additional information.

The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors

When we refer to the market value of your notes, we mean the value that you could receive for your notes if you chose and are able to sell them in the open market before the stated maturity date. A number of factors, many of which are beyond our control and impact the value of bonds and options generally, will influence the market value of your notes, including:

- the levels of the underlying basket indices;
- whether a trigger event has occurred;
- the volatility — i.e., the frequency and magnitude of changes — in the levels of the underlying basket indices;
- the dividend rates of the underlying index stocks;
- economic, financial, regulatory, political, military and other events that affect the stock markets generally and the underlying index stocks, and which may affect the closing levels of the underlying basket indices;
- other interest rates and yield rates in the market;
- the time remaining until your notes mature;
- and
- our creditworthiness and the creditworthiness of The Goldman Sachs Group, Inc., whether actual or perceived, including actual or anticipated upgrades or downgrades in our credit ratings or the credit ratings of The Goldman Sachs Group, Inc. or changes in other credit measures.

These factors will influence the price you will receive if you sell your notes before maturity, including the price you may receive for your notes in any market-making transaction. If you sell your notes before maturity, you may receive less than the face amount of your notes or less than you would have received had you held your notes to maturity.

You cannot predict the future levels of the underlying basket indices based on their historical fluctuations. The actual levels of the underlying basket indices over the life of the notes may bear little or no relation to their historical closing levels or to the hypothetical examples shown elsewhere in this prospectus supplement.

If the Level of the Underlying Basket Indices Changes, the Market Value of Your Notes May Not Change in the Same Manner

Your notes may trade quite differently from the performance of the underlying basket indices. Changes in the levels of the underlying basket indices may not result in a comparable change in the market value of your notes. Even if the levels of the underlying basket indices increase above their respective initial levels during the life of the notes, the market value of your notes may not increase by the same amount. We discuss some of the reasons for this disparity under “— The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors” above.

Other Investors in the Notes May Not Have the Same Interests as You

Other investors in the notes are not required to take into account the interests of any other investor in exercising remedies or voting or other rights in their capacity as securityholders or in making requests or recommendations to Goldman Sachs as to the establishment of other transaction terms. The interests of other investors may, in some circumstances, be adverse to your interests. For example, certain investors may take short positions (directly or indirectly through derivative transactions) on assets that are the same

S-16

or similar to your notes, underlying basket indices, underlying index stocks or other similar securities, which may adversely impact the market for or value of your notes.

You Have No Shareholder Rights or Rights to Receive Any Underlying Index Stock

Investing in your notes will not make you a holder of any of the underlying index stocks. Neither you nor any other holder or owner of your notes will have any rights with respect to the underlying index stocks, including any voting rights, any rights to receive dividends or other distributions, any rights to make a claim against the underlying index stocks or any other rights of a holder of the underlying index stocks. Your notes will be paid in cash and you will have no right to receive delivery of any underlying index stocks.

Anticipated Hedging Activities by Goldman Sachs or Our Distributors May Negatively Impact Investors in the Notes and Cause Our Interests and Those of Our Clients and Counterparties to be Contrary to Those of Investors in the Notes

Goldman Sachs expects to hedge our obligations under the notes by purchasing listed or over-the-counter options, futures and/or other instruments linked to the underlying basket indices or the underlying index stocks. Goldman Sachs also expects to adjust the hedge by, among other things, purchasing or selling any of the foregoing, and perhaps other instruments linked to the underlying basket indices or the underlying index stocks, at any time and from time to time, and to unwind the hedge by selling any of the foregoing on or before the determination date for your notes. Alternatively, Goldman Sachs may hedge all or part of our obligations under the notes with unaffiliated distributors of the notes which we expect will undertake similar market activity. Goldman Sachs may also enter into, adjust and unwind hedging transactions relating to other index-linked notes whose returns are linked to changes in the levels of the underlying basket indices or the underlying index stocks, as applicable.

