

GOLDMAN SACHS GROUP INC

Form 424B2

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Registration Statement No. 333-219206

GS Finance Corp.

\$1,076,000

Autocallable Contingent Coupon Equity-Linked Notes due 2021

guaranteed by

The Goldman Sachs Group, Inc.

If the closing price of the common stock of Beacon Roofing Supply, Inc., an ordinary share of Willis Towers Watson Public Limited Company or an American depositary share of Alibaba Group Holding Limited, representing one ordinary share of Alibaba Group Holding Limited, on any determination date is less than 60% of its initial price, you will not receive a coupon on the applicable payment date. The amount that you will be paid on your notes is based on the performances of the index stocks. The notes will mature on the stated maturity date (October 26, 2021), unless they are automatically called on any determination date commencing in April 2019 and ending in July 2021. Your notes will be automatically called if the closing price of each index stock on any such determination date is greater than or equal to its initial price (\$29.62 with respect to the common stock of Beacon Roofing Supply, Inc., \$139.98 with respect to an ordinary share of Willis Towers Watson Public Limited Company and \$142.93 with respect to the American depositary shares of Alibaba Group Holding Limited). If your notes are automatically called, you will receive a payment on the next payment date (the fifth business day after the relevant determination date) equal to the face amount of your notes plus a coupon (as described below).

Determination dates are the 19th day of each January, April, July and October, commencing in January 2019 and ending in October 2021. If on any determination date the closing price of each index stock is greater than or equal to 60% of its initial price, you will receive on the applicable payment date a coupon for each \$1,000 face amount of your notes equal to \$48.125.

The amount that you will be paid on your notes at maturity, if they have not been automatically called, in addition to the final coupon, if any, is based on the performance of the lesser performing index stock (the index stock with the lowest index stock return). The index stock return for each index stock is the percentage increase or decrease in the closing price of such index stock on the final determination date (the final price) from its initial price.

At maturity, for each \$1,000 face amount of your notes, you will receive an amount in cash equal to:

if the index stock return of each index stock is greater than or equal to -40% (the final price of each index stock is greater than or equal to 60% of its initial price), \$1,000 plus a coupon (as described above); or

if the index stock return of any index stock is less than -40% (the final price of any index stock is less than 60% of its initial price), the sum of (i) \$1,000 plus (ii) the product of (a) the lesser performing index stock return times

(b) \$1,000. You will receive less than 60% of the face amount of your notes and no coupon.

If the index stock return for any index stock is less than -40%, the percentage of the face amount of your notes you will receive will be based on the performance of the index stock with the lowest index stock return. In such event, you will receive less than 60% of the face amount of your notes and no coupon.

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-10.

The estimated value of your notes at the time the terms of your notes are set on the trade date is not less than the face amount of such notes. For a discussion of the estimated value and the price at which Goldman Sachs & Co. LLC would buy or sell your notes, if it makes a market in the notes, see the following page.

Original issue date: October 26, 2018

Original issue price: 100% of the face amount

Underwriting discount: 0.25% of the face amount¹ Net proceeds to the issuer: 99.75% of the face amount

¹ In addition to the 0.25%, the underwriting discount paid by us also includes a structuring fee of 0.15% and a marketing fee of 0.25%, in each case, of the face amount. See "Supplemental Plan of Distribution" on page S-47.

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

Prospectus Supplement No. 4,494 dated October 19, 2018.

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The issue price, underwriting discount and net proceeds listed above relate to the notes we sell initially. We may decide to sell additional notes after the date of this 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 not less than the face amount of such notes. The value of your notes at any time will reflect many factors and cannot be predicted.

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.

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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-21. 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.

Index stocks: the common stock of Beacon Roofing Supply, Inc. (Bloomberg ticker “BECN UW”), an ordinary share of Willis Towers Watson Public Limited Company (Bloomberg ticker “WLTW UW”) and an American depositary share (“ADS”) of Alibaba Group Holding Limited (Bloomberg ticker “BABA UN”), representing one ordinary share of Alibaba Group Holding Limited; see “The Index Stocks” on page S-36

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

Face amount: each note will have a face amount equal to \$1,000; \$1,076,000 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

Purchase at amount other than face amount: the amount we will pay you for your notes on a call payment date or the stated maturity date, as the case may be, will not be adjusted based on the issue price you pay for your notes, so if you acquire notes at a premium (or discount) to face amount and hold them to a call payment date or the stated maturity date, it could affect your investment in a number of ways. The return on your investment in such notes will be lower (or higher) than it would have been had you purchased the notes at face amount. See “Additional Risk Factors Specific to Your Notes — If You Purchase Your Notes at a Premium to Face Amount, the Return on Your Investment Will Be Lower Than the Return on Notes Purchased at Face Amount and the Impact of Certain Key Terms of the Notes Will Be Negatively Affected” on page S-13 of this prospectus supplement

Supplemental discussion of U.S. federal income tax consequences: you will be obligated pursuant to the terms of the notes — in the absence of a change in law, an administrative determination or a judicial ruling to the contrary — to characterize each note for all tax purposes as an income-bearing pre-paid derivative contract in respect of the index stocks, 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 it is likely that any coupon payment will be taxed as ordinary income in accordance with your regular method of accounting for U.S. federal income tax purposes. If you are a United States alien holder of the notes, we intend to withhold on coupon payments made to you at a 30% rate or at a lower rate specified by an applicable income tax treaty. In addition, upon the sale, exchange, redemption or maturity of your notes, it would be reasonable for you to recognize capital gain or loss equal to the difference, if any, between the amount of cash you receive at such time (excluding amounts attributable to any coupon payment) and your tax basis in your notes.

