

GOLDMAN SACHS GROUP INC
Form FWP
October 12, 2018

October 2018

Free Writing Prospectus pursuant to Rule 433 dated October 12, 2018 / Registration Statement No. 333-219206

STRUCTURED INVESTMENTS

Opportunities in International Equities

GS Finance Corp.

PLUS Based on the Value of a Basket of Equity Indices due November 21, 2019

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 at stated maturity (expected to be November 21, 2019) is based on the performance of an equally weighted basket composed of the Russell 2000[®] Index, the MSCI EAFE Index and the S&P MidCap 400[®] Index as measured from the pricing date (expected to be October 17, 2018) to and including the valuation date (expected to be November 18, 2019).

The initial basket value is 100, and the final basket value (the basket closing value on the valuation date) will equal the *sum* of the products, as calculated separately for each index, of: (i) the final index value *multiplied* by (ii) the applicable multiplier. The multiplier will equal, for each index, the *quotient* of (i) the weighting of such index (1/3 or approximately 33.33%) *multiplied* by 100 *divided* by (ii) the initial index value.

At maturity, if the final basket value is *greater than* the initial basket value of 100, the return on your PLUS will be positive and equal to the *product* of the leverage factor of 300% *multiplied* by the basket percent increase (the percentage increase in the final basket value from the initial basket value), subject to the maximum payment of \$11.17 per PLUS. **If the final basket value is less than the initial basket value, you will lose a portion of your investment. Declines in one or more indices may offset increases in the other indices.**

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

- if the final basket value is *greater than* the initial basket value, the *sum* of (i) \$10 *plus* (ii) the *product* of (a) \$10 *times* (b) 3.00 *times* (c) basket percent increase, subject to the maximum payment at maturity of \$11.17; or
- if the final basket value is *equal to or less than* the initial basket value, the *product* of (i) \$10 *times* (ii) the *quotient* of (a) the final basket value *divided* by (b) the initial basket value.

The PLUS are for investors who seek the potential to earn 300% of any positive return of the basket, subject to the maximum payment at maturity, are willing to forgo interest payments and are willing to risk losing their entire investment if the final basket value has declined from the initial basket value.

SUMMARY TERMS (continued on page PS-2)

Issuer / Guarantor:

GS Finance Corp. / The Goldman Sachs Group, Inc.

Basket:

| | |
|---|---|
| | as described more fully below, an equally weighted basket composed of the Russell 2000® Index (Bloomberg symbol, RTY Index), the MSCI EAFE Index (Bloomberg symbol, MXEA Index) and the S&P MidCap 400® Index (Bloomberg symbol, MID Index) |
| Pricing date: | October , 2018 (expected to price on or about October 17, 2018) |
| Original issue date: | October , 2018 (3 business days after the pricing date) |
| Valuation date: | expected to be November 18, 2019, subject to postponement |
| Stated maturity date: | expected to be November 21, 2019, subject to postponement |
| Stated principal amount/Original issue price: | \$10 per PLUS / 100% of the principal amount |
| Estimated value range: | \$9.45 to \$9.75 per PLUS. See the following page for more information. |
| 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-13. You should read the disclosure herein to better understand the terms and risks of your investment. | |

| | | | |
|-------------------------------|----------------------|------------------------------------|---------------------------------|
| Original issue date: | October , 2018 | Original issue price: | 100.00% of the principal amount |
| Underwriting discount: | 2.35% (\$ in total)* | Net proceeds to the issuer: | 97.65% (\$ 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 document, the accompanying general terms supplement, the accompanying prospectus supplement or the accompanying 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

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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 document, at issue prices and with underwriting discounts and net proceeds that differ from the amounts set forth above. The return (whether positive or negative) on your investment in PLUS will depend in part on the issue price you pay for such PLUS.

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

| ADDITIONAL SUMMARY TERMS | | | | |
|---|---|-----------------------------------|---------------------------------------|-------------------|
| | Basket component | Basket component weighting | Initial basket component value | Multiplier |
| | Russell 2000® Index | 1/3 (approximately 33.33%) | | |
| Basket (continued from previous page): | MSCI EAFE Index | 1/3 (approximately 33.33%) | | |
| | S&P MidCap 400® Index | 1/3 (approximately 33.33%) | | |
| | <i>We refer to each of the Russell 2000® Index, the MSCI EAFE Index and S&P MidCap 400® Index singularly as an underlying index and together as the underlying indices.</i> | | | |
| | If the final basket value is greater than the initial basket value, | | | |
| | \$10 + the leveraged upside payment, subject to the maximum payment at maturity. | | | |
| | <i>In no event will the payment at maturity exceed the maximum payment at maturity.</i> | | | |
| Payment at maturity: | If the final basket value is equal to or less than the initial basket value, | | | |
| | \$10 × the basket performance factor | | | |
| | <i>This amount will be equal to or less than the stated principal amount of \$10 and could be zero.</i> | | | |
| Leveraged upside payment: | \$10 × leverage factor × basket percent increase | | | |
| Leverage factor: | 300% | | | |
| Maximum payment at maturity: | \$11.17 per PLUS (111.70% of the stated principal amount) | | | |
| Basket percent increase: | (final basket value - initial basket value) / initial basket value | | | |
| Initial basket value: | 100 | | | |
| Final basket value: | The basket closing value on the valuation date | | | |
| Basket closing value: | The basket closing value on any day is the sum of the products of the underlying index closing value of each underlying index times the applicable multiplier for such underlying index on such date. | | | |
| Basket component closing value: | In the case of each underlying index, the closing value of such underlying index. | | | |
| Multiplier: | Each multiplier will be set on the pricing date based on the applicable underlying index's respective initial basket component value so that each underlying index will represent its applicable basket component weighting in the predetermined initial basket value. Each multiplier will remain constant for the term of the PLUS and will equal, for each underlying index, (i) the product of the applicable | | | |

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basket component weighting times 100 divided by (ii) the applicable initial basket component value. See **Basket Multiplier** above.

Basket performance factor: final basket value / initial basket value

CUSIP / ISIN: 36256M338 / US36256M3381

Listing: The PLUS will not be listed on any securities exchange

Underwriter: Goldman Sachs & Co. LLC

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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 expected to be in the range (the estimated value range) specified on the cover of this document (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 \$ per \$10 principal amount).

Prior to , 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). On and after , 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

GS Finance Corp. and The Goldman Sachs Group, Inc. have filed a registration statement (including a prospectus, as supplemented by the prospectus supplement and general terms supplement no. 1,735 listed below) with the Securities and Exchange Commission (SEC) for the offering to which this communication relates. Before you invest, you should read the prospectus, prospectus supplement and general terms supplement no. 1,735 and any other documents relating to this offering that GS Finance Corp. and The Goldman Sachs Group, Inc. have filed with the SEC for more complete information about us and this offering. You may get these documents without cost by visiting EDGAR on the SEC web site at sec.gov. Alternatively, we will arrange to send you the prospectus, prospectus supplement and general terms supplement no. 1,735 if you so request by calling (212) 357-4612.

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 document should be read in conjunction with the following:

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

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

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GS Finance Corp.

PLUS Based on the Value of a Basket of Equity Indices due November 21, 2019

Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

We refer to the PLUS we are offering by this document as the offered PLUS or the PLUS. Each of the offered PLUS has the terms described under Summary Terms and Additional Provisions in this document. Please note that in this document, references to GS Finance Corp., we, our and us mean only GS Finance Corp. and do not include its subsidiaries or affiliates, references to The Goldman Sachs Group, Inc., our parent company, mean only The Goldman Sachs Group, Inc. and do not include its subsidiaries or affiliates and references to Goldman Sachs mean The Goldman Sachs Group, Inc. together with its consolidated subsidiaries and affiliates, including us. Also, references to the accompanying prospectus mean the accompanying prospectus, dated July 10, 2017, 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 a Basket of Equity Indices due November 21, 2019 (the PLUS) can be used:

- As an alternative to direct exposure to the basket that enhances returns for a limited range of positive performance of the basket, subject to the maximum payment at maturity
- To potentially outperform the basket with respect to moderate increases in the basket from the initial basket value to the final basket value.

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

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If the final basket value is less than the initial basket value, the PLUS are exposed on a 1:1 basis to the negative performance of the basket.

Maturity:

Approximately 13 months

Payment at maturity:

- If the final basket value is greater than the initial basket value, \$10 + the 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 the final basket value is equal to or less than the initial basket value, \$10 × the basket 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 basket value is greater than the initial basket value)

Basket percent increase:

$(\text{final basket value} - \text{initial basket value}) / \text{initial basket value}$

Leveraged upside payment:

$\$10 \times \text{leverage factor} \times \text{basket percent increase}$

Basket performance factor:

$\text{final basket value} / \text{initial basket value}$

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PLUS Based on the Value of a Basket of Equity Indices due November 21, 2019

Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

| | |
|-------------------------------------|---|
| Maximum payment at maturity: | \$11.17 per PLUS (111.70% of the stated principal amount) |
| Minimum payment at maturity: | None. Investors may lose their entire initial investment in the PLUS. |
| Basket component weightings: | 1/3 (approximately 33.33%) for the Russell 2000® Index, 1/3 (approximately 33.33%) for the MSCI EAFE Index and 1/3 (approximately 33.33%) for the S&P MidCap 400® Index |
| Interest: | None |
| Redemption: | None. The PLUS will not be subject to redemption right or price dependent redemption right. |

Key Investment Rationale

The PLUS offer leveraged exposure to a limited range of positive performance of the basket. In exchange for enhanced performance of 300.00% of the appreciation of the basket, investors forgo performance above the maximum payment at maturity of \$11.17 per PLUS. At maturity, if the basket 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 \$11.17 per PLUS. However, if the basket has depreciated in value, investors will lose 1.00% for every 1.00% decline in the basket value from the pricing date 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 basket, 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 basket 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 basket, subject to the maximum payment at maturity of \$11.17 per PLUS (111.70% of the stated principal amount). For example, if the final basket value is 2.00% greater than the initial basket value, the PLUS will provide a total return of 6.00% at maturity.

