GOLDMAN SACHS GROUP INC
Form 424B2
October 22, 2018

October 2018

Pricing Supplement filed pursuant to Rule 424(b)(2) dated October 18, 2018 / Registration Statement No. 333-219206

STRUCTURED INVESTMENTS

Opportunities in U.S. Equities

GS Finance Corp.

$2,233,100 PLUS Based on the Value of the Russell 2000® Index due February 5, 2020

Principal at Risk Securities

The Performance Leveraged Upside SecuritiesSM (PLUS) do not bear interest and are unsecured notes issued by GS Finance Corp. and guaranteed by The Goldman Sachs Group, Inc. The amount that you will be paid on your PLUS on the stated maturity date (February 5, 2020) is based on the performance of the Russell 2000® Index as measured from the pricing date (October 18, 2018) to and including the valuation date (January 31, 2020).

If the final index value (the index closing value on the valuation date) is *greater than* the initial index value of 1,560.752, the return on your PLUS will be positive and equal to the *product* of the leverage factor of 300% *multiplied* by the index percent increase (the percentage increase in the final index value from the initial index value), subject to the maximum payment at maturity of $11.525 per PLUS. **If the final index value is less than the initial index value, you will lose a portion of your investment.**

On the stated maturity date, for each $10 principal amount of your PLUS, you will receive an amount in cash equal to:

- if the final index value is *greater than* the initial index value, the *sum* of (i) $10 *plus* (ii) the *product* of (a) $10 *times* (b) 3.00 *times* (c) index percent increase, subject to the maximum payment at maturity; or

- if the final index value is *equal to or less than* the initial index value, the *product* of (i) $10 *times* (ii) the *quotient* of (a) the final index value *divided* by (b) the initial index value.

The PLUS are for investors willing to forgo interest payments and risk losing their entire investment for the potential to earn 300% of any positive return of the underlying index, subject to the maximum payment at maturity.

The estimated value of your PLUS at the time the terms of your PLUS are set on the pricing date is equal to approximately $9.66 per $10 principal amount. For a discussion of the estimated value and the price at which Goldman Sachs & Co. LLC would initially buy or sell your PLUS, if it makes a market in the PLUS, see the following page. Your investment in the PLUS involves certain risks, including the credit risk of GS Finance Corp. and The Goldman Sachs Group, Inc. See page PS-11. You should read the disclosure herein to better understand the terms and risks of your investment.

Original issue date:	October 23, 2018	**Original issue price:**	100% of the principal amount
Underwriting discount:	2.35% ($52,477.85 in total)*	**Net proceeds to the issuer:**	97.65% ($2,180,622.15 in total)

* Morgan Stanley Wealth Management, acting as dealer for the offering, will receive a selling concession of $0.225 for each PLUS it sells. It has informed us that it intends to internally allocate $0.05 of the selling concession for each PLUS as a structuring fee. Goldman Sachs & Co. LLC will receive an underwriting discount of $0.01 for each PLUS.

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 PLUS 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

Pricing Supplement No. 4,330 dated October 18, 2018

The issue price, underwriting discount and net proceeds listed on the cover page relate to the PLUS we sell initially. We may decide to sell additional PLUS after the date of this pricing 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 PLUS will depend in part on the issue price you pay for such PLUS.

GS Finance Corp. may use this prospectus in the initial sale of the PLUS. 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 PLUS 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 PLUS

The estimated value of your PLUS at the time the terms of your PLUS are set on the pricing date (as determined by reference to pricing models used by Goldman Sachs & Co. LLC (GS&Co.) and taking into account our credit spreads) is equal to approximately $9.66 per $10 principal amount, which is less than the original issue price. The value of your PLUS 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 PLUS (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 PLUS at the time of pricing, plus an additional amount (initially equal to $0.34 per $10 principal amount).

