GOLDMAN SACHS GROUP INC
Form 424B2
March 07, 2019
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Registration Statement No. 333-219206

GS Finance Corp.

$7,975,000

Trigger Callable Contingent Yield Notes due 2029

guaranteed by

The Goldman Sachs Group, Inc.

The notes do not pay a fixed coupon and may pay no coupon on a coupon payment date. The amount that you will be paid on your notes is based on the performances of the EURO STOXX 50® Index, the Russell 2000® Index and the MSCI Emerging Markets Index. Subject to our redemption right, the notes will mature on the stated maturity date (March 8, 2029). We may redeem your notes on any coupon payment date (described below) on or after September 9, 2019, regardless of the performance of the indices, at a price equal to the face amount of your notes plus any coupon (described below) then due. Coupon payment dates are the dates specified on page S-5 of this prospectus supplement.

On each determination date (the quarterly dates in March, June, September and December specified on page S-5 of this prospectus supplement), unless previously redeemed, if the closing level of each index is greater than or equal to 70.00% of its initial level (the initial levels are 3,327.19 with respect to the EURO STOXX 50® Index, 1,568.283 with respect to the Russell 2000® Index and 1,055.12 with respect to the MSCI Emerging Markets Index), you will receive on the applicable coupon payment date a coupon of $0.23125 for each $10 face amount of your notes. If the closing level of any index on any determination date is less than 70.00% of its initial level, you will not receive a coupon payment on the applicable coupon payment date.

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

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

- if the final level of each index is greater than or equal to 70.00% of its initial level, $10 plus the final coupon;
- if the final level of each index is greater than or equal to 50.00% of its initial level but the final level of any index is less than 70.00% of its initial level, $10. You will not receive a final coupon; or
- if the final level of any index is less than 50.00% of its initial level, the sum of (i) $10 plus (ii) the product of (a) the lesser performing index return times (b) $10. You will receive less than 50.00% of the face amount of your notes and you will not receive a final coupon.

The maximum return on your notes is 2.3125% quarterly (or 9.25% per annum), regardless of how much any index appreciates.

Any sale prior to maturity could result in a loss even if the level of each index at the time of such sale is greater than or equal to 50.00% of its initial level.

You should read the disclosure herein to better understand the terms and risks of your investment, including the credit risk GS Finance Corp. and The Goldman Sachs Group, Inc. See page S-12.

The estimated value of your notes at the time the terms of your notes are set on the trade date is equal to approximately $9.46 per $10 face amount. For a discussion of the estimated value and the price at which Goldman Sachs & Co. LLC would initially buy or sell your notes, if it makes a market in the notes, see the following page.

Original issue date:	March 8, 2019	Original issue price:	100.00% of the face amount
Underwriting discount:	3.95% of the face amount*	Net proceeds to the issuer:	96.05% of the face amount

*UBS Financial Services Inc., the selling agent, will receive a selling concession not in excess of 3.50% of the face amount.

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

Goldman Sachs & Co. LLC

UBS Financial Services Inc.
Selling Agent

Prospectus Supplement No. 5,335 dated March 5, 2019.

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

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

Estimated Value of Your Notes

The estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to pricing models used by Goldman Sachs & Co. LLC (GS&Co.) and taking into account our credit spreads) is equal to approximately $9.46 per $10 face amount, which is less than the original issue price. The value of your notes at any time will reflect many factors and cannot be predicted; however, the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would initially buy or sell notes (if it makes a market, which it is not obligated to do) and the value that GS&Co. will initially use for account statements and otherwise is equal to approximately the estimated value of your notes at the time of pricing, plus an additional amount (initially equal to $0.49 per $10 face amount).

Prior to September 9, 2019, the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would buy or sell your notes (if it makes a market, which it is not obligated to do) will equal approximately the sum of (a) the then-current estimated value of your notes (as determined by reference to GS&Co.'s pricing models) plus (b) any remaining additional amount (the additional amount will decline to zero on a straight-line basis over the period from the time of pricing through September 8, 2019). On and after September 9, 2019, the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would buy or sell your notes (if it makes a market) will equal approximately the then-current estimated value of your notes determined by reference to such pricing models.