Par Scenario

**Downside
Scenario**

The final basket value is equal to the initial basket value. In this case, you receive the stated principal amount of \$10 at maturity.

The basket 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 basket from the initial basket value. For example, if the final basket value is 30.00% less than the initial basket 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:

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GS Finance Corp.

PLUS Based on the Value of a Basket of Equity Indices due November 21, 2019

Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

| | |
|-------------------------------------|---|
| Stated principal amount: | \$10 per PLUS |
| Leverage factor: | 300% |
| Maximum payment at maturity: | \$11.17 per PLUS (111.70% of the stated principal amount) |
| Minimum payment at maturity: | None |

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PLUS Based on the Value of a Basket of Equity Indices due November 21, 2019

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Principal at Risk Securities

PLUS Payoff Diagram

How it works

§ **Upside Scenario.** If the final basket value is greater than the initial basket value, investors will receive the \$10 stated principal amount plus 300% of the appreciation of the basket from the pricing date to the valuation date of the PLUS, subject to the maximum payment at maturity. Under the terms of the PLUS, investors will realize the maximum payment at maturity at a final basket value of 103.900% of the initial basket value.

§ If the basket appreciates 2.00%, investors will receive a 6.00% return, or \$10.60 per PLUS.

§

Par Scenario. If the final basket value is equal to the initial basket value, investors will receive the \$10 stated principal amount per PLUS.

§ **Downside Scenario.** If the final basket value is less than the initial basket value, investors will 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 basket. 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 basket depreciates 30.00%, investors will lose 30.00% of their principal and receive only \$7.00 per PLUS at maturity, or 70.00% of the stated principal amount.

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PLUS Based on the Value of a Basket of Equity Indices due November 21, 2019

Performance Leveraged Upside SecuritiesSM

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 basket closing values or hypothetical closing values of the underlying indices 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 basket values and closing values of the underlying indices that are entirely hypothetical; the basket closing value on any day throughout the life of the PLUS, including the final basket value on the valuation date, cannot be predicted. The underlying indices have been highly volatile in the past meaning that the closing values of the underlying indices have changed considerably in relatively short periods and their performances 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 indices 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 | \$11.70 |
| 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 any of the respective underlying index publishers calculates their underlying index

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

Moreover, we have not yet set the initial basket component values that will serve as the baseline for determining the amount that we will pay on your PLUS, at maturity. We will not do so until the pricing date. As a result, the actual initial basket component values may differ substantially from the underlying index closing values prior to the pricing date.

For these reasons, the actual performance of the basket 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 underlying index closing values shown elsewhere in this document. For information about the historical values of the underlying indices during recent periods, see [The Basket and the Underlying Indices Historical Index Closing Values of the Underlying Indices and Basket Closing Values](#) below. Before investing in the offered PLUS, you should consult publicly available information to determine the values of the underlying indices between the date of this document 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 basket values and are expressed as percentages of the initial basket value. The amounts in the right column represent the hypothetical payments at maturity, based on the corresponding hypothetical final basket 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

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Performance Leveraged Upside SecuritiesSM**Principal at Risk Securities**

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 basket value and the assumptions noted above.

| Hypothetical Final Basket Value (as Percentage of Initial Basket Value) | Hypothetical Payment at Maturity (as Percentage of Stated Principal Amount) |
|--|---|
| 175.000% | 111.700% |
| 150.000% | 111.700% |
| 110.000% | 111.700% |
| 103.900% | 111.700% |
| 103.000% | 109.000% |
| 101.500% | 104.500% |
| 100.000% | 100.000% |
| 95.000% | 95.000% |
| 90.000% | 90.000% |
| 80.000% | 80.000% |
| 70.000% | 70.000% |
| 50.000% | 50.000% |
| 25.000% | 25.000% |
| 10.000% | 10.000% |
| 0.000% | 0.000% |

If, for example, the final basket value were determined to be 25.000% of the initial basket 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 basket value were determined to be zero, you would lose your entire investment in the PLUS. In addition, if the final basket value were determined to be 175.000% of the initial basket value, the payment at maturity that we would deliver on your PLUS at maturity would be limited to the maximum payment at maturity, or 111.70% 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 basket value beyond 103.900% of the initial basket value.

The following examples illustrate the hypothetical payment at maturity for each PLUS based on hypothetical basket component closing values on the valuation date (which we refer to as the final basket component values) for each of the underlying indices, calculated based on the key terms and assumptions above. The values in Column A represent hypothetical initial basket component values for each basket component, and the values in Column B represent the hypothetical final basket component values for each of the underlying indices. The percentages in Column C represent hypothetical final basket component values for

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each basket component in Column B expressed as percentages of the corresponding hypothetical initial basket component values in Column A. The amounts in Column D represent the applicable multiplier for each basket component, and the amounts in Column E represent the *products* of the values in Column B *times* the corresponding amounts in Column D. The final basket value for each example is shown beneath each example, and will equal the *sum* of the products shown in Column E. The basket percent increase will equal the *quotient* of (i) the final basket value for such example *minus* the initial basket value *divided* by (ii) the initial basket value, expressed as a percentage. The values below have been rounded for ease of analysis.

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Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

Example 1: The final basket value is greater than the initial basket value. The payment at maturity amount equals the maximum payment at maturity.

| | Column A | Column B | Column C | Column D | Column E |
|---|---|---|---------------------|--------------------------|---------------------|
| Underlying Index | Hypothetical Initial Basket Component Value | Hypothetical Final Basket Component Value | Column B / Column A | Hypothetical Multiplier | Column B x Column D |
| Russell 2000® Index (approximately 33.33% weighting) | 1,600.00 | 2,400.00 | 150.00% | 0.020833333 | 50.00 |
| MSCI EAFE Index (approximately 33.33% weighting) | 1,900.00 | 2,850.00 | 150.00% | 0.017543860 | 50.00 |
| S&P MidCap 400® Index (approximately 33.33% weighting) | 2,000.00 | 3,000.00 | 150.00% | 0.016666667 | 50.00 |
| | | | | Final Basket Value: | 150.00 |
| | | | | Basket Percent Increase: | 50.00% |

In this example, the hypothetical final basket component values for all of the underlying indices are greater than the applicable hypothetical initial basket component values, which results in the hypothetical final basket value being greater than the initial basket value of 100.00. Since the hypothetical final basket value was determined to be 150.00, the hypothetical payment at maturity for each \$10 principal amount of your PLUS will equal \$10 + leveraged upside payment, which equals:

$$\$10 + (\$10 \times 300.00\% \times 50.00\%) = \$25.00, \text{ which exceeds the maximum payment amount of } \$11.17.$$

Since this hypothetical payment at maturity exceeds the maximum payment amount, the hypothetical payment at maturity that we would deliver on your PLUS would be the maximum payment amount of \$11.17 for each \$10 face amount of your PLUS (i.e. 111.17% of each \$10 principal amount of your PLUS).

Example 2: The final basket value is greater than the initial basket value.

| | Column A | Column B | Column C | Column D | Column E |
|---|---|---|---------------------|--------------------------|---------------------|
| Underlying Index | Hypothetical Initial Basket Component Value | Hypothetical Final Basket Component Value | Column B / Column A | Hypothetical Multiplier | Column B x Column D |
| Russell 2000® Index (approximately 33.33% weighting) | 1,600.00 | 1,632.00 | 102.00% | 0.020833131 | 34.000 |
| MSCI EAFE Index (approximately 33.33% weighting) | 1,900.00 | 1,938.00 | 102.00% | 0.017543689 | 34.000 |
| S&P MidCap 400® Index (approximately 33.33% weighting) | 2,000.00 | 2,040.00 | 102.00% | 0.016666505 | 34.000 |
| | | | | Final Basket Value: | 102.00 |
| | | | | Basket Percent Increase: | 2.00% |

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GS Finance Corp.

PLUS Based on the Value of a Basket of Equity Indices due November 21, 2019

Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

In this example, the hypothetical final basket component values for all of the underlying indices are greater than the applicable hypothetical initial basket component values, which results in the hypothetical final basket value being greater than the initial basket value of 100.00. Since the hypothetical final basket value was determined to be 102.00, the hypothetical payment at maturity for each \$10 principal amount of your PLUS will equal \$10 + leveraged upside payment, which equals:

$$\$10 + (\$10 \times 300.00\% \times 2.00\%) = \$10.60.$$

Example 3: The final basket value is less than the initial basket value. The cash settlement amount is less than the \$10 principal amount.

| | Column A | Column B | Column C | Column D | Column E |
|---|--|--|----------------------------|--------------------------------|----------------------------|
| Basket Component | Hypothetical Initial Basket Component Value | Hypothetical Final Basket Component Value | Column B / Column A | Hypothetical Multiplier | Column B x Column D |
| Russell 2000® Index (approximately 33.33% weighting) | 1,600.00 | 960.00 | 60.00% | 0.020833333 | 20.00 |
| MSCI EAFE Index (approximately 33.33% weighting) | 1,900.00 | 1,140.00 | 60.00% | 0.017543860 | 20.00 |
| S&P MidCap 400® Index (approximately 33.33% weighting) | 2,000.00 | 1,200.00 | 60.00% | 0.016666667 | 20.00 |
| | | | | Final Basket Value: | 60.00 |

In this example, the hypothetical final basket component values for all of the underlying indices are less than the applicable hypothetical initial basket component values, which results in the hypothetical final basket value being less than the initial basket value of 100.00. Since the hypothetical final basket value of 60.00 is less than the initial basket value, the hypothetical payment at maturity for each \$10 principal amount of your PLUS will equal \$10 times the basket performance factor, which equals:

$$\$10 \times (60.00/100.00) = \$6.00$$

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

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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 (although the PLUS do not pay interest) 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 document.