Prior to October 18, 2019, the price (not including GS&Co. s customary bid and ask spreads) at which GS&Co. would buy or sell your PLUS (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 PLUS (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 from the time of pricing through October 17, 2019). On and after October 18, 2019, the price (not including GS&Co. s customary bid and ask spreads) at which GS&Co. would buy or sell your PLUS (if it makes a market) will equal approximately the then-current estimated value of your PLUS determined by reference to such pricing models.

About Your PLUS

The PLUS are notes that 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 pricing supplement and the accompanying documents listed below. This pricing supplement constitutes a supplement to the documents listed below and should be read in conjunction with such documents：

- General terms supplement no. 1,735 dated July 10, 2017

- Prospectus supplement dated July 10, 2017

- Prospectus dated July 10, 2017

The information in this pricing 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 PLUS.

GS Finance Corp.

PLUS Based on the Value of the Russell 2000® Index due February 5, 2020

Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

Registration Statement No. 333-219206

STRUCTURED INVESTMENTS

Opportunities in U.S. Equities

GS Finance Corp.

$2,233,100 PLUS Based on the Value of the Russell 2000® Index due February 5, 2020

Principal at Risk Securities

The Performance Leveraged Upside SecuritiesSM (PLUS) do not bear interest and are unsecured notes issued by GS Finance Corp. and guaranteed by The Goldman Sachs Group, Inc. The amount that you will be paid on your PLUS on the stated maturity date (February 5, 2020) is based on the performance of the Russell 2000® Index as measured from the pricing date (October 18, 2018) to and including the valuation date (January 31, 2020).

If the final index value (the index closing value on the valuation date) is *greater than* the initial index value of 1,560.752, the return on your PLUS will be positive and equal to the *product* of the leverage factor of 300% *multiplied* by the index percent increase (the percentage increase in the final index value from the initial index value), subject to the maximum payment at maturity of $11.525 per PLUS. **If the final index value is less than the initial index value, you will lose a portion of your investment.**

On the stated maturity date, for each $10 principal amount of your PLUS, you will receive an amount in cash equal to:

- if the final index value is *greater than* the initial index value, the *sum* of (i) $10 *plus* (ii) the *product* of (a) $10 *times* (b) 3.00 *times* (c) index percent increase, subject to the maximum payment at maturity; or

- if the final index value is *equal to or less than* the initial index value, the *product* of (i) $10 *times* (ii) the *quotient* of (a) the final index value *divided* by (b) the initial index value.

The PLUS are for investors willing to forgo interest payments and risk losing their entire investment for the potential to earn 300% of any positive return of the underlying index, subject to the maximum payment at maturity.

FINAL TERMS	
Issuer / Guarantor:	GS Finance Corp. / The Goldman Sachs Group, Inc.
Underlying index:	Russell 2000® Index
Aggregate principal amount:	$2,233,100
Pricing date:	October 18, 2018
Original issue date:	October 23, 2018
Valuation date:	January 31, 2020, subject to postponement for non-index business days and market disruption events
Stated maturity date:	February 5, 2020, subject to postponement
Stated principal amount/Original issue price:	$10 per PLUS / 100% of the principal amount
Estimated value:	approximately $9.66 per PLUS
Payment at maturity:	If final index value is greater than initial index value, $10 + leveraged upside payment, subject to the maximum payment at maturity In no event will the payment at maturity exceed the maximum payment at maturity. If final index value is equal to or less than initial index value, $10 × index performance factor This amount will be equal to or less than the stated principal amount of $10

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Performance Leveraged Upside Securities℠

Principal at Risk Securities

	and could be zero.
Leveraged upside payment:	$10 × leverage factor × index percent increase
Maximum payment at maturity:	$11.525 per PLUS (115.25% of the stated principal amount)
Index percent increase:	(final index value - initial index value) / initial index value
Initial index value:	1,560.752, which is the index closing value on the pricing date
Final index value:	The index closing value on the valuation date
Leverage factor:	300%
Index performance factor:	final index value / initial index value
CUSIP / ISIN:	36256M163 / US36256M1633
Listing:	The PLUS will not be listed on any securities exchange
Underwriter:	Goldman Sachs & Co. LLC