About Your Prospectus

The notes are part of the Medium-Term Notes, Series E program of GS Finance Corp., and are fully and unconditionally guaranteed by The Goldman Sachs Group, Inc. This prospectus includes this prospectus supplement and the accompanying documents listed below. This prospectus supplement constitutes a supplement to the documents listed below and should be read in conjunction with such documents:

Prospectus supplement dated July 10, 2017

Prospectus dated July 10, 2017

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

Summary Information

We refer to the notes we are offering by this prospectus supplement as the "offered notes" or the "notes". Each of the offered notes has the terms described below and under "Specific Terms of Your Notes" on page S-25. Please note that in this prospectus supplement, references to "GS Finance Corp.", "we", "our" and "us" mean only GS Finance Corp. and do not include its subsidiaries or affiliates, references to "The Goldman Sachs Group, Inc.", our parent company, mean only The Goldman Sachs Group, Inc. and do not include its subsidiaries or affiliates and references to "Goldman Sachs" mean The Goldman Sachs Group, Inc. together with its consolidated subsidiaries and affiliates, including us. Also, references to the "accompanying prospectus" mean the accompanying prospectus, dated July 10, 2017, and references to the "accompanying prospectus supplement" mean the accompanying prospectus supplement, dated July 10, 2017, for Medium-Term Notes, Series E, in each case of GS Finance Corp. and The Goldman Sachs Group, Inc. References to the "indenture" in this prospectus supplement mean the senior debt indenture, dated as of October 10, 2008, as supplemented by the First Supplemental Indenture, dated as of February 20, 2015, each among us, as issuer, The Goldman Sachs Group, Inc., as guarantor, and The Bank of New York Mellon, as trustee. This indenture, as so supplemented and as further supplemented thereafter, is referred to as the "GSFC 2008 indenture" in the accompanying prospectus supplement.

Key Terms

Issuer: GS Finance Corp.

Guarantor: The Goldman Sachs Group, Inc.

Indices: the EURO STOXX 50® Index (Bloomberg symbol, "SX5E Index"), as sponsored and maintained by STOXX Limited, the Russell 2000® Index (Bloomberg symbol, "RTY Index"), as published by FTSE Russell ("Russell"), and the MSCI Emerging Markets Index (Bloomberg symbol, "MXEF Index") as maintained by MSCI Inc.; see "The Indices" on page S-35

Specified currency: U.S. dollars ("$")

Face amount: each note will have a face amount equal to $10; $7,975,000 in the aggregate for all the offered notes; the aggregate face amount of the offered notes may be increased if the issuer, at its sole option, decides to sell an additional amount of the offered notes on a date subsequent to the date of this prospectus supplement

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

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

Supplemental plan of distribution: GS Finance Corp. has agreed to sell to Goldman Sachs & Co. LLC ("GS&Co."), and GS&Co. has agreed to purchase from GS Finance Corp., the aggregate face amount of the offered notes specified on the front cover of this prospectus supplement. GS&Co. proposes initially to offer the notes to the public at the original issue price set forth on the cover page of this prospectus supplement, and to UBS Financial Services Inc. at such price less a concession not in excess of 3.50% of the face amount. See "Supplemental Plan of Distribution" on page S-65

Purchase at amount other than face amount: the amount we will pay you for your notes on the stated maturity date or upon any early redemption of your notes will not be adjusted based on the issue price you pay for your notes, so if you acquire notes at a premium (or discount) to face amount and hold them to the stated maturity date or date of early redemption, it could affect your investment in a number of ways. The return on your investment in such notes will be lower (or higher) than it would have been had you purchased the notes at face amount. See “Additional Risk Factors Specific to Your Notes — If You Purchase Your Notes at a Premium to Face Amount, the Return on Your Investment Will Be Lower Than the Return on Notes Purchased at Face Amount and the Impact of Certain Key Terms of the Notes Will Be Negatively Affected” on page S-17 of this prospectus supplement

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

Cash settlement amount (on the stated maturity date): subject to our early redemption right, for each $10 face amount of your notes, we will pay you on the stated maturity date an amount in cash equal to:

- if the final index level of each index is greater than or equal to its coupon barrier, $10 plus the final coupon;
- if the final index level of each index is greater than or equal to its downside threshold but the final index level of any index is less than its coupon barrier, $10. You will not receive a final coupon; or
- if the final index level of any index is less than its downside threshold, the sum of (i) $10 plus (ii) the product of (a) the lesser performing index return times (b) $10.