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| <p>We cannot predict the actual final basket 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 values of each underlying index 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 initial basket component value for each underlying index, which we will set on the pricing date, and the actual final basket 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.</p> |
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Risk Factors

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| <p><i>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., with respect to a underlying index to which your PLUS are linked, the stocks comprising such underlying index. You should carefully consider whether the offered PLUS are suited to your particular circumstances.</i></p> |
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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 a weighted basket composed of the Russell 2000® Index, the MSCI EAFE Index and the S&P MidCap 400® Index as measured from the initial basket value set on the pricing date to the basket closing value on the valuation date. If the final basket value is *less than* the initial basket value, you will lose 1.00% of the stated principal amount of your PLUS for every 1.00% decline in the basket value from the pricing date to the valuation date 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 indices, 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 basket over the life of your PLUS will be limited because of the maximum payment at maturity of \$11.17 per PLUS (111.70% 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 basket may rise over the life of your PLUS. Although the leverage factor provides 300.00% exposure to any increase in the final basket value over the initial basket

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value, because the payment at maturity will be limited to 111.70% of the stated principal amount per PLUS, any increase in the final basket value over the initial basket value by more than 3.90% of the initial basket value will not further increase the return on the PLUS. 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 indices.

The Lower Performance of One or More Underlying Indices May Offset an Increase in Any of the Other Underlying Indices

Declines in the value of one or more underlying indices may offset an increase in the value of any of the other underlying indices. As a result, any return on the basket and thus on your PLUS may be reduced or eliminated, which will have the effect of reducing the amount payable in respect of your PLUS at maturity.

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

The underlying index publishers calculate the respective values of the underlying indices by reference to the prices of the applicable 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 Indices; 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 securities.

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.

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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 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 PLUS, including the price you may receive for your PLUS in any market making transaction. To the extent that GS&Co. makes a market in the PLUS, 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 PLUS (and subject to the declining excess amount described above).

Furthermore, if you sell your PLUS, 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 PLUS in a secondary market sale.

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

The Amount Payable on Your PLUS Is Not Linked to the Index Closing Values of the Underlying Indices at Any Time Other than the Valuation Date

The final basket value will be based on the index closing value of each of the underlying indices on the valuation date (subject to adjustment as described elsewhere in this document). Therefore, if the index closing values of the underlying indices dropped precipitously on the valuation date, the payment at maturity for your PLUS may be significantly less than it would have been had the payment at maturity been linked to the index closing values prior to such drop in the values of the underlying indices. Although the actual value of the underlying indices on the stated maturity date or at other times during the life of your PLUS may be higher than the index closing values of the underlying indices on the valuation date, you will not benefit from the index closing values of the underlying indices at any time other than on the valuation date.

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

When we refer to the market value of your PLUS, we mean the value that you could receive for your PLUS 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 PLUS, including:

- the value of the basket and the underlying indices;
- the volatility i.e., the frequency and magnitude of changes in the index closing values of the underlying indices;
- the dividend rates of the underlying index stocks;
- economic, financial, regulatory, political, military and other events that affect stock markets generally and the underlying index stocks, and which may affect the index closing values of the underlying indices;
- interest rates and yield rates in the market;

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- the time remaining until your PLUS mature; and
- our creditworthiness and the creditworthiness of The Goldman Sachs Group, Inc., whether actual or perceived, including actual or anticipated upgrades or downgrades in our credit ratings or the credit ratings of The Goldman Sachs Group, Inc. or changes in other credit measures.

These factors, and many other factors, will influence the price you will receive if you sell your PLUS before maturity, including the price you may receive for your PLUS in any market making transaction. If you sell your PLUS before maturity, you may receive less than the principal amount of your PLUS or the amount you may receive at maturity.

You cannot predict the future performance of the underlying indices based on their historical performance. The actual performance of the underlying indices over the life of the offered PLUS or the payment at maturity may bear little or no relation to the historical index closing values of the underlying indices or to the hypothetical examples shown elsewhere in this document.

Your PLUS May Not Have an Active Trading Market

Your PLUS 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 PLUS. Even if a secondary market for your PLUS 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 PLUS in any secondary market could be substantial.

If the Values of the Underlying Indices Change, the Market Value of Your PLUS May Not Change in the Same Manner

The price of your PLUS may move quite differently than the performance of the underlying indices. Changes in the value of one or more of the underlying indices may not result in a comparable change in the market value of your PLUS. Even if the value of one or more of the underlying indices increases above its initial basket component value during some portion of the life of the PLUS, the market value of your PLUS may not reflect this amount. We discuss some of the reasons for this disparity under [The Market Value of Your PLUS May Be Influenced by Many Unpredictable Factors](#) above.

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

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

In addition to entering into such transactions itself, or distributors entering into such transactions, Goldman Sachs may structure such transactions for its clients or counterparties, or otherwise advise or assist clients or counterparties in entering into such transactions. These activities may be undertaken to achieve a variety of objectives, including: permitting other purchasers of the PLUS or other securities to hedge their investment in whole or in part; facilitating transactions for other clients or counterparties that may have business objectives or investment strategies that are inconsistent with or contrary to those of investors in the PLUS; hedging the exposure of Goldman Sachs to the PLUS including any interest in the PLUS 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,

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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 PLUS.

Any of these hedging or other activities may adversely affect the values of the underlying indices directly or indirectly by affecting the value of the underlying index stocks and therefore the market value of your PLUS and the amount we will pay on your PLUS, if any, at maturity. In addition, you should expect that these transactions will cause Goldman Sachs or its clients, counterparties or distributors to have economic interests and incentives that do not align with, and that may be directly contrary to, those of an investor in the PLUS. 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 PLUS, and may receive substantial returns on hedging or other activities while the value of your PLUS declines. In addition, if the distributor from which you purchase PLUS is to conduct hedging activities in connection with the PLUS, 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 PLUS 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 PLUS to you in addition to the compensation they would receive for the sale of the PLUS.

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

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 high-net-worth 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 PLUS, 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 PLUS.

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 PLUS, or similar or linked to the underlying indices or underlying index stocks. Investors in the PLUS should expect that Goldman Sachs will offer securities, financial instruments, and other products that will compete with the PLUS for liquidity, research coverage or otherwise.

The Policies of the Underlying Index Publishers and Changes That Affect the Underlying Indices or the Underlying Index Stocks Comprising the Underlying Indices Could Affect the Payment at Maturity and the Market Value of the PLUS

The policies of the underlying index publishers concerning the calculation of the values of the underlying indices, additions, deletions or substitutions of underlying index stocks comprising the underlying indices and the manner in which changes affecting the underlying index stocks or their issuers, such as stock dividends, reorganizations or mergers, are reflected in the value of the underlying indices, could affect the values of the underlying indices and, therefore, the payment at maturity and the market value of your PLUS before the stated maturity date. The payment at maturity and the market value of your PLUS could also be affected if an underlying index publisher changes these policies, for example, by changing the manner in which it calculates such underlying index value or if such underlying index publisher discontinues or suspends calculation or publication of the value of the underlying index, in which case it may become difficult to determine the market value of your PLUS. If events such as these occur, the calculation agent which initially will be GS&Co., our affiliate may determine the index closing values

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of the underlying indices on any such date and thus the payment at maturity in a manner it considers appropriate, in its sole discretion. We describe the discretion that the calculation agent will have in determining the index value of the underlying indices on any index business day or the valuation date and the payment at maturity more fully under Supplemental Terms of the Notes Discontinuance or Modification of an Underlying and Role of Calculation Agent on page S-28 of the accompanying general terms supplement no. 25.

Investing in the PLUS is Not Equivalent to Investing in the Underlying Indices; You Have No Shareholder Rights or Rights to Receive Any Underlying Index Stock

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

We May Sell an Additional Aggregate Stated Principal Amount of the PLUS at a Different Issue Price

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

If You Purchase Your PLUS at a Premium to Stated Principal Amount, the Return on Your Investment Will Be Lower Than the Return on PLUS Purchased at Stated Principal Amount and the Impact of Certain Key Terms of the PLUS Will be Negatively Affected

The payment at maturity will not be adjusted based on the issue price you pay for the PLUS. If you purchase PLUS at a price that differs from the stated principal amount of the PLUS, then the return on your investment in such PLUS held to the stated maturity date will differ from, and may be substantially less than, the return on PLUS purchased at stated principal amount. If you purchase your PLUS at a premium to stated principal amount and hold them to the stated maturity date the return on your investment in the PLUS will be lower than it would have been had you purchased the PLUS at stated principal amount or a discount to stated principal amount.