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Automatic call feature: if, as measured on any call observation date, the closing price of each index stock is greater than or equal to its initial index stock price, your notes will be automatically called

Cash settlement amount (on any call payment date): if your notes are automatically called on a call observation date because the closing price of each index stock is greater than or equal to its initial index stock price, for each \$1,000 face amount of your notes, we will pay you on the related call payment date an amount in cash equal to the sum of (i) \$1,000 plus (ii) the coupon then due

Cash settlement amount (on the stated maturity date): if your notes are not automatically called, for each \$1,000 face amount of your notes, we will pay you on the stated maturity date an amount in cash equal to:

if the index stock return of each index stock is greater than or equal to -40% (the final index stock price of each index stock is greater than or equal to 60% of its initial index stock price), \$1,000 plus the related coupon; or

if the index stock return of any index stock is less than -40% (the final index stock price of any index stock is less than 60% of its initial index stock price), the sum of (i) \$1,000 plus (ii) the product of (a) the lesser performing index stock return times (b) \$1,000. You will receive less than 60% of the face amount of your notes and no coupon

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

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

Coupon: subject to the automatic call feature, on each coupon payment date, for each \$1,000 face amount of your notes, we will pay you an amount in cash equal to:

if the closing price of each index stock on the related coupon determination date is greater than or equal to 60% of its initial index stock price, \$48.125; or

if the closing price of any index stock on the related coupon determination date is less than 60% of its initial index stock price, \$0

Initial index stock price: \$29.62 with respect to the common stock of Beacon Roofing Supply, Inc., \$139.98 with respect to an ordinary share of Willis Towers Watson Public Limited Company and \$142.93 with respect to an American depositary share of Alibaba Group Holding Limited

Final index stock price: with respect to each index stock, the closing price of one share of such index stock 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-24 and subject to adjustment as described under “Specific Terms of Your Notes — Anti-dilution Adjustments” on page S-25

Index stock return: with respect to each index stock, the quotient of (1) the final index stock price minus the initial index stock price divided by (2) the initial index stock price, expressed as a positive or negative percentage

Trade date: October 19, 2018

Original issue date (settlement date): October 26, 2018

Determination date: the last coupon determination date, October 19, 2021, subject to adjustment as described under “Specific Terms of Your Notes — Payment of Principal on Stated Maturity Date — Determination Date” on page S-23

Stated maturity date: October 26, 2021, subject to adjustment as described under “Specific Terms of Your Notes — Payment of Principal on Stated Maturity Date — Stated Maturity Date” on page S-23

Call observation dates: each coupon determination date commencing in April 2019 and ending in July 2021, subject to adjustment as described under “Specific Terms of Your Notes — Payment of Principal on Stated Maturity Date — Call Observation Dates” on page S-24

Call payment dates: the fifth business day after each call observation date, subject to adjustment as described under “Specific Terms of Your Notes — Payment of Principal on Stated Maturity Date — Call Payment Dates” on page S-24

Coupon determination dates: the 19th day of each January, April, July and October, commencing in January 2019 and ending in October 2021, subject to adjustment as described under “Specific Terms of Your Notes — Coupon Determination Dates” on page S-24

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Coupon payment dates: the fifth business day after each coupon determination date to and including the stated maturity date, subject to adjustment as described under “Specific Terms of Your Notes — Coupon and Coupon Payment Dates” on page S-23

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

Closing price: as described under “Specific Terms of Your Notes — Special Calculation Provisions — Closing Price” on page S-32

Defeasance: not applicable

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

Business day: as described under “Specific Terms of Your Notes — Special Calculation Provisions — Business Day” on page S-32

Trading day: as described under “Specific Terms of Your Notes — Special Calculation Provisions — Trading Day” on page S-32

Calculation agent: GS&Co.

CUSIP no.: 40056EB56

ISIN no.: US40056EB566

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

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HYPOTHETICAL EXAMPLES

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

The examples below are based on a range of index stock prices that are entirely hypothetical; no one can predict what the index stock price of any index stock will be on any day throughout the life of your notes, what the closing price of any index stock will be on any coupon determination date or call observation date, as the case may be, and what the final index stock price of the lesser performing index stock will be on the determination date. The index stocks have been highly volatile in the past — meaning that the index stock prices have changed substantially 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 a call payment date or the stated maturity date. If you sell your notes in a secondary market prior to a call payment date or the stated maturity date, as the case may be, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the examples below such as interest rates, the volatility of the index stocks and 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 any time (as determined by reference to pricing models used by GS&Co.) will reflect many factors and cannot be predicted. 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 Any Time (as Determined By Reference to Pricing Models Used By GS&Co.) Will Reflect Many Factors and Cannot Be Predicted” on page S-10 of this prospectus supplement. The information in the examples also reflect the key terms and assumptions in the box below.