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Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

We refer to the PLUS we are offering by this pricing supplement as the offered PLUS or the PLUS . Each of the PLUS has the terms described under Final Terms and Additional Provisions in this pricing supplement. Please note that in this pricing 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, references to the accompanying prospectus supplement mean the accompanying prospectus supplement, dated July 10, 2017, for Medium-Term Notes, Series E, and references to the accompanying general terms supplement no. 1,735 mean the accompanying general terms supplement no. 1,735, dated July 10, 2017, in each case of GS Finance Corp. and The Goldman Sachs Group, Inc. The PLUS will be issued under 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.

Investment Summary

Performance Leveraged Upside Securities

The PLUS Based on the Value of the Russell 2000® Index due February 5, 2020 (the PLUS) can be used:

- As an alternative to direct exposure to the underlying index that enhances returns for a limited range of positive performance of the underlying index, subject to the maximum payment at maturity.

- To potentially outperform the underlying index with respect to moderate increases in the underlying index from the initial index value to the final index value.

However, you will not receive dividends on the stocks comprising the underlying index (the underlying index stocks) or any interest payments on your PLUS.

The PLUS are exposed on a 1:1 basis to the negative performance of the underlying index.

Maturity:	Approximately 1 year and 3 months
Payment at maturity:	• If final index value is greater than initial index value, \$10 + leveraged upside payment, subject to the maximum payment at maturity. *In no event will the payment at maturity exceed the maximum payment at maturity.* • If final index value is equal to or less than initial index value, \$10 × index performance factor. *This amount will be equal to or less than the stated principal amount of \$10 and could be zero.*
Leverage factor:	300% (applicable only if the final index value is greater than the initial index value)
Maximum payment at maturity:	\$11.525 per PLUS (115.25% of the stated principal amount)
Minimum payment at maturity:	None. Investors may lose their entire initial investment in the PLUS.
Interest:	None
Redemption:	None. The PLUS will not be subject to redemption right or price dependent redemption right.

GS Finance Corp.

PLUS Based on the Value of the Russell 2000® Index due February 5, 2020

Performance Leveraged Upside Securities^SM

Principal at Risk Securities

Key Investment Rationale

The PLUS offer leveraged exposure to a limited range of positive performance of the Russell 2000® Index. In exchange for enhanced performance of 300.00% of the appreciation of the underlying index, investors forgo performance above the maximum payment at maturity of $11.525 per PLUS. At maturity, if the underlying index has appreciated in value, investors will receive the stated principal amount of their investment plus the leveraged upside payment, subject to the maximum payment at maturity of $11.525 per PLUS. However, if the underlying index has depreciated in value, investors will lose 1.00% for every 1.00% decline in the index value to the valuation date of the PLUS. Under these circumstances, the payment at maturity will be less than the stated principal amount and could be zero. **Investors will not receive dividends on the underlying index stocks or any interest payments on the PLUS and investors may lose their entire initial investment in the PLUS.** All payments on the PLUS are subject to the credit risk of GS Finance Corp., as issuer, and The Goldman Sachs Group, Inc., as guarantor.

Leveraged Performance	The PLUS offer investors an opportunity to capture enhanced returns relative to a direct investment in the underlying index within a limited range of positive performance. However, investors will not receive dividends on the underlying index stocks or any interest payments on the PLUS.
Upside Scenario	The underlying index increases in value. In this case, you receive a full return of principal as well as 300% of the increase in the value of the underlying index, subject to the maximum payment at maturity of $11.525 per PLUS (115.25% of the stated principal amount). For example, if the final index value is 2.00% greater than the initial index value, the PLUS will provide a total return of 6.00% at maturity.
Par Scenario	The final index value is equal to the initial index value. In this case, you receive the stated principal amount of $10 at maturity.
Downside Scenario	The underlying index declines in value. In this case, you receive less than the stated principal amount by an amount proportionate to the decline in the value of the underlying index to the valuation date of the PLUS. For example, if the final index value is 30.00% less than the initial index value, the PLUS will provide at maturity a loss of 30.00% of principal. In this case, you receive $7.00 per PLUS, or 70.00% of the stated principal amount. There is no minimum payment at maturity on the PLUS, and you could lose your entire investment.