There are Small-Capitalization Stock Risks Associated with the Russell 2000® Index

The Russell 2000® Index is comprised of stocks of companies that may be considered small capitalization companies. These companies often have greater stock price volatility, lower trading volume and less liquidity than large capitalization companies and therefore the Russell 2000® Index may be more volatile than an index in which a greater percentage of the constituent stocks are issued by large-capitalization companies.

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

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

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

Your Investment in the PLUS Will Be Subject to Foreign Currency Exchange Rate Risk

Because the PLUS are linked, in part, to an underlying index that is a U.S. dollar denominated index whose underlying index stock prices are converted by the underlier sponsor into U.S. dollars for purposes of calculating the value of the underlying index, investors in the PLUS will be exposed to currency exchange rate risk with respect to each of the currencies represented in the underlying index which are converted in such manner. An investor's net exposure will depend on the extent to which the currencies represented in the underlying index strengthen or weaken against the U.S. dollar and the relative weight of each relevant currency represented in the overall underlying index. If, taking into account such weighting, the U.S. dollar strengthens against the component currencies, the value of the underlying index may be adversely affected and the amount payable at maturity of the PLUS may be reduced.

Regulators Are Investigating Potential Manipulation of Published Currency Exchange Rates

It has been reported that the U.K. Financial Conduct Authority and regulators from other countries are in the process of investigating the potential manipulation of published currency exchange rates. If such manipulation has occurred or is continuing, certain published exchange rates may have been, or may be in the future, artificially lower (or higher) than they would otherwise have been. Any such manipulation could have an adverse impact on any payments on, and the value of, your PLUS and the trading market for your PLUS. In addition, we cannot predict whether any changes or reforms affecting the determination or publication of exchange rates or the supervision of currency trading will be implemented in connection with these investigations. Any such changes or reforms could also adversely impact your PLUS.

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

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

The Internal Revenue Service announced on December 7, 2007 that it is considering issuing guidance regarding the proper U.S. federal income tax treatment of an instrument such as your PLUS that are currently characterized as pre-paid derivative contracts, and any such guidance could adversely affect the tax treatment and the value of your PLUS. 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 PLUS after the bill was enacted to accrue interest income over the term of such instruments even though there will be no interest payments over the term of such instruments. It is not

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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 PLUS. We describe these developments in more detail under Supplemental Discussion of Federal Income Tax Consequences on page S-95 of the accompanying general terms supplement no. 1,735. 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 PLUS for U.S. federal income tax purposes in accordance with the treatment described under Supplemental Discussion of Federal Income Tax Consequences on page S-95 of the accompanying general terms supplement no. 1,735 unless and until such time as Congress, the Treasury Department or the Internal Revenue Service determine that some other treatment is more appropriate.

United States Alien Holders Should Consider the Withholding Tax Implications of Owning the PLUS

The Treasury Department has issued regulations under which amounts paid or deemed paid on certain financial instruments (871(m) financial instruments) that are treated as attributable to U.S.-source dividends could be treated, in whole or in part depending on the circumstances, as a dividend equivalent payment that is subject to tax at a rate of 30% (or a lower rate under an applicable treaty), which in the case of any amounts a United States alien holder receives upon the sale, exchange or maturity of the PLUS, could be collected via withholding. If these regulations were to apply to the PLUS, we may be required to withhold such taxes if any U.S.-source dividends are paid on the Russell 2000® Index, MSCI EAFE Index or the S&P MidCap 400® Index during the term of the PLUS. We could also require a United States alien holder to make certifications (e.g., an applicable Internal Revenue Service Form W-8) prior to the maturity of the PLUS in order to avoid or minimize withholding obligations, and we could withhold accordingly (subject to the United States alien holder's potential right to claim a refund from the Internal Revenue Service) if such certifications were not received or were not satisfactory. If withholding was required, we would not be required to pay any additional amounts with respect to amounts so withheld. These regulations generally will apply to 871(m) financial instruments (or a combination of financial instruments treated as having been entered into in connection with each other) issued (or significantly modified and treated as retired and reissued) on or after January 1, 2021, but will also apply to certain 871(m) financial instruments (or a combination of financial instruments treated as having been entered into in connection with each other) that have a delta (as defined in the applicable Treasury regulations) of one and are issued (or significantly modified and treated as retired and reissued) on or after January 1, 2017. In addition, these regulations will not apply to financial instruments that reference a qualified index (as defined in the regulations). We have determined that, as of the issue date of your PLUS, your PLUS will not be subject to withholding under these rules. In certain limited circumstances, however, you should be aware that it is possible for United States alien holders to be liable for tax under these rules with respect to a combination of transactions treated as having been entered into in connection with each other even when no withholding is required. You should consult your tax advisor concerning these regulations, subsequent official guidance and regarding any other possible alternative characterizations of your PLUS for U.S. federal income tax purposes.

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

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The Basket and the Underlying Indices

The Basket

The basket is composed of three underlying indices with the following basket component weightings within the basket: the Russell 2000[®] Index (approximately 33.33%), the MSCI EAFE Index (approximately 33.33%) and the S&P MidCap 400[®] Index (approximately 33.33%).

The Russell 2000[®] Index

The Russell 2000[®] Index measures the composite price performance of stocks of 2,000 companies incorporated in the U.S., its territories and certain benefit-driven incorporation countries.

As of October 2, 2018, the 2,000 companies included in the Russell 2000[®] Index were divided into nine Russell Global Sectors. The Russell Global Sectors include (with the approximate percentage currently included in such sectors indicated in parentheses): Consumer Discretionary (14.99%), Consumer Staples (2.37%), Financial Services (24.51%), Health Care (15.95%), Materials & Processing (6.82%), Other Energy (4.86%), Producer Durables (13.63%), Technology (12.71%) and Utilities (4.16%). (Sector designations are determined by the underlying index publisher using criteria it has selected or developed. Index publishers may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indexes with different index publishers may reflect differences in methodology as well as actual differences in the sector composition of the indices.)

In addition to the exclusions discussed under Exclusions from the Russell 2000[®] Index on page S-62 of the accompanying general terms supplement no. 1,735, a company with 5% or less of its voting rights in the hands of unrestricted shareholders is no longer eligible for inclusion in the Russell 2000[®] Index. Existing

constituents of the Russell 2000® Index that do not currently have more than 5% of the company's voting rights in the hands of unrestricted shareholders have until the September 2022 review to meet this requirement.

The above information supplements the description of the underlying index found in the accompanying general terms supplement no. 1,735. This information was derived from information prepared by the underlying index publisher, however, the percentages we have listed above are approximate and may not match the information available on the underlying index publisher's website due to subsequent corporate actions or other activity relating to a particular stock. For more details about the underlying index, the underlying index publisher and license agreement between the underlying index publisher and the issuer, see "The Underlyings Russell 2000® Index" on page S-61 of the accompanying general terms supplement no. 1,735.

The Russell 2000® Index is a trademark of FTSE Russell ("Russell") and has been licensed for use by GS Finance Corp. The notes are not sponsored, endorsed, sold or promoted by Russell, and Russell makes no representation regarding the advisability of investing in the notes.

The MSCI EAFE Index

The MSCI EAFE Index is a stock index calculated, published and disseminated daily by MSCI Inc., which we refer to as "MSCI", through numerous data vendors, on the MSCI website and in real time on Bloomberg Financial Markets and Reuters Limited.

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Underlying Index Weighting by Country as of September 28, 2018

| <u>Country:</u> | <u>Percentage (%)*</u> |
|-------------------------|-------------------------------|
| Australia | 6.70% |
| Belgium | 1.01% |
| Denmark | 1.68% |
| Finland | 1.05% |
| France | 11.11% |
| Germany | 9.34% |
| Hong Kong | 3.49% |
| Italy | 2.27% |
| Japan | 24.37% |
| Netherlands | 3.32% |
| Singapore | 1.28% |
| Spain | 2.93% |
| Sweden | 2.71% |
| Switzerland | 8.19% |
| United Kingdom | 17.34% |
| Cash and/or Derivatives | 0.79% |
| Other | 2.44% |

*Information provided by MSCI. Percentages may not sum to 100% due to rounding.

Underlying Index Weighting by Sector as of September 28, 2018

| <u>Sector**</u> | <u>Percentage (%)*</u> |
|----------------------------|-------------------------------|
| Consumer Discretionary | 12.07% |
| Consumer Staples | 11.07% |
| Energy | 6.11% |
| Financials | 19.52% |
| Health Care | 11.01% |
| Industrials | 14.40% |
| Information Technology | 6.76% |
| Materials | 8.04% |
| Real Estate | 3.35% |
| Telecommunication Services | 3.68% |
| Utilities | 3.21% |
| Cash and/or Derivatives | 3.21% |
| Other | 0.79% |

*Information provided by MSCI. Percentages may not sum to 100% due to rounding.