Key Terms and Assumptions

| | |
|--|----------|
| Face amount | \$1,000 |
| Initial index stock price of the common stock of Beacon Roofing Supply, Inc. | \$29.62 |
| Initial index stock price of an ordinary share of Willis Towers Watson Public Limited Company | \$139.98 |
| Initial index stock price of an ADS of Alibaba Group Holding Limited, representing one ordinary share of Alibaba Group Holding Limited | \$142.93 |
| Coupon | \$48.125 |

The notes are not automatically called, unless otherwise indicated below

Neither a market disruption event nor a non-trading day occurs on any originally scheduled coupon determination date or call observation date or the originally scheduled determination date

No change in or affecting any of the index stocks

Notes purchased on original issue date at the face amount and held to a call payment date or the stated maturity date
For these reasons, the actual performance of the index stocks over the life of your notes and the actual index stock prices on any call observation date or coupon determination date, as well as the coupon payable, if any, on each coupon payment date, may bear little relation to the hypothetical examples shown below or to the historical index stock prices shown elsewhere in this prospectus supplement. For information about the historical prices of the index stocks during recent periods, see “The Index Stocks — Historical Closing Prices of the Index Stocks” on page S-36. Before investing in the notes, you should consult publicly available information to determine the relevant prices of the index stocks between the date of this prospectus supplement and the date of your purchase of the notes.

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

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Hypothetical Coupon Payments

The examples below show the hypothetical performances of each index stock as well as the hypothetical coupons, if any, that we would pay on each coupon payment date with respect to each \$1,000 face amount of the notes if the closing price of each index stock on the applicable coupon determination date were the hypothetical closing prices shown and 60% of the initial index stock price of the common stock of Beacon Roofing Supply, Inc. is \$17.772, 60% of the initial index stock price of an ordinary share of Willis Towers Watson Public Limited Company is \$83.988 and 60% of the initial index stock price of an ADS of Alibaba Group Holding Limited, representing one ordinary share of Alibaba Group Holding Limited is \$85.758.

Scenario 1

| Hypothetical Coupon Determination Date | Hypothetical Closing Price of the Common Stock of Beacon Roofing Supply, Inc. | Hypothetical Closing Price of an Ordinary Share of Willis Towers Watson Public Limited Company | Hypothetical Closing Price of an ADS of Alibaba Group Holding Limited | Hypothetical Coupon |
|--|---|--|---|---------------------|
| First | \$30 | \$130 | \$80 | \$0 |
| Second | \$25 | \$145 | \$200 | \$48.125 |
| Third | \$32 | \$140 | \$70 | \$0 |
| Fourth | \$35 | \$150 | \$60 | \$0 |
| Fifth | \$25 | \$125 | \$75 | \$0 |
| Sixth | \$22 | \$120 | \$110 | \$48.125 |
| Seventh | \$17 | \$100 | \$60 | \$0 |
| Eighth | \$15 | \$90 | \$65 | \$0 |
| Ninth | \$10 | \$95 | \$70 | \$0 |
| Tenth | \$12 | \$115 | \$75 | \$0 |
| Eleventh | \$13 | \$110 | \$60 | \$0 |
| Twelfth | \$14 | \$100 | \$55 | \$0 |
| | | | Total Hypothetical Coupons | \$96.25 |

In Scenario 1, the hypothetical closing price of each index stock increases and decreases by varying amounts on each hypothetical coupon determination date. Because the hypothetical closing price of each index stock on the second and sixth hypothetical coupon determination dates is greater than or equal to 60% of its initial index stock price, the total of the hypothetical coupons in Scenario 1 is \$96.25. Because the hypothetical closing price of at least one index stock on all other hypothetical coupon determination dates is less than 60% of its initial index stock price, no further coupons will be paid, including at maturity.

Scenario 2

| Hypothetical Coupon Determination Date | Hypothetical Closing Price of the Common Stock of Beacon Roofing Supply, Inc. | Hypothetical Closing Price of an Ordinary Share of Willis Towers Watson Public Limited Company | Hypothetical Closing Price of an ADS of Alibaba Group Holding Limited | Hypothetical Coupon |
|--|---|--|---|---------------------|
| First | \$15 | \$85 | \$200 | \$0 |
| Second | \$10 | \$70 | \$70 | \$0 |
| Third | \$12 | \$65 | \$90 | \$0 |
| Fourth | \$24 | \$60 | \$75 | \$0 |
| Fifth | \$30 | \$55 | \$90 | \$0 |
| Sixth | \$40 | \$50 | \$70 | \$0 |
| Seventh | \$12 | \$90 | \$60 | \$0 |
| Eighth | \$14 | \$100 | \$65 | \$0 |

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| | | | | |
|----------|------|------|-------------------------------|-----|
| Ninth | \$10 | \$70 | \$70 | \$0 |
| Tenth | \$5 | \$65 | \$85 | \$0 |
| Eleventh | \$7 | \$60 | \$65 | \$0 |
| Twelfth | \$10 | \$65 | \$80 | \$0 |
| | | | Total Hypothetical Coupons | \$0 |

In Scenario 2, the hypothetical closing price of each index stock increases and decreases by varying amounts on each hypothetical coupon determination date. Because in each case the hypothetical closing price of at least one index stock on each hypothetical coupon determination date is less than 60% of its initial index stock price, you will not receive a coupon payment on the applicable hypothetical coupon payment date. Since this occurs on every hypothetical coupon determination date, the overall return you earn on your notes will be less than zero. Therefore, the total of the hypothetical coupons in Scenario 2 is \$0.