Downside threshold: 1,663.595 with respect to the EURO STOXX 50® Index, 784.142 with respect to the Russell 2000® Index and 527.560 with respect to the MSCI Emerging Markets Index (in each case, 50.00% of such index's initial index level (rounded to the nearest one-thousandth))

Early redemption right: we have the right to redeem your notes at our option, in whole but not in part, at a price equal to 100% of the face amount plus any coupon then due, on each coupon payment date on or after September 9, 2019, subject to at least two business days' prior notice

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

Lesser performing index: the index with the lowest index return

Coupon: subject to our early redemption right, on each coupon payment date, for each $10 face amount of your notes, we will pay you an amount in cash equal to:

- if the closing level of each index on the related coupon determination date is greater than or equal to its coupon barrier, $0.23125 (2.3125% quarterly or 9.25% per annum); or
- if the closing level of any index on the related coupon determination date is less than its coupon barrier, $0.00

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

Coupon barrier: 2,329.033 with respect to the EURO STOXX 50® Index, 1,097.798 with respect to the Russell 2000® Index and 738.584 with respect to the MSCI Emerging Markets Index (in each case, 70.00% of such index's initial index level (rounded to the nearest one-thousandth))

Initial index level: 3,327.19 with respect to the EURO STOXX 50® Index, 1,568.283 with respect to the Russell 2000® Index and 1,055.12 with respect to the MSCI Emerging Markets Index (in each case, the closing level of such index on the trade date)

Final index level: with respect to each index, the closing level of such index on the determination date, except in the limited circumstances described under “Specific Terms of Your Notes — Consequences of a Market Disruption Event or a Non-Trading Day” on page S-28

Closing level: with respect to each index on any trading day, the closing level of such index, as further described under "Specific Terms of Your Notes — Special Calculation Provisions — Closing Level" on page S-31

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

Defeasance: not applicable

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

Business day: as described under "Specific Terms of Your Notes — Special Calculation Provisions — Business Day" on page S-31

Trading day: as described under "Specific Terms of Your Notes — Special Calculation Provisions — Trading Day" on page S-31

Trade date: March 5, 2019

Original issue date (settlement date): March 8, 2019

Determination date: March 5, 2029, subject to adjustment as described under "Specific Terms of Your Notes — Determination Date" on page S-27

Stated maturity date: March 8, 2029, subject to our redemption right and to adjustment as described under "Specific Terms of Your Notes — Stated Maturity Date" on page S-27

Coupon determination dates: the dates specified as such in the table under "Coupon payment dates" below, subject to adjustment as described under "Specific Terms of Your Notes — Coupon Determination Dates" on page S-28. Although the coupon determination dates occur quarterly, there may not be an equal number of days between coupon determination dates.

Coupon payment dates: the dates specified in the table below, subject to adjustment as described under "Specific Terms of Your Notes — Coupon and Coupon Payment Dates" on page S-27. Although the coupon payment dates occur quarterly, there may not be an equal number of days between coupon payment dates.

[redacted]	
June 5, 2019	June 7, 2019
September 5, 2019	September 9, 2019
December 5, 2019	December 9, 2019
March 5, 2020	March 9, 2020
June 5, 2020	June 9, 2020
September 8, 2020	September 10, 2020
December 7, 2020	December 9, 2020
March 5, 2021	March 9, 2021
June 7, 2021	June 9, 2021
September 7, 2021	September 9, 2021
December 6, 2021	December 8, 2021
March 7, 2022	March 9, 2022

June 6, 2022	June 8, 2022
September 6, 2022	September 8, 2022
December 5, 2022	December 7, 2022
March 6, 2023	March 8, 2023
June 5, 2023	June 7, 2023

September 5, 2023	September 7, 2023
December 5, 2023	December 7, 2023
March 5, 2024	March 7, 2024
June 5, 2024	June 7, 2024
September 5, 2024	September 9, 2024
December 5, 2024	December 9, 2024
March 5, 2025	March 7, 2025
June 5, 2025	June 9, 2025
September 5, 2025	September 9, 2025
December 5, 2025	December 9, 2025
March 5, 2026	March 9, 2026
June 5, 2026	June 9, 2026
September 8, 2026	September 10, 2026
December 7, 2026	December 9, 2026
March 5, 2027	March 9, 2027
June 7, 2027	June 9, 2027
September 7, 2027	September 9, 2027
December 6, 2027	December 8, 2027
March 6, 2028	March 8, 2028
June 5, 2028	June 7, 2028
September 5, 2028	September 7, 2028
December 5, 2028	December 7, 2028
March 5, 2029	March 8, 2029

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

Calculation agent: GS&Co.