How the PLUS Work

Payoff Diagram

The payoff diagram below illustrates the payment at maturity on the PLUS based on the following terms:

Stated principal amount:	$10 per PLUS
Leverage factor:	300%
Maximum payment at maturity:	$11.525 per PLUS (115.25% of the stated principal amount)
Minimum payment at maturity:	None

GS Finance Corp.

PLUS Based on the Value of the Russell 2000® Index due February 5, 2020

Performance Leveraged Upside Securities℠

Principal at Risk Securities

PLUS Payoff Diagram

How it works

- **Upside Scenario.** If the final index value is greater than the initial index value, the investor would receive the $10 stated principal amount plus 300% of the appreciation of the underlying index from the pricing date to the valuation date of the PLUS, subject to the maximum payment at maturity. Under the terms of the PLUS, the investor will realize the maximum payment at maturity at a final index value of approximately 105.083% of the initial index value.

  - If the underlying index appreciates 2.00%, the investor would receive a 6.00% return, or $10.60 per PLUS.

- If the underlying index appreciates 10.00%, the investor would receive only the maximum payment at maturity of $11.525 per PLUS, or 115.25% of the stated principal amount.

- **Par Scenario.** If the final index value is equal to the initial index value, the investor would receive the $10 stated principal amount per PLUS.

- **Downside Scenario.** If the final index value is less than the initial index value, the investor would receive an amount that is less than the $10 stated principal amount, based on a 1.00% loss of principal for each 1.00% decline in the underlying index. Under these circumstances, the payment at maturity will be less than the stated principal amount per PLUS. There is no minimum payment at maturity on the PLUS.

  - If the underlying index depreciates 30.00%, the investor would lose 30.00% of the investor s principal and receive only $7.00 per PLUS at maturity, or 70.00% of the stated principal amount.

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Performance Leveraged Upside Securities℠

Principal at Risk Securities

Additional Hypothetical Examples

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 merely are intended to illustrate the impact that the various hypothetical index closing values on the valuation date could have on the payment at maturity assuming all other variables remain constant.

The examples below are based on a range of final index values that are entirely hypothetical; the index closing value on any day throughout the life of the PLUS, including the final index value on the valuation date, cannot be predicted. The underlying index has been highly volatile in the past meaning that the index closing value has changed considerably in relatively short periods and its performance cannot be predicted for any future period.

The information in the following examples reflects hypothetical rates of return on the offered PLUS assuming that they are purchased on the original issue date at the stated principal amount and held to the stated maturity date. If you sell your PLUS in a secondary market prior to the stated maturity date, your return will depend upon the market value of your PLUS 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 index and the creditworthiness of GS Finance Corp., as issuer, and the creditworthiness of The Goldman Sachs Group, Inc., as guarantor. The information in the examples also reflects the key terms and assumptions in the box below.

Key Terms and Assumptions	
Stated principal amount	$10
Leverage factor	300.00%
Maximum payment at maturity	$11.525 per PLUS
Neither a market disruption event nor a non-index business day occurs on the originally scheduled valuation date	
No change in or affecting any of the underlying index stocks or the method by which the underlying index publisher calculates the underlying index	

PLUS purchased on original issue date at the stated principal amount and held to the stated maturity date

For these reasons, the actual performance of the underlying index over the life of your PLUS, as well as the amount payable at maturity, if any, may bear little relation to the hypothetical examples shown below or to the historical index closing values shown elsewhere in this pricing supplement. For information about the historical values of the underlying index during recent periods, see The Underlying Index Historical Index Closing Values below. Before investing in the offered PLUS, you should consult publicly available information to determine the values of the underlying index between the date of this pricing supplement and the date of your purchase of the offered PLUS.