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Scenario 3

| Hypothetical Coupon Determination Date | Hypothetical Closing Price of the Common Stock of Beacon Roofing Supply, Inc. | Hypothetical Closing Price of an Ordinary Share of Willis Towers Watson Public Limited Company | Hypothetical Closing Price of an ADS of Alibaba Group Holding Limited | Hypothetical Coupon |
|--|---|--|---|---------------------|
| First | \$15 | \$70 | \$60 | \$0 |
| Second | \$45 | \$170 | \$160 | \$48.125 |
| | | | Total Hypothetical Coupons | \$48.125 |

In Scenario 3, the hypothetical closing price of each index stock is less than 60% of its initial index stock price on the first hypothetical coupon determination date, but increases to a price that is greater than or equal to its initial index stock price on the second hypothetical coupon determination date. Because the hypothetical closing price of each index stock is greater than or equal to its initial index stock price on the second hypothetical coupon determination date (which is also the first hypothetical call observation date), your notes will be automatically called. Therefore, on the corresponding hypothetical call payment date, in addition to the hypothetical coupon of \$48.125, you will receive an amount in cash equal to \$1,000 for each \$1,000 face amount of your notes.

Hypothetical Payment at Maturity

If the notes are not automatically called on any call observation date (i.e., on each call observation date the closing price of any index stock is less than its initial index stock price), the cash settlement amount we would deliver for each \$1,000 face amount of your notes on the stated maturity date will depend on the performance of the lesser performing index stock on the determination date, as shown in the table below. The table below assumes that the notes have not been automatically called on a call observation date, does not include the final coupon, if any, and reflects hypothetical cash settlement amounts that you could receive on the stated maturity date. If the final index stock price of the lesser performing index stock (expressed as a percentage of the initial index stock price) is less than 60%, you will not be paid a final coupon at maturity.

The prices in the left column of the table below represent hypothetical final index stock prices of the lesser performing index stock and are expressed as percentages of the initial index stock price of the lesser performing index stock. The amounts in the right column represent the hypothetical cash settlement amounts, based on the corresponding hypothetical final index stock price of the lesser performing index stock (expressed as a percentage of the initial index stock price of the lesser performing index stock), 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 \$1,000 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 index stock price of the lesser performing index stock (expressed as a percentage of the initial index stock price of the lesser performing index stock) and the assumptions noted above.

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| Hypothetical Final Index Stock Price of the Lesser Performing Index Stock (as Percentage of Initial Index Stock Price) | Hypothetical Cash Settlement Amount at Maturity if the Notes Have <u>Not</u> Been Automatically Called (as Percentage of Face Amount) |
|--|--|
| 175.000% | 100.000%* |
| 150.000% | 100.000%* |
| 125.000% | 100.000%* |
| 100.000% | 100.000%* |
| 95.000% | 100.000%* |
| 75.000% | 100.000%* |
| 60.000% | 100.000%* |
| 59.999% | 59.999% |
| 50.000% | 50.000% |
| 35.000% | 35.000% |
| 25.000% | 25.000% |
| 10.000% | 10.000% |
| 0.000% | 0.000% |

*Does not include the final coupon

If, for example, the notes have not been automatically called on a call observation date and the final index stock price of the lesser performing index stock were determined to be 25.000% of its initial index stock price, 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 (if you purchased your notes at a premium to face amount you would lose a correspondingly higher percentage of your investment). In addition, if the final index stock price of the lesser performing index stock were determined to be 175.000% of its initial index stock price, the cash settlement amount that we would deliver on your notes at maturity would be limited to 100.000% of each \$1,000 face amount of your notes, as shown in the table above. As a result, if you held your notes to the stated maturity date, you would not benefit from any increase in the final index stock price over the initial index stock price.

The cash settlement amounts shown above are entirely hypothetical; they are based on market prices for the index stocks that may not be achieved on the determination date and on assumptions that may prove to be erroneous. The actual market value of your notes on the stated maturity date or at any other time, including any time you may wish to sell your notes, may bear little relation to the hypothetical cash settlement amounts shown above, and these amounts should not be viewed as an indication of the financial return on an investment in the offered notes. The hypothetical cash settlement amounts on notes held to the stated maturity date in the examples above assume you purchased your notes at their face amount and have not been adjusted to reflect the actual issue price you pay for your notes. The return on your investment (whether positive or negative) in your notes will be affected by the amount you pay for your notes. If you purchase your notes for a price other than the face amount, the return on your investment will differ from, and may be significantly lower than, the hypothetical returns suggested by the above examples. Please read “Additional Risk Factors Specific to Your Notes — The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors” on page S-12.

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 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 notes or the U.S. federal income tax treatment of the notes, as described elsewhere in this prospectus supplement.

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

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ADDITIONAL RISK FACTORS SPECIFIC TO YOUR NOTES

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

The Estimated Value of Your Notes At Any Time (as Determined By Reference to Pricing Models Used By GS&Co.) Will Reflect Many Factors and Cannot Be Predicted

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, is not less than the face amount of your notes. Thereafter, the estimated value of your notes as determined by reference to these models could be lower than the face amount of your notes and 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. If GS&Co. buys or sells your notes (if it makes a market, which it is not obligated to do) 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, 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.

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.