CUSIP no.: 36257D329

ISIN no.: US36257D3290

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

Hypothetical ExampleS

(Hypothetical terms only. Actual terms may vary.)

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

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

The information in the following examples reflects the hypothetical rates of return on the offered notes assuming that they are purchased on the original issue date at the face amount and held to the stated maturity date or early redemption. If you sell your notes in a secondary market prior to the stated maturity date, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the examples below such as interest rates, the volatility of the indices, the creditworthiness of GS Finance Corp., as issuer, and the creditworthiness of The Goldman Sachs Group, Inc., as guarantor. In addition, the estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to pricing models used by GS&Co.) is less than the original issue price of your notes. For more information on the estimated value of your notes, see "Additional Risk Factors Specific to Your Notes — The Estimated Value of Your Notes At the Time the Terms of Your Notes Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your Notes" on page S-12 of this prospectus supplement. The information in the examples also reflect the key terms and assumptions in the box below.

Key Terms and Assumptions	
Face amount	$10
Initial index level of the EURO STOXX 50® Index	3,327.19
Initial index level of the Russell 2000® Index	1,568.283
Initial index level of the MSCI Emerging Markets Index	1,055.12
Downside threshold	1,663.595 with respect to the EURO STOXX 50® Index, 784.142 with respect to the Russell 2000® Index and 527.560 with respect to the MSCI Emerging Markets Index (in each case, 50.00% of such index's initial index level (rounded to the nearest one-thousandth))
Coupon barrier	

	2,329.033 with respect to the EURO STOXX 50® Index, 1,097.798 with respect to the Russell 2000® Index and 738.584 with respect to the MSCI Emerging Markets Index (in each case, 70.00% of such index's initial index level (rounded to the nearest one-thousandth))
Coupon	$0.23125 (2.3125% quarterly or 9.25% per annum)

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

No change in or affecting any of the index stocks or the method by which the applicable index sponsor calculates any index

Notes purchased on original issue date at the face amount and held to the stated maturity date

For these reasons, the actual performance of the indices over the life of your notes, the actual index levels on any coupon determination date, as well as the coupon payable, if any, on each coupon payment date, may bear little relation to the hypothetical examples shown below or to the historical index levels shown elsewhere in this prospectus supplement. For information about the index levels during recent periods, see “The Indices — Historical Closing Levels of the Indices” on page S-56. Before investing in the notes, you should consult publicly available information to determine the index levels between the date of this prospectus supplement and the date of your purchase of the notes.

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

Hypothetical Coupon Payments

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

Scenario 1

[redacted]				
First	2,200	600	1,000	$0.00000
Second	2,150	640	900	$0.00000
Third	3,800	1,900	900	$0.23125
Fourth	2,100	1,100	750	$0.00000
Fifth	3,400	1,150	600	$0.00000
Sixth	2,200	1,075	650	$0.00000
Seventh	2,650	1,400	850	$0.23125
Eighth	2,400	575	600	$0.00000
Ninth	3,000	1,300	950	$0.23125
Tenth	2,000	590	1,100	$0.00000
Eleventh	2,300	550	1,300	$0.00000
Twelfth - Fortieth	2,100	900	1,000	$0.00000
			Total Hypothetical Coupons Paid	$0.69375

In Scenario 1, we do not exercise our early redemption right and the hypothetical closing level of each index increases and decreases by varying amounts, compared to its initial index level, on the hypothetical coupon determination dates. Because the hypothetical closing level of each index on the third, seventh and ninth hypothetical coupon determination dates is greater than or equal to its coupon barrier, coupons are paid on the three related coupon payment dates and the total of the hypothetical coupons paid in Scenario 1 is $0.69375. Because the hypothetical closing level of at least one index on all other coupon determination dates is less than its coupon barrier, no further coupons will be paid, including at maturity. The overall return on your notes may be less than zero.