**Sector designations are determined by the underlying index publisher using criteria it has selected or developed. Index publishers may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices with different index publishers may reflect differences in methodology as well as actual differences in the sector composition of the indices. As of the close of business on September 21, 2018, MSCI and S&P Dow Jones Indices LLC updated the Global Industry Classification Sector structure. Among other things, the update broadened the Telecommunications Services sector and renamed it the Communication Services sector. The renamed sector includes the previously existing Telecommunication Services Industry group, as well as the Media Industry group, which was moved from the Consumer Discretionary sector and renamed the Media & Entertainment Industry group. The Media & Entertainment Industry group contains three industries: Media, Entertainment and Interactive Media & Services. The Media industry continues to consist of the Advertising, Broadcasting, Cable & Satellite and Publishing sub-industries. The Entertainment industry contains the Movies & Entertainment sub-industry (which includes online entertainment streaming companies in addition to companies previously classified in such industry prior to September 21, 2018) and the Interactive Home Entertainment sub-industry (which includes companies previously classified in the Home Entertainment Software sub-industry prior to September 21, 2018 (when the Home Entertainment Software sub-industry was a sub-industry in the Information Technology sector)), as well as producers of interactive gaming products, including mobile gaming applications). The Interactive Media & Services industry and sub-industry includes companies engaged in content and information creation or distribution through proprietary platforms, where revenues are derived primarily through pay-per-click advertisements, and includes search engines, social media and networking platforms, online classifieds and online review companies. The Global Classification Sector structure changes will be implemented in the MSCI EAFE Index in connection with the November 2018 semi-annual index review.

The above information supplements the description of the MSCI EAFE Index found in the accompanying general terms supplement no. 1,735. For more details about the MSCI EAFE Index, the underlying index publisher and license agreement between the underlying index publisher and the issuer, see The Underlyings MSCI Indices on page S-46 of the accompanying general terms supplement no. 1,735. Additional information about the MSCI EAFE Index is available on the following website: msci.com/index-methodology. We are not incorporating by reference the website or any material it includes in this free writing prospectus.

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The MSCI indices are the exclusive property of MSCI Inc. (MSCI). MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and are licensed for use for certain purposes by GS Finance Corp. and its affiliates. These securities, based on such index, have not been passed on by MSCI as to their legality or suitability, and are not issued, sponsored, endorsed, sold or promoted by MSCI, and MSCI bears no liability with respect to any such securities. No purchaser, seller or holder of the securities, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote the securities without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI. The general terms supplement contains a more detailed description of the limited relationship MSCI has with GS Finance Corp. and any related securities.

[The S&P MidCap 400[®] Index](#)

The S&P MidCap 400[®] Index includes a sample of 400 mid-sized companies in various industries of the U.S. economy. S&P chooses companies for inclusion in the S&P MidCap 400[®] Index with an aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the population of mid-size companies in the U.S. equity market. Although the S&P MidCap 400[®] Index contains 400 constituent companies, at any one time it may contain greater than 400 constituent trading lines since some companies included in the index prior to July 31, 2017 may be represented by multiple share class lines in the index. The S&P MidCap 400[®] Index is calculated, maintained and published by S&P and is part of the S&P Dow Jones Indices family of indices. Additional information is available on the following websites: spindices.com/indices/equity/sp-400 and spdji.com/. We are not incorporating by reference the websites or any material they include in this prospectus supplement.

The S&P MidCap 400[®] Index is intended to reflect the risk and return characteristics of the broader universe of mid-sized firms in the U.S. equity markets. Constituent changes are made on an as-needed basis and there is no schedule for constituent reviews. Constituent changes are generally announced one to five business days prior to the change. Relevant criteria for additions to the S&P MidCap 400[®] Index that are employed by S&P include: the company proposed for addition has an unadjusted company market capitalization of between \$1.6 billion and \$6.8 billion (but the constituents are not the 400 largest companies in the NYSE in that range and not all 400 companies are listed on such exchange; for spin-offs, eligibility is determined using when-issued prices, if available); using composite pricing and volume, the ratio of annual dollar value traded in the proposed constituent to float-adjusted market capitalization of that company should be 1.00 or greater and the stock should trade a minimum of 250,000 shares in each of the six months leading up to the evaluation date; the company must be a U.S. company (characterized as a Form 10-K filer with its U.S.

portion of fixed assets and revenues constituting a plurality of the total and with a primary listing of the common stock on the NYSE, NYSE Arca, NYSE American (formerly NYSE MKT), NASDAQ Global Select Market, NASDAQ Select Market, NASDAQ Capital Market, Bats BZX, Bats BYX, Bats EDGA, Bats EDGX or IEX (each, an eligible exchange)), the proposed constituent has a public float of 50% or more of its stock, the inclusion of the company will contribute to sector balance in the index relative to the sector balance in the market in the relevant market capitalization range; financial viability (the sum of the most recent four consecutive quarters Generally Accepted Accounting Principles (GAAP) earnings (net income excluding discontinued operations) should be positive as should the most recent quarter; and, for IPOs, the company must be traded on an eligible exchange for at least twelve months. In addition, constituents of the S&P 500® Index and the S&P SmallCap 600® Index can be migrated to the index without meeting the financial viability, public float and/or liquidity eligibility criteria if the S&P Index Committee decides that such a move will enhance the representativeness of the S&P MidCap 400® Index as a market benchmark. Certain types of organizational structures and securities are always excluded, including business development companies (BDCs), limited partnerships, master limited partnerships, limited liability companies (LLCs) OTC bulletin board issues, closed-end funds, ETFs, ETNs, royalty trusts, tracking stocks, preferred stock and convertible preferred stock, unit trusts, equity warrants, convertible bonds, investment trusts, rights and American depositary receipts (ADRs). Stocks are deleted from the S&P MidCap 400® Index when they

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are involved in mergers, acquisitions or significant restructurings such that they no longer meet the inclusion criteria, and when they substantially violate one or more of the addition criteria. Stocks that are delisted or moved to the pink sheets or bulletin board are removed and those that experience a trading halt may be retained or removed in S&P's discretion. S&P evaluates additions and deletions with a view to maintaining S&P MidCap 400[®] Index continuity.

For constituents included in the index prior to July 31, 2017, all publicly listed multiple share class lines are included separately in the S&P MidCap 400[®] Index, subject to, in the case of any such share class line, that share class line satisfying the liquidity and float criteria discussed above and subject to certain exceptions. It is possible that one listed share class line of a company may be included in the S&P MidCap 400[®] Index while a second listed share class line of the same company is excluded. For companies that issue a second publicly traded share class to index share class holders, the newly issued share class line is considered for inclusion if the event is mandatory and the market capitalization of the distributed class is not considered to be de minimis.

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As of July 31, 2017, companies with multiple share class lines are no longer eligible for inclusion in the index. Constituents of the index prior to July 31, 2017 with multiple share class lines will be grandfathered in and continue to be included in the index. If a constituent company of the index reorganizes into a multiple share class line structure, that company will remain in the index at the discretion of the S&P Index Committee in order to minimize turnover.

As of October 9, 2018, the top ten component stocks of the S&P MidCap 400[®] Index, by weight, were: Jack Henry & Associates Inc. (0.69%), Keysight Technologies Inc. (0.69%), Domino's Pizza Inc. (0.68%), Fortinet Inc. (0.67%), Teleflex Inc. (0.65%), IDEX Corporation (0.63%), Lamb Weston Goldings Inc. (0.62%), Atmos Energy Corporation (0.61%), Steel Dynamics, Inc. (0.60%) and PTC Inc. (0.60%).

As of October 9, 2018, the 400 companies included in the S&P MidCap 400[®] Index were divided into eleven Global Industry Classification Sectors. The Global Industry Classification Sectors include (with the approximate percentage currently included in such sectors indicated in parentheses): Consumer Discretionary (11.40%), Consumer Staples (3.44%), Energy (5.67%), Financials (16.50%), Health Care (9.96%), Industrials (14.34%), Information Technology (16.01%), Materials (6.70%), Real Estate (8.97%), Communication Services (2.14%), and Utilities (4.88%). (Sector designations are determined by the underlying index publisher using criteria it has selected or developed. Underlying index publishers may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices with underlying index publishers may reflect differences in methodology as well as actual differences in the sector composition of the indices.) As of the close of business on September 21, 2018, S&P and MSCI, Inc. updated the Global Industry Classification Sector structure. Among other things, the update broadened the Telecommunications Services sector and renamed it the Communication Services sector. The renamed sector includes the previously existing Telecommunication Services Industry group, as well as the Media Industry group, which was moved from the Consumer Discretionary sector and renamed the Media & Entertainment Industry group. The Media & Entertainment Industry group contains three industries: Media, Entertainment and Interactive Media & Services. The Media industry continues to consist of the Advertising, Broadcasting, Cable & Satellite and Publishing sub-industries. The Entertainment industry contains the Movies & Entertainment sub-industry (which includes online entertainment streaming companies in addition to companies previously classified in such industry prior to September 21, 2018) and the Interactive Home Entertainment sub-industry (which includes companies previously classified in the Home Entertainment Software sub-industry prior to September 21, 2018 (when the Home Entertainment Software sub-industry was a sub-industry in the Information Technology sector)), as well as producers of interactive gaming products, including mobile gaming applications). The Interactive Media & Services industry and sub-industry includes companies

engaged in content and information creation or distribution through proprietary platforms, where revenues are derived primarily through pay-per-click advertisements, and includes search engines, social media and networking platforms, online classifieds and online review companies. The Global Industry Classification Sector structure changes are effective for the S&P 500® Index as of the open of business on September 24, 2018 to coincide with the September 2018 quarterly rebalancing.

Calculation of the S&P MidCap 400® Index

The S&P MidCap 400® Index is calculated using a base-weighted aggregative methodology. The value of the S&P MidCap 400® Index on any day for which an index value is published is determined by a fraction, the numerator of which is the aggregate of the market price of each stock in the S&P MidCap 400® Index times the number of shares of such stock included in the S&P MidCap 400® Index, and the denominator of which is the divisor, which is described more fully below. The market value of any index stock is the *product* of the market price per share of that stock *times* the number of the then-outstanding shares of such index stock that are then included in the S&P MidCap 400® Index.