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 Underwriting Discount and Commissions, Including the Structuring Fee and Marketing Fee, and Other Expenses, Result in Less Favorable Economic Terms of the Notes and Could Adversely Affect Any Secondary Market Price for the Notes

The economic terms of the notes, as well as 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, take into

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consideration, among other expenses, the underwriting discount and commissions, including the structuring fee and marketing fee, paid in connection with the notes. Therefore, the economic terms of the notes are less favorable to you than they would have been if these expenses had not been paid or had been lower. Further, the price, if any, at which GS&Co. will buy or sell your notes (if GS&Co. makes a market, which it is not obligated to do) at any time will reflect, among other things, the economic terms of the notes. Therefore, the secondary market price for the notes could also be adversely affected by the underwriting discount and commissions, including the structuring fee and marketing fee, and other expenses paid in connection with the notes. See “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” above.

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

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

You May Lose Your Entire Investment in the Notes

You can lose your entire investment in the notes. Assuming your notes are not automatically called, the cash settlement amount on your notes, if any, on the stated maturity date will be based on the performance of the lesser performing of the common stock of Beacon Roofing Supply, Inc., an ordinary share of Willis Towers Watson Public Limited Company and an ADS of Alibaba Group Holding Limited, representing one ordinary share of Alibaba Group Holding Limited, as measured from their initial index stock prices to their final index stock prices on the determination date. If the final index stock price of any index stock is less than 60% of its initial index stock price, you will have a loss for each \$1,000 of the face amount of your notes equal to the product of the lesser performing index stock return times \$1,000. 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 market price of your notes prior to a call payment date or the stated maturity date, as the case may be, may be significantly lower than the purchase price you pay for your notes. Consequently, if you sell your notes before the stated maturity date, you may receive far less than the amount of your investment in the notes.

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

If your notes are not automatically called and the final index stock price of the lesser performing index stock is less than 60% of its initial index stock price, 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 40% between the initial index stock price and the final index stock price of the lesser performing index stock will not result in a loss of principal on the notes, a decrease in the final index stock price of the lesser performing index stock to less than 60% of its initial index stock price will result in a loss of a significant portion of the face amount of the notes despite only a small change in the price of the lesser performing index stock.

You May Not Receive a Coupon on Any Coupon Payment Date

If the closing price of any index stock on the related coupon determination date is less than 60% of its initial index stock price, you will not receive a coupon payment on the applicable coupon payment date. If

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this occurs on every coupon determination date, the overall return you earn on your notes will be less than zero and such return will be less than you would have earned by investing in a note that bears interest at the prevailing market rate.

On any coupon payment date, although you will receive a coupon if the closing price of each index stock on the related coupon determination date is greater than or equal to 60% of its initial index stock price, the coupon paid on the corresponding coupon payment date will be equal to \$48.125. You should be aware that, with respect to any prior coupon determination dates that did not result in the payment of a coupon, you will not be compensated for any opportunity cost implied by inflation and other factors relating to the time value of money. Further, there is no guarantee that you will receive any coupon payment with respect to the notes at any time and you may lose your entire investment in the notes.

Your Notes Are Subject to Automatic Redemption

We will automatically call and redeem all, but not part, of your notes on a call payment date if, as measured on any call observation date, the closing price of each index stock is greater than or equal to its initial index stock price. Therefore, the term for your notes may be reduced to approximately six months after the original issue date. You will not receive any additional coupon payments after the notes are automatically called and you may not be able to reinvest the proceeds from an investment in the notes at a comparable return for a similar level of risk in the event the notes are automatically called prior to maturity.

The Coupon Does Not Reflect the Actual Performance of the Index Stocks from the Trade Date to Any Coupon Determination Date or from Coupon Determination Date to Coupon Determination Date

The coupon for each quarterly coupon payment date is different from, and may be less than, a coupon determined based on the percentage difference of the closing prices of the index stocks between the trade date and any coupon determination date or between two coupon determination dates. Accordingly, the coupons, if any, on the notes may be less than the return you could earn on another instrument linked to the index stocks that pays coupons based on the performance of the index stocks from the trade date to any coupon determination date or from coupon determination date to coupon determination date.

The Cash Settlement Amount Will Be Based Solely on the Lesser Performing Index Stock

If the notes are not automatically called, the cash settlement amount will be based on the lesser performing index stock without regard to the performance of the other index stocks. As a result, you could lose all or some of your initial investment if the lesser performing index stock return is negative, even if there is an increase in the prices of the other index stocks. This could be the case even if the other index stocks increased by an amount greater than the decrease in the lesser performing index stock.

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 to sell them in the open market before the stated maturity date. A number of factors, many of which are beyond our control, will influence the market value of your notes, including:

- the market prices of the index stocks to which your notes are linked;
 - the volatility – i.e., the frequency and magnitude of changes – in the market prices of the index stocks;
- the dividend rates of the index stocks;
 - economic, financial, regulatory, political, military and other events that affect stock markets generally and the market segments of which the index stocks are a part, and which may affect the market prices of the index stocks;
- 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, and
- 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.

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These factors, and many other 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.

You cannot predict the future performance of the index stocks based on their historical performance. The actual performance of the index stocks over the life of the offered notes, the cash settlement amount paid on a call payment date or the stated maturity date, as the case may be, as well as the coupon payable, if any, on each coupon payment date, may bear little or no relation to the historical closing prices of the index stocks or to the hypothetical examples shown elsewhere in this prospectus supplement.

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.

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, if any, or the amount you will be paid on a call payment 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 a call payment date or 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 a call payment date or 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.