Scenario 2

[redacted]				
First	2,100	1,300	1,000	$0.00000
Second	2,050	1,350	850	$0.00000
Third	2,000	1,900	950	$0.00000
Fourth	2,100	1,400	1,000	$0.00000
Fifth	2,050	1,375	850	$0.00000
Sixth	2,000	1,300	900	$0.00000
Seventh	1,900	1,350	950	$0.00000
Eighth	2,100	1,325	1,300	$0.00000
Ninth	2,050	1,500	850	$0.00000
Tenth	2,000	1,300	975	$0.00000
Eleventh	2,100	1,350	950	$0.00000
Twelfth – Fortieth	2,150	1,275	900	$0.00000
			Total Hypothetical Coupons Paid	$0.00000

In Scenario 2, we do not exercise our early redemption right and the hypothetical closing level of the EURO STOXX 50® Index decreases by varying amounts, compared to its initial index level, on the hypothetical coupon determination dates and the hypothetical closing level of each of the Russell 2000® Index and the MSCI Emerging Markets Index increases and decreases by varying amounts, compared to its initial index level, on the hypothetical coupon determination dates. Because in each case the hypothetical closing level of the EURO STOXX 50® Index is less than its coupon barrier, you will not receive a coupon payment on any hypothetical coupon payment date, even though the closing level of each of the Russell 2000® Index and the MSCI Emerging Markets Index is above its coupon barrier on each hypothetical coupon determination date. Therefore, the total of the hypothetical coupons paid in Scenario 2 is $0.00. The overall return on your notes will be zero or less.

Scenario 3

[redacted]				
First	1,800	1,000	800	$0.00000
Second	3,700	1,900	1,300	$0.23125
			Total Hypothetical Coupons Paid	$0.23125

In Scenario 3, because the hypothetical closing level of at least one of the indices on the first hypothetical coupon date is less than its coupon barrier, you will not receive a coupon payment on the first hypothetical coupon payment date. On the second hypothetical coupon determination date, the hypothetical closing level of each index is greater than or equal to its coupon barrier. In addition, we exercise our early redemption right with respect to the second hypothetical coupon payment date (which is also the first hypothetical date with respect to which we could exercise such right). Therefore, on such hypothetical coupon payment date, in addition to the hypothetical coupon of $0.23125, you will receive an amount in cash equal to $10 for each $10 face amount of your notes and your notes will be redeemed.

Hypothetical Cash Settlement Amount at Maturity

If we have not redeemed the notes early, the cash settlement amount we would deliver for each $10 face amount of your notes on the stated maturity date will depend on the performance of the lesser performing index on the determination date, as shown in the table below. The table below assumes that we have not redeemed the notes early and reflects hypothetical cash settlement amounts that you could receive on the stated maturity date.

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

We Have Not Redeemed the Notes Early

Hypothetical Final Index Level of the Lesser Performing Index (as Percentage of Initial Index Level)	Hypothetical Cash Settlement Amount at Maturity if We Have Not Redeemed the Notes Early (as Percentage of Face Amount)
175.000%	100.000%*
150.000%	100.000%*
125.000%	100.000%*
100.000%	100.000%*
90.000%	100.000%*
80.000%	100.000%*
70.000%	100.000%*
60.000%	100.000%
50.000%	100.000%
49.999%	49.999%
30.000%	30.000%
25.000%	25.000%
10.000%	10.000%
0.000%	0.000%

*Does not include the final coupon

If, for example, we have not redeemed the notes early, the final index level of the lesser performing index were determined to be 25.000% of its initial index level, the cash settlement amount that we would deliver on your notes at maturity would be 25.000% of the face amount of your notes, as shown in the table above. As a result, if you purchased your notes on the original issue date at the face amount and held them to the stated maturity date, you would lose 75.000% of your investment excluding any coupons you may have received over the term of the notes (if you purchased your notes at a premium to face amount you would lose a correspondingly higher percentage of your investment). In addition, if the final index level of the lesser performing index were determined to be 80.000% of its initial index level, the cash settlement amount that we would deliver on your notes at maturity would be 100.000% of the face amount of your notes, as shown in the table above. Because the final index level of the lesser performing index is greater than or equal to its downside threshold, if you held your notes to the stated maturity date, you would receive $10 for each $10 face amount of your notes. Alternatively, if the final index level of the lesser performing index were determined to be 175.000% of its initial index level, the cash settlement amount that we would deliver on your notes at maturity would be limited to 100.000% of each $10 face amount of your notes, as shown in the table above. As a result, if you held your notes to the stated maturity date, you would not benefit from any increase in the final index level over the initial index level.