The S&P MidCap 400® Index is also sometimes called a base-weighted aggregative index because of its use of a divisor. The divisor is a value calculated by S&P that is intended to maintain conformity in index values over time and is adjusted for all changes in the index stocks' share capital after the base

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date as described below. The level of the S&P MidCap 400[®] Index reflects the total market value of all index stocks relative to the index's base date of June 28, 1991.

In addition, the S&P MidCap 400[®] Index is float-adjusted, meaning that the share counts used in calculating the S&P MidCap 400[®] Index reflect only those shares available to investors rather than all of a company's outstanding shares. S&P seeks to exclude shares held by certain shareholders concerned with the control of a company, a group that generally includes the following: officers and directors and related individuals whose holdings are publicly disclosed, private equity, venture capital, special equity firms, publicly traded companies that hold shares for control in another company, strategic partners, holders of restricted shares, employee stock ownership plans, employee and family trusts, foundations associated with the company, holders of unlisted share classes of stock, government entities at all levels (except government retirement or pension funds) and any individual person listed as a 5% or greater stakeholder in a company as reported in regulatory filings (collectively, control holders). To this end, S&P excludes all share-holdings (other than depositary banks, pension funds, mutual funds, exchange traded fund providers, 401(k) plans of the company, government retirement and

pension funds, investment funds of insurance companies, asset managers and investment funds, independent foundations, savings plans and investment plans) with a position greater than 5% of the outstanding shares of a company from the float-adjusted share count to be used in S&P MidCap 400 Index[®] calculations.

The exclusion is accomplished by calculating an Investable Weight Factor (IWF) for each stock that is part of the numerator of the float-adjusted index fraction described above:

$$\text{IWF} = (\text{available float shares}) / (\text{total shares outstanding})$$

where available float shares is defined as total shares outstanding less shares held by control holders. In most cases, an IWF is reported to the nearest one percentage point. For companies with multiple share class lines, a separate IWF is calculated for each share class line.

Maintenance of the S&P MidCap 400® Index

In order to keep the S&P MidCap 400® Index comparable over time S&P engages in an index maintenance process. The S&P MidCap 400® Index maintenance process involves changing the constituents as discussed above, and also involves maintaining quality assurance processes and procedures, adjusting the number of shares used to calculate the S&P MidCap 400® Index, monitoring and completing the adjustments for company additions and deletions, adjusting for stock splits and stock dividends and adjusting for other corporate actions. In addition to its daily governance of indices and maintenance of the index methodology, at least once within any 12 month period, the S&P Index Committee reviews the index methodology to ensure the S&P MidCap 400® Index continues to achieve the stated objective, and that the data and methodology remain effective. The S&P Index Committee may at times consult with investors, market participants, security issuers included or potentially included in the S&P MidCap 400® Index, or investment and financial experts.

Divisor Adjustments

The two types of adjustments primarily used by S&P are divisor adjustments and adjustments to the number of shares (including float adjustments) used to calculate the S&P MidCap 400® Index. Set forth below is a table of certain corporate events and their resulting effect on the divisor and the share count. If a corporate event requires an adjustment to the divisor, that event has the effect of altering the market value of the affected index stock and consequently of altering the aggregate market value of the index stocks following the event. In order that the level of the S&P MidCap 400® Index not be affected by the altered market value (which could be an increase or decrease) of the affected index stock, S&P generally derives a new divisor by dividing the post-event market value of the index stocks by the pre-event index value, which has the effect of reducing the S&P MidCap 400® Index's post-event value to the pre-event level.

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Changes to the Number of Shares of a Constituent

The index maintenance process also involves tracking the changes in the number of shares included for each of the index companies. The timing of adjustments to the number of shares depends on the type of event causing the change, and whether the change represents 5% or more of the total share count (for companies with multiple share class lines, the 5% threshold is based on each individual share class line rather than total company shares). Changes as a result of mergers or acquisitions are implemented when the transaction occurs. At S&P's discretion, however, de minimis merger and acquisition changes may be accumulated and implemented with the updates made at the quarterly share updates as described below. Changes in a constituent's total shares of 5% or more due to public offerings (which must be underwritten, have a publicly available prospectus or prospectus summary filed with the Securities and Exchange Commission and include a public confirmation that the offering has been completed) are implemented as soon as reasonably possible. Other changes of 5% or more are made weekly and are announced on Fridays for implementation after the close of trading on the following Friday. For changes of less than 5%, on the third Friday of the last month in each calendar quarter, S&P updates the share totals of companies in the S&P MidCap 400® Index as required by any changes in the number of shares outstanding. S&P implements a share / IWF freeze beginning after the market close on the Tuesday preceding the second Friday of each quarterly rebalancing month and ending after the market close on the third Friday of the quarterly rebalancing month. During this frozen period, shares and IWFs are not changed except for certain corporate action events (merger activity, stock splits and rights offerings).

Adjustments for Corporate Actions

There is a large range of corporate actions that may affect companies included in the S&P MidCap 400® Index. Certain corporate actions require S&P to recalculate the share count or the float adjustment or to make an adjustment to the divisor to prevent the value of the S&P MidCap 400® Index from changing as a result of the corporate action. This helps ensure that the movement of the S&P MidCap 400® Index does not reflect the corporate actions of individual companies in the S&P MidCap 400® Index.

Spin-Offs

As a general policy, a spin-off security is added to the S&P MidCap 400® Index at a zero price at the market close of the day before the ex-date (with no divisor adjustment). The spin-off security will remain in the S&P MidCap 400® Index if it meets all eligibility criteria. If the spin-off security is determined ineligible to remain in the

S&P MidCap 400® Index, it will generally be removed after at least one day of regular way trading (with a divisor adjustment). If there is a gap between the ex-date and distribution date (or payable date), or if the spin-off security does not trade regular way on the ex-date, the spin-off security is kept in the S&P MidCap 400® Index until the spin-off security begins trading regular way.

Several additional types of corporate actions, and their related adjustments, are listed in the table below.

| Corporate Action | Share Count Revision Required? | Divisor Adjustment Required? |
|---|---|---|
| Stock split | Yes share count is revised to reflect new count | No share count and price changes are off-setting |
| Change in shares outstanding (secondary issuance, share repurchase and/or share buy-back) | Yes share count is revised to reflect new count | Yes |
| Special dividends | No | Yes calculation assumes that share price drops by the amount of the dividend; divisor adjustment reflects this change in index market value |

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| | | |
|--|----|---|
| Change in IWF | No | Yes divisor change reflects the change in market value caused by the change to an IWF |
| Company added to or deleted from the S&P MidCap 400 [®] Index | No | Yes divisor is adjusted by the net change in market value, calculated as the shares issued multiplied by the price paid. |
| Rights Offering | No | Yes divisor adjustment reflects increase in market capitalization (calculation assumes that offering is fully subscribed) |

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Recalculation Policy

S&P reserves the right to recalculate and republish the S&P MidCap 400® Index at its discretion in the event one of the following issues has occurred: (1) incorrect or revised closing price of one or more constituent securities; (2) missed corporate event; (3) incorrect application of corporate action or index methodology; (4) late announcement of a corporate event; or (5) incorrect calculation or data entry error. The decision to recalculate the S&P MidCap 400® Index is made at the discretion of the index manager and/or index committee, as further discussed below. The potential market impact or disruption resulting from the potential recalculation is considered when making any such decision. In the event of an incorrect closing price, a missed corporate event or a misapplied corporate action, a late announcement of a corporate event, or an incorrect calculation or data entry error that is discovered within two trading days of its occurrence, the index manager may, at his or her discretion, recalculate the S&P MidCap 400® Index without involving the index committee. In the event any such event is discovered beyond the two trading day period, the index committee shall decide whether the S&P MidCap 400® Index should be recalculated. In the event of an incorrect application of the methodology that results in the incorrect composition and/or weighting of index constituents, the index committee shall determine whether or not to recalculate the S&P MidCap 400® Index following specified guidelines. In the event that the S&P MidCap 400® Index is recalculated, it shall be done within a reasonable timeframe following the detection and review of the issue.

Calculations and Pricing Disruptions

Closing levels for the S&P MidCap 400® Index are calculated by S&P based on the closing price of the individual constituents of the index as set by their primary exchange. Closing prices are received by S&P from one of its third party vendors and verified by comparing them with prices from an alternative vendor. The vendors receive the closing price from the primary exchanges. Real-time intraday prices are calculated similarly without a second verification. Prices used for the calculation of real time index values are based on the Consolidated Tape . The Consolidated Tape is an aggregation of trades for each constituent over all regional exchanges and trading venues and includes the primary exchange. If there is a failure or interruption on one or more exchanges, real-time calculations will continue as long as the Consolidated Tape is operational.

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If an interruption is not resolved prior to the market close, official closing prices will be determined by following the hierarchy set out in NYSE Rule 123C. A notice is published on the S&P website at *spdji.com* indicating any changes to the prices used in S&P MidCap 400® Index calculations. In extreme circumstances, S&P may decide to delay index adjustments or not publish the S&P MidCap 400® Index. Real-time indices are not restated.

Unexpected Exchange Closures

An unexpected market/exchange closure occurs when a market/exchange fully or partially fails to open or trading is temporarily halted. This can apply to a single exchange or to a market as a whole, when all of the primary exchanges are closed and/or not trading. Unexpected market/exchange closures are usually due to unforeseen circumstances, such as natural disasters, inclement weather, outages, or other events.