In addition to entering into such transactions itself, or distributors entering into such transactions, Goldman Sachs may structure such transactions for its clients or counterparties, or otherwise advise or assist clients or counterparties in entering into such transactions. These activities may be undertaken to achieve a variety of objectives, including: permitting other purchasers of the notes or other securities to hedge their investment in whole or in part; facilitating transactions for other clients or counterparties that may have business objectives or investment strategies that are inconsistent with or contrary to those of investors in the notes; hedging the exposure of Goldman Sachs to the notes including any interest in the notes that it reacquires or retains as part of the offering process, through its market-making activities or otherwise; enabling Goldman Sachs to comply with its internal risk limits or otherwise manage firmwide, business unit or product risk; and/or enabling Goldman Sachs to take directional views as to relevant markets on behalf of itself or its clients or counterparties that are inconsistent with or contrary to the views and objectives of the investors in the notes.

Any of these hedging or other activities may adversely affect the levels of the underlying basket indices — directly or indirectly by affecting the price of the underlying index stocks — and therefore the market value of your notes and the amount we will pay on your notes, if any, at maturity. In addition, you should expect that these transactions will cause Goldman Sachs or its clients, counterparties or distributors to have economic interests and incentives that do not align with, and that may be directly contrary to, those of an investor in the notes. Neither Goldman Sachs nor any distributor will have any obligation to take, refrain from taking or cease taking any action with respect to these transactions based on the potential effect on an investor in the notes, and may receive substantial returns on hedging or other activities while the value of your notes declines. In addition, if the distributor from which you purchase notes is to conduct hedging activities in connection with the notes, that distributor may otherwise profit in connection with such hedging activities and such profit, if any, will be in addition to the compensation that the distributor receives for the sale of the notes to you. You should be aware that the potential to earn fees in connection with hedging activities may create a further incentive for the distributor to sell the notes to you in addition to the compensation they would receive for the

sale of the notes.

Goldman Sachs' Trading and Investment Activities for its Own Account or for its Clients, Could Negatively Impact Investors in the Notes

Goldman Sachs is a global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals. As such, it acts as an investor, investment banker,

S-17

research provider, investment manager, investment advisor, market maker, trader, prime broker and lender. In those and other capacities, Goldman Sachs purchases, sells or holds a broad array of investments, actively trades securities, derivatives, loans, commodities, currencies, credit default swaps, indices, baskets and other financial instruments and products for its own account or for the accounts of its customers, and will have other direct or indirect interests, in the global fixed income, currency, commodity, equity, bank loan and other markets. Any of Goldman Sachs' financial market activities may, individually or in the aggregate, have an adverse effect on the market for your notes, and you should expect that the interests of Goldman Sachs or its clients or counterparties will at times be adverse to those of investors in the notes.

Goldman Sachs regularly offers a wide array of securities, financial instruments and other products into the marketplace, including existing or new products that are similar to your notes, or similar or linked to the underlying basket indices or underlying index stocks. Investors in the notes should expect that Goldman Sachs will offer securities, financial instruments, and other products that will compete with the notes for liquidity, research coverage or otherwise.

Goldman Sachs' Market-Making Activities Could Negatively Impact Investors in the Notes

Goldman Sachs actively makes markets in and trades financial instruments for its own account and for the accounts of customers. These financial instruments include debt and equity securities, currencies, commodities, bank loans, indices, baskets and other products. Goldman Sachs' activities include, among other things, executing large block trades and taking long and short positions directly and indirectly, through derivative instruments or otherwise. The securities and instruments in which Goldman Sachs takes positions, or expects to take positions, include securities and instruments of the underlying basket indices or underlying index stocks, securities and instruments similar to or linked to the foregoing or the currencies in which they are denominated. Market making is an activity where Goldman Sachs buys and sells on behalf of customers, or for its own account, to satisfy the expected demand of customers. By its nature, market making involves facilitating transactions among market participants that have differing views of securities and instruments. As a result, you should expect that Goldman Sachs will take positions that are inconsistent with, or adverse to, the investment objectives of investors in the notes.

If Goldman Sachs becomes a holder of any securities of the underlying basket indices or underlying index stocks in its capacity as a market-maker or otherwise, any actions that it takes in its capacity as securityholder, including voting or provision of consents, will not necessarily be aligned with, and may be inconsistent with, the interests of investors in the notes.