The cash settlement amounts shown above are entirely hypothetical; they are based on market prices for the index stocks that may not be achieved on the determination date and on assumptions that may prove to be erroneous. The actual market value of your notes on the stated maturity date or at any other time, including any time you may wish to sell your notes, may bear little relation to the hypothetical cash settlement amounts shown above, and these amounts should not be viewed as an indication of the financial return on an investment in the offered notes. The hypothetical cash settlement amounts on notes held to the stated maturity date in the examples above assume you purchased your notes at their face amount and have not been adjusted to reflect the actual issue price you pay for your notes. The return on your investment (whether positive or negative) in your notes will be affected by the amount you pay for your notes. If you purchase your notes for a price other than the face amount, the return on your investment will differ from, and may be significantly lower than, the hypothetical returns suggested by the above examples. Please read "Additional Risk Factors Specific to Your Notes — The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors" on page S-17.

Payments on the notes are economically equivalent to the amounts that would be paid on a combination of other instruments. For example, payments on the notes are economically equivalent to a combination of a bond bought by the holder and one or more options entered into between the holder and us. Therefore, the terms of the notes may be impacted by the various factors mentioned under "Additional Risk Factors Specific to Your Notes — The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors" on page S-17. The discussion in this paragraph does not modify or affect the terms of the notes or the U.S. federal income tax treatment of the notes, as described elsewhere in this prospectus supplement.

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

Additional Risk Factors Specific to Your Notes

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

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

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

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

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

In addition to the factors discussed above, the value and quoted price of your notes at any time will reflect many factors and cannot be predicted. If GS&Co. makes a market in the notes, the price quoted by GS&Co. would reflect any changes in market conditions and other relevant factors, including any deterioration in our creditworthiness or perceived creditworthiness or the creditworthiness or perceived creditworthiness of The Goldman Sachs Group, Inc. These changes may adversely affect the value of your notes, including the price you may receive for your notes in any market making transaction. To the extent that GS&Co. makes a market in the notes, the quoted price will reflect the estimated value determined by reference to GS&Co.'s pricing models at that time, plus or minus its then current bid and ask spread for similar sized trades of structured notes (and subject to the declining excess amount described above).

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

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

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

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

You May Lose Your Entire Investment in the Notes

You can lose your entire investment in the notes. Assuming we do not redeem your notes early, the cash settlement amount on your notes, if any, on the stated maturity date will be based on the performance of the lesser performing of the EURO STOXX 50® Index, the Russell 2000® Index and the MSCI Emerging Markets Index as measured from their initial index levels to their closing levels on the determination date. If the final index level of the lesser performing index for your notes is less than its downside threshold, you will have a loss for each $10 of the face amount of your notes equal to the product of the lesser performing index return times $10. Thus, you may lose your entire investment in the notes, which would include any premium to face amount you paid when you purchased the notes.

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

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

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

You May Not Receive a Coupon on Any Coupon Payment Date

You will be paid a coupon on a coupon payment date only if the closing level of each index on the applicable coupon determination date is equal to or greater than its coupon barrier. If the closing level of any index on the related coupon determination date is less than its coupon barrier, you will not receive a coupon payment on the applicable coupon payment date. If this occurs on every coupon determination date, whether due to changes in the levels of one or more than one of the indices, the overall return you earn on your notes will be zero or less and such return will be less than you would have earned by investing in a note that bears interest at the prevailing market rate.

Because the Notes Are Linked to the Performance of the Lesser Performing Index, You Have a Greater Risk of Receiving No Quarterly Coupons and Sustaining a Significant Loss on Your Investment Than If the Notes Were Linked to Just One Index

The risk that you will not receive any quarterly coupons, or that you will suffer a significant loss on your investment, is greater if you invest in the notes as opposed to substantially similar notes that are linked to the performance of just one index. With three indices, it is more likely that an index will close below its coupon barrier on any coupon determination date, or below its downside threshold on the determination date, than if the notes were linked to only one index. Therefore, it is more likely that you will not receive any quarterly coupons and that you will suffer a significant loss on your investment.