To a large degree, S&P is dependent on the exchanges to provide guidance in the event of an unexpected exchange closure. S&P's decision making is dependent on exchange guidance regarding pricing and mandatory corporate actions.

NYSE Rule 123C provides closing contingency procedures for determining an official closing price for listed securities if the exchange is unable to conduct a closing transaction in one or more securities due to a system or technical issue.

3:00 PM ET is the deadline for an exchange to determine its plan of action regarding an outage scenario. As such, S&P also uses 3:00 PM ET as the cutoff.

If all major exchanges fail to open or unexpectedly halt trading intraday due to unforeseen circumstances, S&P will take the following actions:

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Market Disruption Prior to Open of Trading:

(i) If all exchanges indicate that trading will not open for a given day, S&P will treat the day as an unscheduled market holiday. The decision will be communicated to clients as soon as possible through the normal channels. Indices containing multiple markets will be calculated as normal, provided that at least one market is open that day. Indices which only contain closed markets will not be calculated.

(ii) If exchanges indicate that trading, although delayed, will open for a given day, S&P will begin index calculation when the exchanges open.

Market Disruption Intraday:

(i) If exchanges indicate that trading will not resume for a given day, the S&P MidCap 400[®] Index level will be calculated using prices determined by the exchanges based on NYSE Rule 123C. Intraday S&P MidCap 400[®] Index values will continue to use the last traded composite price until the primary exchange publishes official closing prices.

License Agreement between S&P and GS Finance Corp.

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Goldman with respect to the S&P MidCap 400® Index is the licensing of the S&P MidCap 400® Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The S&P MidCap 400® Index is determined, composed and calculated by S&P Dow Jones Indices without regard to Goldman or the notes. S&P Dow Jones Indices have no obligation to take the needs of Goldman or the owners of the notes into consideration in determining, composing or calculating the S&P MidCap 400® Index. S&P Dow Jones Indices are not responsible for and have not participated in the determination of the prices, and amount of the notes or the timing of the issuance or sale of the notes or in the determination or calculation of the equation by which the notes are to be converted into cash. S&P Dow Jones Indices have no obligation or liability in connection with the administration, marketing or trading of the notes. There is no assurance that investment products based on the S&P MidCap 400® Index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

S&P DOW JONES INDICES DOES NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE S&P MidCap 400® INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY GOLDMAN, OWNERS OF THE NOTES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P MidCap 400® INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD

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PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND GOLDMAN, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

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Historical Index Closing Values of the Underlying Indices and Basket Closing Values

The respective index closing values of the underlying indices have fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the index closing value of any of the underlying indices during any period shown below is not an indication that the underlying indices are more or less likely to increase or decrease at any time during the life of your PLUS.

You should not take the historical index closing values of the underlying indices or the historical basket closing values as an indication of the future performance of the underlying indices or the basket. We cannot give you any assurance that the future performance of the underlying indices, the basket or the underlying index stocks will result in your receiving an amount greater than the outstanding principal amount of your PLUS on the stated maturity date.

Neither we nor any of our affiliates make any representation to you as to the performances of the underlying indices. Before investing in the offered PLUS, you should consult publicly available information to determine the values of the underlying indices between the date of this document and the date of your purchase of the offered PLUS. The actual performance of each underlying index over the life of the offered PLUS, as well as the payment at maturity, if any, may bear little relation to the historical index closing values shown below.

The tables below shows the high, low and period end index closing values of the Russell 2000[®] Index, MSCI EAFE Index and the S&P 400[®] MidCap Index for each of the four calendar quarters in 2013, 2014, 2015, 2016 and 2017 and the first three calendar quarters of 2018 (through October 10, 2018). We obtained the index closing values listed in the tables below from Bloomberg Financial Services, without independent verification.

Historical Quarterly High, Low and Period End Index Closing Values of the Russell 2000[®] Index

| | High | Low | Period End |
|------------------------|---------|---------|------------|
| 2013 | | | |
| Quarter ended March 31 | 953.068 | 872.600 | 951.542 |

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| | | | |
|----------------------------|-----------|-----------|-----------|
| Quarter ended June 30 | 999.985 | 901.513 | 977.475 |
| Quarter ended September 30 | 1,078.408 | 989.535 | 1,073.786 |
| Quarter ended December 31 | 1,163.637 | 1,043.459 | 1,163.637 |
| 2014 | | | |
| Quarter ended March 31 | 1,208.651 | 1,093.594 | 1,173.038 |
| Quarter ended June 30 | 1,192.964 | 1,095.986 | 1,192.964 |
| Quarter ended September 30 | 1,208.150 | 1,101.676 | 1,101.676 |
| Quarter ended December 31 | 1,219.109 | 1,049.303 | 1,204.696 |
| 2015 | | | |
| Quarter ended March 31 | 1,266.373 | 1,154.709 | 1,252.772 |
| Quarter ended June 30 | 1,295.799 | 1,215.417 | 1,253.947 |
| Quarter ended September 30 | 1,273.328 | 1,083.907 | 1,100.688 |
| Quarter ended December 31 | 1,204.159 | 1,097.552 | 1,135.889 |
| 2016 | | | |
| Quarter ended March 31 | 1,114.028 | 953.715 | 1,114.028 |
| Quarter ended June 30 | 1,188.954 | 1,089.646 | 1,151.923 |
| Quarter ended September 30 | 1,263.438 | 1,139.453 | 1,251.646 |
| Quarter ended December 31 | 1,388.073 | 1,156.885 | 1,357.130 |
| 2017 | | | |
| Quarter ended March 31 | 1,413.635 | 1,345.598 | 1,385.920 |
| Quarter ended June 30 | 1,425.985 | 1,345.244 | 1,415.359 |
| Quarter ended September 30 | 1,490.861 | 1,356.905 | 1,490.861 |
| Quarter ended December 31 | 1,548.926 | 1,464.095 | 1,535.511 |

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| | High | Low | Period End |
|---|-------------|------------|-------------------|
| 2018 | | | |
| Quarter ended March 31 | 1,610.706 | 1,463.793 | 1,549.427 |
| Quarter ended June 30 | 1,706.985 | 1,492.531 | 1,643.069 |
| Quarter ended September 30 | 1,740.753 | 1,653.132 | 1,696.571 |
| Quarter ending December 31 (through October 10, 2018) | 1,672.992 | 1,575.412 | 1,575.412 |

Historical Quarterly High, Low and Period End Index Closing Values of the MSCI EAFE Index

| | High | Low | Period End |
|---|-------------|------------|-------------------|
| 2013 | | | |
| Quarter ended March 31 | 1,713.66 | 1,604.15 | 1,674.30 |
| Quarter ended June 30 | 1,781.84 | 1,598.66 | 1,638.94 |
| Quarter ended September 30 | 1,844.39 | 1,645.23 | 1,818.23 |
| Quarter ended December 31 | 1,915.60 | 1,790.27 | 1,915.60 |
| 2014 | | | |
| Quarter ended March 31 | 1,796.86 | 1,915.69 | 1,796.86 |
| Quarter ended June 30 | 1,882.24 | 1,972.12 | 1,882.24 |
| Quarter ended September 30 | 1,846.08 | 1,846.08 | 1,846.08 |
| Quarter ended December 31 | 1,714.64 | 1,774.89 | 1,714.64 |
| 2015 | | | |
| Quarter ended March 31 | 1,900.90 | 1,697.01 | 1,849.34 |
| Quarter ended June 30 | 1,949.49 | 1,842.46 | 1,842.46 |
| Quarter ended September 30 | 1,894.42 | 1,609.50 | 1,644.40 |
| Quarter ended December 31 | 1,779.25 | 1,654.98 | 1,716.28 |
| 2016 | | | |
| Quarter ended March 31 | 1,716.28 | 1,492.43 | 1,652.04 |
| Quarter ended June 30 | 1,716.51 | 1,520.94 | 1,608.45 |
| Quarter ended September 30 | 1,734.72 | 1,573.30 | 1,701.69 |
| Quarter ended December 31 | 1,704.84 | 1,614.17 | 1,684.00 |
| 2017 | | | |
| Quarter ended March 31 | 1,812.06 | 1,676.93 | 1,792.98 |
| Quarter ended June 30 | 1,916.37 | 1,774.47 | 1,883.19 |
| Quarter ended September 30 | 1,981.49 | 1,874.10 | 1,973.81 |
| Quarter ended December 31 | 2,050.79 | 1,971.41 | 2,050.79 |
| 2018 | | | |
| Quarter ended March 31 | 2,186.65 | 1,989.61 | 2,005.67 |
| Quarter ended June 30 | 2,066.80 | 1,938.95 | 1,958.64 |
| Quarter ended September 30 | 2,011.48 | 1,905.44 | 1,973.60 |
| Quarter ending December 31 (through October 10, 2018) | 1,970.26 | 1,893.46 | 1,893.46 |

Historical Quarterly High, Low and Period End Index Closing Values of the S&P MidCap 400® Index

| | High | Low | Period End |
|----------------------------|-------------|------------|-----------------------|
| 2013 | | | |
| Quarter ended March 31 | 1,153.68 | 1,046.32 | 1,153.68 |
| Quarter ended June 30 | 1,214.89 | 1,104.79 | 1,160.82 |
| Quarter ended September 30 | 1,257.72 | 1,170.68 | 1,243.85 |
| Quarter ended December 31 | 1,342.53 | 1,222.86 | 1,342.53 |
| 2014 | | | |
| Quarter ended March 31 | 1,389.21 | 1,265.61 | 1,378.50 |