You Should Expect That Goldman Sachs Personnel Will Take Research Positions, or Otherwise Make Recommendations, Provide Investment Advice or Market Color or Encourage Trading Strategies That Might Negatively Impact Investors in the Notes

Goldman Sachs and its personnel, including its sales and trading, investment research and investment management personnel, regularly make investment recommendations, provide market color or trading ideas, or publish or express independent views in respect of a wide range of markets, issuers, securities and instruments. They regularly implement, or recommend to clients that they implement, various investment strategies relating to these markets, issuers, securities and instruments. These strategies include, for example, buying or selling credit protection against a default or other event involving an issuer or financial instrument. Any of these recommendations and views may be negative with respect to the underlying basket indices or underlying index stocks or other securities or instruments similar to or linked to the foregoing or result in trading strategies that have a negative impact on the market for any such securities or instruments, particularly in illiquid markets. In addition, you should expect that personnel in the trading and investing businesses of Goldman Sachs will have or develop independent views of the underlying basket indices or underlying index stocks, the relevant industry or other market trends, which may not be aligned with the

views and objectives of investors in the notes.

Goldman Sachs Regularly Provides Services to, or Otherwise Has Business Relationships with, a Broad Client Base, Which May Include the Sponsors of the Underlying Basket Indices or the Issuers of the Underlying Index Stocks or Other Entities That Are Involved in the Transaction

Goldman Sachs regularly provides financial advisory, investment advisory and transactional services to a substantial and diversified client base, and you should assume that Goldman Sachs will, at present or in the future, provide such services or otherwise engage in transactions with, among others, the sponsors of

S-18

the underlying basket indices or the issuers of the underlying index stocks, or transact in securities or instruments or with parties that are directly or indirectly related to the foregoing. These services could include making loans to or equity investments in those companies, providing financial advisory or other investment banking services, or issuing research reports. You should expect that Goldman Sachs, in providing such services, engaging in such transactions, or acting for its own account, may take actions that have direct or indirect effects on the underlying basket indices or underlying index stocks, as applicable, and that such actions could be adverse to the interests of investors in the notes. In addition, in connection with these activities, certain Goldman Sachs personnel may have access to confidential material non-public information about these parties that would not be disclosed to Goldman Sachs employees that were not working on such transactions as Goldman Sachs has established internal information barriers that are designed to preserve the confidentiality of non-public information. Therefore, any such confidential material non-public information would not be shared with Goldman Sachs employees involved in structuring, selling or making markets in the notes or with investors in the notes.

In this offering, as well as in all other circumstances in which Goldman Sachs receives any fees or other compensation in any form relating to services provided to or transactions with any other party, no accounting, offset or payment in respect of the notes will be required or made; Goldman Sachs will be entitled to retain all such fees and other amounts, and no fees or other compensation payable by any party or indirectly by holders of the notes will be reduced by reason of receipt by Goldman Sachs of any such other fees or other amounts.

The Offering of the Notes May Reduce an Existing Exposure of Goldman Sachs or Facilitate a Transaction or Position That Serves the Objectives of Goldman Sachs or Other Parties

A completed offering may reduce Goldman Sachs' existing exposure to the underlying basket indices or underlying index stocks, securities and instruments similar to or linked to the foregoing or the currencies in which they are denominated, including exposure gained through hedging transactions in anticipation of this offering. An offering of notes will effectively transfer a portion of Goldman Sachs' exposure (and indirectly transfer the exposure of Goldman Sachs' hedging or other counterparties) to investors in the notes.

The terms of the offering (including the selection of the underlying basket indices or underlying index stocks, and the establishment of other transaction terms) may have been selected in order to serve the investment or other objectives of Goldman Sachs or another client or counterparty of Goldman Sachs. In such a case, Goldman Sachs would typically receive the input of other parties that are involved in or otherwise have an interest in the offering, transactions hedged by the offering, or related transactions. The incentives of these other parties would normally differ from and in many cases be contrary to those of investors in the notes.