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 PLUS, tax liabilities could affect the after-tax rate of return on your PLUS to a comparatively greater extent than the after-tax return on the underlying index stocks.

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

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Hypothetical Final Index Value (as Percentage of Initial Index Value)	Hypothetical Payment at Maturity (as Percentage of Stated Principal Amount)
150.000%	115.250%
125.000%	115.250%
110.000%	115.250%
105.083%	**115.250%**
103.000%	109.000%
101.000%	103.000%
100.000%	**100.000%**
75.000%	75.000%
50.000%	50.000%
30.000%	30.000%
25.000%	25.000%
0.000%	**0.000%**

If, for example, the final index value were determined to be 25.000% of the initial index value, the payment at maturity that we would deliver on your PLUS at maturity would be 25.000% of the stated principal amount of your PLUS, as shown in the table above. As a result, if you purchased your PLUS on the original issue date at the stated principal amount and held them to the stated maturity date, you would lose 75.000% of your investment (if you purchased your PLUS at a premium to stated principal amount you would lose a correspondingly higher percentage of your investment). If the final index value were determined to be zero, you would lose your entire investment in the PLUS. In addition, if the final index value were determined to be 150.000% of the initial index value, the payment at maturity that we would deliver on your PLUS at maturity would be limited to the maximum payment at maturity, or 115.250% of each $10 principal amount of your PLUS, as shown in the table above. As a result, if you held your PLUS to the stated maturity date, you would not benefit from any increase in the final index value of greater than approximately 105.083% of the initial index value.

The payments at maturity shown above are entirely hypothetical; they are based on market prices for the underlying index stocks that may not be achieved on the valuation date and on assumptions that may prove to be erroneous. The actual market value of your PLUS on the stated maturity date or at any other time, including any time you may wish to sell your PLUS, may bear little relation to the hypothetical payments at maturity shown above, and these amounts should not be viewed as an indication of the financial return on an investment in the offered PLUS. The hypothetical payments at maturity on PLUS held to the stated maturity date in the examples above assume you purchased your PLUS at their stated principal amount and have not been adjusted to reflect the actual issue price you pay for your PLUS. The return on your investment (whether positive or negative) in your PLUS will be affected by the amount you pay for your PLUS. If you purchase your PLUS for a price other than the stated principal 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 Risk Factors The Market Value of Your PLUS May Be Influenced by Many Unpredictable Factors below.

Payments on the PLUS are economically equivalent to the amounts that would be paid on a combination of other instruments. For example, payments on the PLUS are economically equivalent to a combination of an interest-bearing bond bought by the holder and one or more options entered into between the holder and us (with one or more implicit option premiums paid over time). The discussion in this paragraph does not modify or affect the terms of the PLUS or the U.S. federal income tax treatment of the PLUS, as described elsewhere in this pricing supplement.

We cannot predict the actual final index value or what the market value of your PLUS will be on any particular index business day, nor can we predict the relationship between the index closing value and the market value of your PLUS 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 PLUS will depend on the actual final index value 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 PLUS, if any, on the stated maturity date may be very different from the information reflected in the examples above.

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Performance Leveraged Upside Securities℠

Principal at Risk Securities

Risk Factors

An investment in your PLUS is subject to the risks described below, as well as the risks and considerations described in the accompanying prospectus, in the accompanying prospectus supplement and under Additional Risk Factors Specific to the Notes in the accompanying general terms supplement no. 1,735. You should carefully review these risks and considerations as well as the terms of the PLUS described herein and in the accompanying prospectus, the accompanying prospectus supplement and the accompanying general terms supplement no. 1,735. Your PLUS are a riskier investment than ordinary debt securities. Also, your PLUS are not equivalent to investing directly in the underlying index stocks, i.e., the stocks comprising the underlying index to which your PLUS are linked. You should carefully consider whether the offered PLUS are suited to your particular circumstances.