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| | High | Low | Period End |
|---|-------------|------------|-----------------------|
| Quarter ended June 30 | 1,432.94 | 1,318.50 | 1,432.94 |
| Quarter ended September 30 | 1,445.16 | 1,365.31 | 1,370.97 |
| Quarter ended December 31 | 1,474.40 | 1,288.10 | 1,452.44 |
| 2015 | | | |
| Quarter ended March 31 | 1,539.61 | 1,410.91 | 1,524.03 |
| Quarter ended June 30 | 1,549.44 | 1,499.68 | 1,502.17 |
| Quarter ended September 30 | 1,522.99 | 1,351.29 | 1,368.91 |
| Quarter ended December 31 | 1,473.14 | 1,366.44 | 1,398.58 |
| 2016 | | | |
| Quarter ended March 31 | 1,445.19 | 1,238.82 | 1,445.19 |
| Quarter ended June 30 | 1,525.14 | 1,416.66 | 1,496.50 |
| Quarter ended September 30 | 1,581.51 | 1,482.30 | 1,552.26 |
| Quarter ended December 31 | 1,696.12 | 1,476.68 | 1,660.58 |
| 2017 | | | |
| Quarter ended March 31 | 1,758.27 | 1,667.44 | 1,719.65 |
| Quarter ended June 30 | 1,769.34 | 1,681.04 | 1,746.65 |
| Quarter ended September 30 | 1,795.94 | 1,691.67 | 1,795.94 |
| Quarter ended December 31 | 1,911.28 | 1,811.01 | 1,900.57 |
| 2018 | | | |
| Quarter ended March 31 | 1,995.23 | 1,801.29 | 1,878.77 |
| Quarter ended June 30 | 2,003.97 | 1,835.31 | 1,951.67 |
| Quarter ended September 30 | 2,050.23 | 1,953.65 | 2,019.55 |
| Quarter ending December 31 (through October 10, 2018) | 2,004.19 | 1,905.43 | 1,905.43 |

The graphs below show the daily historical index closing values of the Russell 2000® Index, the MSCI EAFE Index and the S&P MidCap 400® Index from January 1, 2007 through October 10, 2018. We obtained the index closing values in the graphs below from Bloomberg Financial Services, without independent verification.

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Historical Basket Values

The following graph is based on the basket closing value for the period from January 1, 2007 through October 10, 2018 assuming that the basket closing value was 100 on January 1, 2007. We derived the basket closing values based on the method to calculate the basket closing value as described in this

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document and on actual index closing values of the underlying indices on the relevant date. The basket closing value has been normalized such that its hypothetical value on January 1, 2007 was 100. As noted in this document, the initial basket value will be set at 100 on the pricing date. The basket closing value can increase or decrease due to changes in the values of the underlying indices.

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Additional Information About the PLUS

This section is meant as a summary and should be read in conjunction with the section entitled Supplemental Terms of the Notes on page S-16 of the accompanying general terms supplement no. 1,735. This document supersedes any conflicting provisions of the accompanying general terms supplement no. 1,735.

Please read this information in conjunction with the summary terms on the front cover of this document.

| | |
|--|--|
| Additional Provisions: | |
| Underlying index publisher for the Russell 2000® Index: | FTSE Russell |
| Underlying index publisher for the MSCI EAFE Index: | MSCI, Inc. |
| Underlying index publisher for the S&P MidCap 400® Index: | S&P Dow Jones Indices |
| Denominations: | \$10 and integral multiples of \$10 in excess thereof |
| Interest: | None |
| Postponement of stated maturity date: | As described under Supplemental Terms of the Notes Stated Maturity Date on page S-16 of the accompanying general terms supplement no. 1,735 |
| Postponement of valuation date: | As described under Supplemental Terms of the Notes Valuation Date on page S-16 of the accompanying general terms supplement no. 1,735 |
| Specified currency: | U.S. dollars (\$) |
| Index closing value: | As described under Supplemental Terms of the Notes Special Calculation Provisions Closing Value, Index Closing Value and ETF Closing Price on page S-31 of the accompanying general terms supplement no. 1,735 |
| Business day: | As described under Supplemental Terms of the Notes Special Calculation Provisions Business Day on page S-30 of the accompanying general terms supplement no. 1,735 |
| Index business day: | As described under Supplemental Terms of the Notes Special Calculation Provisions Underlying Business Day, Index Business Day and ETF Business Day on page S-30 of the accompanying general terms supplement no. 1,735 |
| FDIC: | 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 |

Tax considerations:

You will be obligated pursuant to the terms of the PLUS in the absence of a change in law, an administrative determination or a judicial ruling to the contrary to characterize each PLUS for all tax purposes as a pre-paid derivative contract in respect of the basket, as described under Supplemental Discussion of Federal Income Tax Consequences on page S-95 of the accompanying general terms supplement no. 1,735. Pursuant to this approach, it is the opinion of Sidley Austin LLP that upon the sale, exchange or maturity of your PLUS, it would be reasonable for you to recognize capital gain or loss equal to the difference, if any, between the amount you receive at such time and your tax basis in your PLUS. Pursuant to Treasury regulations, Foreign Account Tax Compliance Act (FATCA) withholding (as described in United States Taxation Taxation of Debt Securities Foreign Account Tax Compliance Act (FATCA) Withholding in the accompanying prospectus) will generally apply to obligations that are

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issued on or after July 1, 2014; therefore, the PLUS will generally be subject to FATCA withholding. However, according to published guidance, the withholding tax described above will not apply to payments of gross proceeds from the sale, exchange or other disposition of the PLUS made before January 1, 2019.

| | |
|-------------------------------------|---|
| Trustee: | The Bank of New York Mellon |
| Calculation agent: | GS&Co. |
| Use of proceeds and hedging: | As described under Use of Proceeds and Hedging on page S-94 of the accompanying general terms supplement no. 1,735 |
| ERISA: | As described under Employee Retirement Income Security Act on page S-102 of the accompanying general terms supplement no. 1,735 |

Supplemental plan of distribution; conflicts of interest: As described under Supplemental Plan of Distribution on page S-103 of the accompanying general terms supplement no. 1,735 and Plan of Distribution Conflicts of Interest on page 94 of the accompanying prospectus; GS Finance Corp. estimates that its share of the total offering expenses, excluding underwriting discounts and commissions, will be approximately \$.

GS Finance Corp. will sell to GS&Co., and GS&Co. will purchase from GS Finance Corp., the aggregate stated principal amount of the offered PLUS specified on the front cover of this document. GS&Co. proposes initially to offer the PLUS to the public at the original issue price set forth on the cover page of this document. Morgan Stanley Smith Barney LLC (Morgan Stanley Wealth Management), acting as dealer for the offering, will receive a selling concession of \$0.225, or 2.25% of the principal amount, for each PLUS it sells. Morgan Stanley Wealth Management has informed us that it intends to internally allocate at Morgan Stanley Wealth Management \$0.05 of the selling concession, or 0.50% of the principal amount, for each PLUS as a structuring fee. Goldman Sachs & Co. LLC will receive an underwriting discount of \$0.01, or 0.1% of the principal amount, for each PLUS. GS&Co. is an affiliate of GS Finance Corp. and The Goldman Sachs Group, Inc. and, as such, will have a conflict of interest in this offering of PLUS within the meaning of Financial Industry Regulatory Authority, Inc. (FINRA) Rule 5121. Consequently, this offering of PLUS will be conducted in compliance with the provisions of FINRA Rule 5121. GS&Co. will not be permitted to sell PLUS in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

We expect to deliver the PLUS against payment therefor in New York, New York on October , 2017, which is expected to be the third scheduled business day following the date of this document and of the pricing of the PLUS.

We have been advised by GS&Co. that it intends to make a market in the PLUS. However, neither GS&Co. nor any of our other affiliates that makes a market is obligated to do so and any of them may stop doing so at any time.

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Contact:

Morgan Stanley Wealth Management clients may contact their local Morgan Stanley branch office or Morgan Stanley's principal executive offices at 1585 Broadway, New York, New York 10036 (telephone number (866) 477-4776).

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About Your PLUS:

GS Finance Corp. and The Goldman Sachs Group, Inc. have filed a registration statement (including a prospectus, as supplemented by the prospectus supplement and general terms supplement no. 1,735 listed below) with the Securities and Exchange Commission (SEC) for the offering to which this communication relates. Before you invest, you should read the prospectus, prospectus supplement and general terms supplement no. 1,735 and any other documents relating to this offering that GS Finance Corp. and The Goldman Sachs Group, Inc. have filed with the SEC for more complete information about us and this offering. You may get these documents without cost by visiting EDGAR on the SEC web site at sec.gov. Alternatively, we will arrange to send you the prospectus, prospectus supplement and general terms supplement no. 1,735 if you so request by calling (212) 357-4612.

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 document should be read in conjunction with the following:

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

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We have not authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this document, the accompanying general terms supplement no. 1,735, the accompanying prospectus supplement or the accompanying prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This document, the accompanying general terms supplement no. 1,735, the accompanying prospectus supplement and the accompanying prospectus is an offer to sell only the PLUS offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this document, the accompanying general terms supplement no. 1,735, the accompanying prospectus supplement and the accompanying prospectus is current only as of the respective dates of such documents.

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