If the Market Prices of the Index Stocks Change, the Market Value of Your Notes May Not Change in the Same Manner

The price of your notes may move differently than the performance of the index stocks. Changes in the market prices of the index stocks may not result in a comparable change in the market value of your notes. Even if the closing price of each index stock is greater than or equal to 60% of its initial index stock price during some portion of the life of the notes, the market value of your notes may not reflect this. We discuss some of the reasons for this disparity under “— The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors” above.

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 shares of the index stocks and listed or over-the-counter options, futures and/or other instruments linked to the 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 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 notes whose returns are linked to changes in the prices of the index stocks.

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

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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 prices of the index stocks — directly or indirectly— and therefore the market value of your notes and the amount we will pay on your notes, if any. 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, 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 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 an index stock, 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 the 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.

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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 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 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 Issuers of the 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 issuers of the 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 index stocks 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 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 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.

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

We Will Not Hold Shares of the Index Stocks for Your Benefit

The indenture governing your note does not contain any restriction on our ability or the ability of any of our affiliates to sell, pledge or otherwise convey a share or shares of the index stocks acquired by us or them. Neither we nor our affiliates will pledge or otherwise hold shares of the index stocks for your benefit in order to enable you to exchange your note for shares under any circumstances. Consequently, in the event of our bankruptcy, insolvency or liquidation, any shares of the index stocks owned by us will be subject to the claims of our creditors generally and will not be available for your benefit specifically.

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

Investing in your notes will not make you a holder of any index stocks. Neither you nor any other holder or owner of your notes will have any rights with respect to the index stocks, including any voting rights, any right to receive dividends or other distributions, any rights to make a claim against the index stocks, or any other rights of a holder of any shares of the index stocks. In addition, you will have no right to receive any shares of the index stocks on the stated maturity date.

In Some Circumstances, the Payment You Receive On the Notes May Be Based On the Common Stock of Another Company and Not the Issuer of an Index Stock

Following certain corporate events relating to an index stock where its issuer is not the surviving entity, the amount you receive at maturity may be based on the common stock of a successor to such index stock issuer or any cash or any other assets distributed to holders of shares of such index stock in such corporate event. The occurrence of these corporate events and the consequent adjustments may materially and adversely affect the value of the notes. We describe the specific corporate events that can lead to these adjustments and the procedures for selecting Distribution Property (as described below) under “Specific Terms of Your Notes — Anti-dilution Adjustments”.

Past Index Stock Performance is No Guide to Future Performance

The actual performance of the index stocks over the life of the notes, as well as the amount payable at maturity or on any coupon payment date, as applicable, if any, may bear little relation to the historical closing prices of the index stocks or to the hypothetical examples set forth elsewhere in this prospectus supplement. We cannot predict the future performance of the index stocks.

As Calculation Agent, GS&Co. Will Have the Authority to Make Determinations that Could Affect the Value of Your Notes

As calculation agent for your notes, GS&Co. will have discretion in making certain determinations that affect your notes, including determining: the closing prices of the index stocks on any coupon determination date, which we will use to determine the coupon, if any, we will pay on any applicable coupon payment date; whether your notes will be automatically called; the final index stock price of the lesser performing index stock on the determination date, which we will use to determine the amount we must pay on the stated maturity date; whether to postpone a coupon determination date or the determination date because of a market disruption event or a non-trading day; when and how to make anti-dilution adjustments to the index stock prices; and the coupon determination dates and the coupon payment dates; the call observation dates and the call payment dates; and the stated maturity date. See “Specific Terms of Your Notes — Anti-dilution Adjustments” 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.

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The Calculation Agent Can Postpone a Coupon Determination Date or the Determination Date, as the Case May Be, If a Market Disruption Event or a Non-Trading Day Occurs or is Continuing

If the calculation agent determines that, on a date that would otherwise be a coupon determination date or the determination date, a market disruption event has occurred or is continuing with respect to any index stock or that day is not a trading day with respect to any index stock, such coupon determination date or the determination date will be postponed as provided under “Specific Terms of Your Notes — Coupon Determination Dates” and “Specific Terms of Your Notes — Determination Date”, as applicable. In no case, however, will the coupon determination date or the determination date be postponed to a date later than the corresponding originally scheduled coupon payment date or the originally scheduled stated maturity date, as applicable, or if the corresponding originally scheduled coupon payment date or the originally scheduled stated maturity date is not a business day, later than the first business day after the corresponding originally scheduled coupon payment date or the originally scheduled stated maturity date. Moreover, if a coupon determination date or the determination date, as applicable, is postponed to the last possible day, but the market disruption event has not ceased by that day or that day is not a trading day, that day will nevertheless be the coupon determination date or the determination date, as applicable, for the corresponding coupon payment date or stated maturity date. In such a case, the calculation agent will determine the applicable closing prices of the index stocks or final index stock prices for such coupon determination date or 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.

There is No Affiliation Between the Index Stock Issuers and Us

Goldman Sachs is not affiliated with the index stock issuers. As discussed above, however, we or our affiliates may currently or from time to time in the future engage in business with the 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 index stock issuers. You, as an investor in your note, should make your own investigation into the index stock issuers.

The index stock issuers are not involved in this offering of your notes in any way and do not have any obligation of any sort with respect to your notes. Thus, the index stock issuers do not have any obligation to take your interests into consideration for any reason, including in taking or not taking any corporate actions that might affect the value of your notes.