Your PLUS Do Not Bear Interest

You will not receive any interest payments on your PLUS. As a result, even if the payment at maturity payable for your PLUS on the stated maturity date exceeds the stated principal amount of your PLUS, the overall return you earn on your PLUS 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.

You May Lose Your Entire Investment in the PLUS

You can lose your entire investment in the PLUS. The cash payment on your PLUS, if any, on the stated maturity date will be based on the performance of the Russell 2000® Index as measured from the initial index value to the index closing value on the valuation date. If the final index value is *less than* the initial index value, you will lose 1.00% of the stated principal amount of your PLUS for every 1.00% decline in the index value over the term of the PLUS. Thus, you may lose your entire investment in the PLUS.

Also, the market price of your PLUS prior to the stated maturity date may be significantly lower than the purchase price you pay for your PLUS. Consequently, if you sell your PLUS before the stated maturity date, you may receive far less than the amount of your investment in the PLUS.

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

Although the return on the PLUS will be based on the performance of the underlying index, the payment of any amount due on the PLUS is subject to the credit risk of GS Finance Corp., as issuer of the PLUS, and the credit risk of The Goldman Sachs Group, Inc., as guarantor of the PLUS. The PLUS are our unsecured obligations. Investors are dependent on our ability to pay all amounts due on the PLUS, 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 PLUS, to pay all amounts due on the PLUS, 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 Potential for the Value of Your PLUS to Increase Will Be Limited

Your ability to participate in any change in the value of the underlying index over the life of your PLUS will be limited because of the maximum payment at maturity of $11.525 per PLUS (115.25% of the stated principal amount). The maximum payment at maturity will limit the payment at maturity you may receive for each of your PLUS, no matter how much the value of the underlying index may rise over the life of your PLUS. Although the leverage factor provides 300.00% exposure to any increase in the final index value over the initial index value, because the payment at maturity will be limited to 115.25% of the stated principal amount per PLUS, any increase in the final index value over the initial index value by more than approximately 5.083% of the initial index value will not further increase the return on the PLUS.

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Accordingly, the amount payable for each of your PLUS may be significantly less than it would have been had you invested directly in the underlying index.

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

We refer to the stocks that are included in the underlying index as underlying index stocks. The underlying index publisher calculates the level of the underlying index by reference to the prices of its underlying index stocks, without taking account of the value of dividends paid on those stocks. Therefore, the return on your PLUS 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 issuer. See Investing in the PLUS is Not Equivalent to Investing in the Underlying Index; You Have No Shareholder Rights or Rights to Receive Any Underlying Index Stock below for additional information.

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

The original issue price for your PLUS exceeds the estimated value of your PLUS as of the time the terms of your PLUS are set on the pricing date, as determined by reference to GS&Co. s pricing models and taking into account our credit spreads. Such expected estimated value on the pricing date is set forth above under Estimated Value of Your PLUS ; after the pricing 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 PLUS (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 PLUS 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 PLUS) will decline to zero on a straight line basis over the period from the date hereof through the applicable date set forth above under Estimated Value of Your PLUS . Thereafter, if GS&Co. buys or sells your PLUS 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 PLUS at any time also will reflect its then current bid and ask spread for similar sized trades of structured PLUS.

In estimating the value of your PLUS as of the time the terms of your PLUS are set on the pricing date, as disclosed above under Estimated Value of Your PLUS , 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 PLUS. 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 PLUS in the secondary market, if any, to others may differ, perhaps materially, from the estimated value of your PLUS 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 PLUS May Be Influenced by Many Unpredictable Factors below.

The difference between the estimated value of your PLUS as of the time the terms of your PLUS are set on the pricing 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 PLUS, 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 PLUS. 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 PLUS.

In addition to the factors discussed above, the value and quoted price of your PLUS at any time will reflect many factors and cannot be predicted. If GS&Co. makes a market in the PLUS, the price quoted by GS&Co. would reflect any changes in market conditions and other relevant factors, including any

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