As Calculation Agent, GS&Co. Will Have the Authority to Make Determinations that Could Affect the Value of Your Notes, When Your Notes Mature and the Amount You Receive at Maturity

As calculation agent for your notes, GS&Co. will have discretion in making various determinations that affect your notes, including determining: the final underlying basket level on the determination date, which we will use to determine the amount we must pay on the stated maturity date; whether a trigger event has occurred; whether to postpone the determination date because of a market disruption event or a non-trading day; the stated maturity date; the default amount and any amount payable on your notes. See "Specific Terms of Your Notes" below. The calculation agent also has discretion in making certain adjustments relating to a discontinuation or modification of the underlying index. See "Specific Terms of Your Notes — Discontinuance or Modification of the Underlying Index" below. The exercise of this discretion by GS&Co. could adversely affect the value of your notes and may present GS&Co. with a conflict of interest. We may change the calculation agent at any time without notice and GS&Co. may resign as calculation agent at any time upon 60 days' written notice to us.

The Policies of an Underlying Basket Index Sponsor and Changes That Affect an Underlying Basket Index or the Underlying Index Stocks Could Affect the Payment Amount on Your Notes and Their Market Value

The policies of an underlying basket index sponsor concerning the calculation of the level of an underlying basket index, additions, deletions or substitutions of underlying index stocks and the manner in which changes affecting the underlying index stocks or their issuers, such as stock dividends,

S-19

reorganizations or mergers, are reflected in the levels of the underlying basket indices could affect the level of the applicable underlying basket index and, therefore, the cash settlement amount on your notes on the stated maturity date and the market value of your notes before that date. The cash settlement amount on your notes and their market value could also be affected if the applicable underlying basket index sponsor changes these policies, for example, by changing the manner in which it calculates the level of the underlying basket index or the method by which it constructs the underlying basket index, or if any underlying basket index sponsor discontinues or suspends calculation or publication of the levels of the underlying basket indices, in which case it may become difficult to determine the market value of your notes. If events such as these occur, or if the closing levels of the underlying basket indices are not available on the determination date because of a market disruption event or for any other reason, the calculation agent — which initially will be GS&Co., our affiliate — may determine the closing levels of the underlying basket indices on the determination date — and thus the cash settlement amount on the stated maturity date — in a manner it considers appropriate, in its sole discretion. We describe the discretion that the calculation agent will have in determining the closing levels of the underlying basket indices on the determination date and the cash settlement amount on your notes more fully under “Specific Terms of Your Notes — Discontinuance or Modification of the Underlying Basket Indices” and “— Role of Calculation Agent” below.

There Is No Affiliation Between the Underlying Index Stock Issuers or the Underlying Basket Index Sponsors and Us

We are not affiliated with the issuers of the underlying index stocks or the underlying basket index sponsors. As we have told you above, however, we or our affiliates may currently or from time to time in the future own securities of, or engage in business with, the underlying basket index sponsors or the underlying index stock issuers. Neither we nor any of our affiliates have participated in the preparation of any publicly available information or made any “due diligence” investigation or inquiry with respect to the underlying basket indices and the underlying index stock issuers. You, as an investor in your notes, should make your own investigation into the underlying basket indices and the underlying index stock issuers. See “The Underlying Basket and the Underlying Basket Indices” below for additional information about the underlying basket indices.

Neither the underlying basket index sponsors nor any of the other underlying index stock issuers are involved in the offering of your notes in any way and none of them have any obligation of any sort with respect to your notes. Thus, neither the underlying basket index sponsors nor any of the underlying index stock issuers have any obligation to take your interests into consideration for any reason, including in taking any corporate actions that might affect the market value of your notes.

Your Notes May Not Have an Active Trading Market

Your notes will not be listed or displayed on any securities exchange or included in any interdealer market quotation system, and there may be little or no secondary market for your notes. Even if a secondary market for your notes develops, it may not provide significant liquidity and we expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your notes in any secondary market could be substantial.