You Have Limited Anti-Dilution Protection

GS&Co., as calculation agent for your note, will adjust the index stock prices for stock splits, reverse stock splits, stock dividends, extraordinary dividends, reorganization events, and other events that affect the index stock issuers’, or any distribution property issuers’, capital structure, but only in the situations we describe in “Specific Terms of Your Notes — Anti-dilution Adjustments” below. The calculation agent will not be required to make an adjustment for every corporate event that may affect an index stock. For example, the calculation agent will not adjust the index stock prices for events such as an offering of the index stocks for cash by the index stock issuers, a tender or exchange offer for the index stocks at a premium to their then-current market prices by the index stock issuers or a tender or exchange offer for less than all the outstanding shares of the index stocks by a third party. In addition, the calculation agent will not adjust the reference amount for regular cash dividends. Furthermore, the calculation agent will determine in its sole discretion whether to make adjustments with respect to corporate or other events as described under “Specific Terms of Your Notes — Anti-dilution Adjustments — Reorganization Events” below. Those events or other actions by the index stock issuers or a third party may nevertheless adversely affect the market price of one share of the index stocks and, therefore, adversely affect the market value of your notes. The index stock issuers or a third party could make an offering or a tender or exchange offer, or the index stock issuers could take any other action, that adversely affects the market prices of the index stocks and the market value of your note but does not result in an anti-dilution adjustment for your benefit.

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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 issue price you paid as provided on the cover of this prospectus supplement.

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

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

Your notes are linked in part to an ADS representing an interest in one ordinary share of Alibaba Group Holding Limited. 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 the U.S. securities markets 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.

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. For example, 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.

The Offered Notes are Subject to Foreign Currency Exchange Rate Risk

The ADSs of Alibaba Group Holding Limited are quoted and traded in U.S. dollars on the New York Stock Exchange, while the ordinary shares represented thereby are quoted and traded in the relevant foreign currency on other stock exchanges. Therefore, fluctuations in the exchange rate between currencies in which the relevant ordinary shares are quoted and traded and the U.S. dollar will likely affect the relative value of the ADSs of Alibaba Group Holding Limited. As a result, the market price of the ADSs of Alibaba Group Holding Limited trading on the New York Stock Exchange will likely be affected. These trading differences and currency exchange rates may affect the closing prices of the ADSs of Alibaba Group Holding Limited and, as a result, the market value of the notes.

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Foreign currency exchange rates vary over time, and may vary considerably during the life of your notes. Changes in a particular exchange rate result from the interaction of many factors directly or indirectly affecting economic and political conditions. Of particular importance are:

- rates of inflation;
- interest rate levels;
- the balance of payments among countries;
- the extent of government surpluses or deficits in the relevant foreign country and the United States; and
- other financial, economic, military and political factors.

All of these factors are, in turn, sensitive to the monetary, fiscal and trade policies pursued by the governments of the relevant foreign countries and the United States and other countries important to international trade and finance.

The price of the notes and any payment on the notes could also be adversely affected by delays in, or refusals to grant, any required governmental approval for conversions of a local currency and remittances abroad with respect to the ADSs of Alibaba Group Holding Limited or other de facto restrictions on the repatriation of U.S. dollars.

There are Important Differences Between the Rights of Holders of ADSs and the Rights of Holders of Ordinary Shares

You should be aware that your return on the notes is linked in part to the price of an ADS representing one ordinary share of Alibaba Group Holding Limited and not the ordinary shares themselves. There are important differences between the rights of holders of ADSs and the rights of holders of the ordinary shares. Each ADS is a security evidenced by American depositary receipts that typically represents one ordinary share. The ADSs are issued pursuant to a deposit agreement, which sets forth the rights and responsibilities of the ADS depository, the index stock issuer, and holders of the ADSs, which may be different from the rights of holders of the ordinary shares. For example, an index stock issuer may make distributions in respect of the ordinary shares that are not passed on to the holders of its ADSs. Any such differences between the rights of holders of the ADSs and the rights of holders of the ordinary shares may be significant and may materially and adversely affect the value of the ADSs of Alibaba Group Holding Limited and, as a result, the notes.

The Tax Consequences of an Investment in Your Notes Are Uncertain

The tax consequences of an investment in your notes are uncertain, both as to the timing and character of any inclusion in income in respect of your notes.

The Internal Revenue Service announced on December 7, 2007 that it is considering issuing guidance regarding the tax treatment of an instrument such as your notes, and any such guidance could adversely affect the value and the tax treatment of your notes. Among other things, the Internal Revenue Service may decide to require the holders to accrue ordinary income on a current basis and recognize ordinary income on payment at maturity, and could subject non-U.S. investors to withholding tax. Furthermore, in 2007, legislation was introduced in Congress that, if enacted, would have required holders that acquired instruments such as your notes after the bill was enacted to accrue interest income over the term of such instruments even though there may be no interest payments over the term of such instruments. It is not possible to predict whether a similar or identical bill will be enacted in the future, or whether any such bill would affect the tax treatment of your notes. We describe these developments in more detail under “Supplemental Discussion of U.S. Federal Income Tax Consequences – United States Holders – Possible Change in Law” below. You should consult your tax advisor about this matter. Except to the extent otherwise provided by law, GS Finance Corp. intends to continue treating the notes for U.S. federal income tax purposes in accordance with the treatment described under “Supplemental Discussion of U.S. Federal

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Income Tax Consequences” on page S-41 below unless and until such time as Congress, the Treasury Department or the Internal Revenue Service determine that some other treatment is more appropriate. Please also consult your tax advisor concerning the U.S. federal income tax and any other applicable tax consequences to you of owning your notes in your particular circumstances.

Foreign Account Tax Compliance Act (FATCA) Withholding May Apply to Payments on Your Notes, Including as a Result of the Failure of the Bank or Broker Through Which You Hold the Notes to Provide Information to Tax Authorities

Please see the discussion under “United States Taxation — Taxation of Debt Securities — Foreign Account Tax Compliance Act (FATCA) Withholding” in the accompanying prospectus for a description of the applicability of FATCA to payments made on your notes.

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SPECIFIC TERMS OF YOUR NOTES

We refer to the notes we are offering by this prospectus supplement as the “offered notes” or the “notes”. 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. Please note that in this section entitled “Specific Terms of Your Notes”, references to “holders” mean those who own notes registered in their own names, on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in notes registered in street name or in notes issued in book-entry form through The Depository Trust Company. Please review the special considerations that apply to owners of beneficial interests in the accompanying prospectus, under “Legal Ownership and Book-Entry Issuance”.

The offered notes are part of a series of debt securities, entitled “Medium-Term Notes, Series E”, that we may issue under the indenture from time to time as described in the accompanying prospectus supplement and accompanying prospectus. The offered notes are also “indexed debt securities”, as defined in the accompanying prospectus. This prospectus supplement summarizes specific financial and other terms that apply to the offered notes, including your notes; terms that apply generally to all Series E medium-term notes are described in “Description of Notes We May Offer” in the accompanying prospectus supplement. The terms described here supplement those described in the accompanying prospectus supplement and the accompanying prospectus and, if the terms described here are inconsistent with those described there, the terms described here are controlling.

In addition to those terms described under “Summary Information” in this prospectus supplement, the following terms will apply to your notes:

Specified currency:

· U.S. dollars (“\$”)

Form of note:

· global form only: yes, at DTC

· non-global form available: no

Denominations: each note registered in the name of a holder must have a face amount of \$1,000 or an integral multiple of \$1,000 in excess thereof

Defeasance applies as follows:

· full defeasance: no

· covenant defeasance: no

Other terms:

· the default amount will be payable on any acceleration of the maturity of your notes as described under “— Special Calculation Provisions” below

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- anti-dilution provisions will apply to your notes; see “— Anti-dilution Adjustments” below
- a business day for your notes may not be the same as a business day for certain of our other Series E medium-term notes, as described under “— Special Calculation Provisions” below
- a trading day for your notes will be as described under “— Special Calculation Provisions” below

Please note that the information about the settlement or trade dates, issue price, discounts or commissions and net proceeds to GS Finance Corp. on the front cover page or elsewhere in this prospectus supplement relates only to the initial issuance and sale of the offered notes. We may decide to sell additional notes on one or more dates after the date of this prospectus supplement, at issue prices and with underwriting discounts and net proceeds that differ from the amounts set forth on the front cover page or elsewhere in this prospectus supplement. If you have purchased your notes in a market-making transaction after the initial issuance and sale of the offered notes, any such relevant information about the sale to you will be provided in a separate confirmation of sale.

We describe the terms of your notes in more detail below.

Index Stock and Index Stock Issuer

In this prospectus supplement, when we refer to an index stock, we mean the common stock of Beacon Roofing Supply, Inc., an ordinary share of Willis Towers Watson Public Limited Company or an ADS of Alibaba Group Holding Limited, representing one ordinary share of Alibaba Group Holding Limited, except as described under “— Anti-dilution Adjustments — Reorganization Events” and “— Anti-dilution Adjustments — Distribution Property” below. When we refer to an index stock issuer, we mean Beacon Roofing Supply, Inc., Willis Towers Watson Public Limited Company or Alibaba Group Holding Limited (the issuer of the ordinary shares represented by the ADSs) or any successor thereto.

Automatic Call Feature

If, as measured on any call observation date, the closing price of each index stock is greater than or equal to its initial index stock price, your notes will be automatically called; if your notes are automatically called on any call observation date, on the corresponding call payment date, in addition to the coupon then due, you will receive an amount in cash equal to \$1,000 for each \$1,000 face amount of your notes.

Payment of a Contingent Coupon

Subject to the automatic call feature, on each coupon payment date, for each \$1,000 face amount of your notes, we will pay you an amount in cash equal to:

- if the closing price of each index stock on the related coupon determination date is greater than or equal to 60% of its initial index stock price, \$48.125; or
- if the closing price of any index stock on the related coupon determination date is less than 60% of its initial index stock price, \$0

The initial index stock price is \$29.62 with respect to the common stock of Beacon Roofing Supply, Inc., \$139.98 with respect to an ordinary share of Willis Towers Watson Public Limited Company and \$142.93 with respect to the American depositary shares of Alibaba Group Holding Limited. The calculation agent will determine the closing prices for each coupon determination date, which will be the closing prices of one share of the index stocks on the applicable coupon determination date, subject to any anti-dilution adjustments. The calculation agent will have discretion to adjust the closing prices of the index stocks on the applicable coupon determination date or to determine it in a different manner as described under “— Consequences of a Market Disruption Event or a Non-Trading Day” and “— Anti-Dilution Adjustments” below.

Payment of Principal on