The Calculation Agent Can Postpone the Determination Date If a Market Disruption Event or a Non-Trading Day Occurs or is Continuing

If the calculation agent determines that, on the date that would otherwise be the determination date, a market disruption event occurs or is continuing with respect to an underlying basket index or that day is not a trading day with respect to an underlying basket index, the determination date will be postponed until the first following trading day on which the calculation agent determines that, on or subsequent to the originally scheduled determination date, each underlying basket index has had at least one trading day on which no market disruption event has occurred or is

continuing. In no event, however, will the determination date be postponed to a date later than the originally scheduled stated maturity date or, if the originally scheduled stated maturity date is not a business day, later than the first business day after the originally scheduled stated maturity date. Moreover, if the determination date is postponed to the last possible day, but a market disruption event occurs or is continuing with respect to an underlying basket index that has not yet had such a trading day on which no market disruption event has occurred or is continuing or if such last possible day is not a trading day with respect to such underlying basket index,

S-20

that day will nevertheless be the determination date. In such a case, the calculation agent will determine the applicable level of such underlying basket index or underlying basket indices for the determination date based on the procedures described under “Specific Terms of Your Notes — Consequences of a Market Disruption Event or a Non-Trading Day” below.

An Investment in the Offered Notes Is Subject to Risks Associated with Foreign Securities

The value of your notes is linked to underlying basket indices that are comprised of stocks from one or more foreign securities markets. Investments linked to the value of foreign equity securities involve particular risks. Any foreign securities market may be less liquid, more volatile and affected by global or domestic market developments in a different way than are the U.S. securities market or other foreign securities markets. Both government intervention in a foreign securities market, either directly or indirectly, and cross-shareholdings in foreign companies, may affect trading prices and volumes in that market. Also, there is generally less publicly available information about foreign companies than about those U.S. companies that are subject to the reporting requirements of the U.S. Securities and Exchange Commission. Further, foreign companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

The prices of securities in a foreign country are subject to political, economic, financial and social factors that are unique to such foreign country's geographical region. These factors include: recent changes, or the possibility of future changes, in the applicable foreign government's economic and fiscal policies; the possible implementation of, or changes in, currency exchange laws or other laws or restrictions applicable to foreign companies or investments in foreign equity securities; fluctuations, or the possibility of fluctuations, in currency exchange rates; and the possibility of outbreaks of hostility, political instability, natural disaster or adverse public health developments. The United Kingdom has voted to leave the European Union (popularly known as “Brexit”). The effect of Brexit is uncertain, and Brexit has and may continue to contribute to volatility in the prices of securities of companies located in Europe and currency exchange rates, including the valuation of the euro and British pound in particular. Any one of these factors, or the combination of more than one of these factors, could negatively affect such foreign securities market and the price of securities therein. Further, geographical regions may react to global factors in different ways, which may cause the prices of securities in a foreign securities market to fluctuate in a way that differs from those of securities in the U.S. securities market or other foreign securities markets. Foreign economies may also differ from the U.S. economy in important respects, including growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency, which may have a positive or negative effect on foreign securities prices.

Your Notes Are Linked to the Underlying Basket Indices, Which Are Comprised of Underlying Index Stocks That Are Traded in Foreign Currencies But Not Adjusted to Reflect Their U.S. Dollar Value, And, Therefore, the Return on Your Notes Will Not Be Adjusted for Changes in the Foreign Currency Exchange Rates

Your notes are linked to underlying basket indices whose underlying index stocks are traded in foreign currencies but not adjusted to reflect their U.S. dollar value. The amount payable on your notes will not be adjusted for changes in the applicable exchange rates relative to the U.S. dollar. The amount payable will be based solely upon the overall changes in the levels of the underlying basket indices. Changes in foreign currency exchange rates, however, may reflect changes in the economy of the foreign countries in which the applicable underlying index stocks are listed that, in turn, may affect the levels of the underlying basket indices.

Certain Considerations for Insurance Companies and Employee Benefit Plans

Any insurance company or fiduciary of a pension plan or other employee benefit plan that is subject to the prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended, which we call “ERISA”, or the Internal Revenue Code of 1986, as amended, including an IRA or a Keogh plan (or a governmental plan to which

similar prohibitions apply), and that is considering purchasing the offered notes with the assets of the insurance company or the assets of such a plan, should consult with its counsel regarding whether the purchase or holding of the offered notes could become a “prohibited transaction” under ERISA, the Internal Revenue Code or any substantially similar prohibition in light of the representations a purchaser or holder in any of the above categories is deemed to make by purchasing

S-21

and holding the offered notes. This is discussed in more detail under “Employee Retirement Income Security Act” below.

Your Notes May Be Subject to an Adverse Change in Tax Treatment in the Future