Movements in the values of the indices may be correlated or uncorrelated at different times during the term of the notes and, if there is correlation, such correlation may be positive (the indices move in the same direction) or negative (the indices move in reverse directions). You should not take the historical correlation (or lack thereof) of the indices as an indication of the future correlation, if any, of the indices. Such correlation could have an adverse effect on your return on the notes. For example, if one index is negatively correlated with the other indices on a coupon determination date or the determination date, as applicable, and the level of such index increases, it is likely that the other indices will decrease and such decrease could cause one or both of the other indices to close below its coupon barrier on a coupon determination date or below its downside threshold on the determination date. In addition, although the correlation of the indices’ performance may change over the term of the notes, the coupon is determined, in part, based on the correlation of the indices' performance at the time when the terms of the notes are finalized. As discussed below in “A Higher Coupon and/or a Lower Downside Threshold May Reflect Greater Expected Volatility of the Indices, and Greater Expected Volatility Generally Indicates An Increased Risk of Declines in the Levels of the Indices and, Potentially, a Significant Loss at Maturity”, higher coupons indicate a greater potential for missed coupons and for a loss on your investment at maturity, which are risks generally associated with indices that have lower correlation. In addition, other factors and inputs other than correlation may impact how the terms of the notes are set and the performance of the notes.

A Higher Coupon, a Lower Coupon Barrier and/or a Lower Downside Threshold May Reflect Greater Expected Volatility of the Indices, and Greater Expected Volatility Generally Indicates An Increased Risk of Declines in the Levels of the Indices and, Potentially, a Significant Loss at Maturity

The economic terms for the notes, including the coupon, coupon barrier and the downside threshold, are based, in part, on the expected volatility of each index at the time the terms of the notes are set. “Volatility” refers to the frequency and magnitude of changes in the levels of the indices.

Higher expected volatility with respect to each index as of the trade date generally indicates a greater expectation as of that date that (i) the final index level of the lesser performing index could ultimately be less than its downside threshold on the determination date, which would result in a loss of a significant portion or all of your investment in the notes, or (ii) the closing level of the index on any coupon determination date will be less than its coupon barrier, which would result in the nonpayment of the coupon. At the time the terms of the notes are set, higher expected volatility will generally be reflected in a higher coupon, a lower coupon barrier and/or a lower downside threshold, as compared to otherwise comparable notes issued by the same issuer with the same maturity (taking into account any ability of the issuer to redeem the notes prior to maturity) but with one or more different indices. However, there is no guarantee that the higher coupon, lower coupon barrier or lower downside threshold set for your notes on the trade date will adequately compensate you, from a risk-potential reward perspective, for the greater risk of receiving no coupon on any coupon payment date or of losing some or all of your investment in the notes.

A relatively higher coupon (as compared to otherwise comparable securities), which would increase the positive return if the closing level of each index is greater than or equal to its coupon barrier on a coupon determination date, or a relatively lower coupon barrier, which would increase the amount that an index could decrease on a coupon determination date before the notes become ineligible for a particular coupon payment, may generally indicate an increased risk that the level of each index will decrease substantially, which would result in the nonpayment of the coupon on some or all of the coupon payment dates.

Similarly, a relatively lower downside threshold (as compared to otherwise comparable securities), which would increase the buffer against the loss of principal, may generally indicate an increased risk that the level of each index will decrease substantially. This would result in a significant loss at maturity if the final index level of any index is less than its downside threshold. Further, a relatively lower downside threshold may not indicate that the notes have a greater likelihood of a return of principal at maturity based on the performance of each index.

You should not take the historical volatility of any index as an indication of its future volatility. You should be willing to accept the downside market risk of each index and the potential to not receive some coupons and to lose a significant portion or all of your investment in the notes.

We Are Able to Redeem Your Notes at Our Option

On any quarterly coupon payment date on or after September 9, 2019, we will be permitted to redeem your notes at our option. Even if we do not exercise our option to redeem your notes, our ability to do so may adversely affect the value of your notes. It is our sole option whether to redeem your notes prior to maturity and we may or may not exercise this option for any reason. Many factors may influence the likelihood of your notes being redeemed. In general, your notes are more likely to be redeemed when prevailing interest rates are lower than the applicable coupon payable on a coupon payment date. Because of this redemption option, the term of your notes could be anywhere between six months and ten years. You may not be able to reinvest the proceeds from an investment in the notes at a comparable return for a similar level of risk in the event the notes are redeemed prior to maturity.

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

On any coupon payment date, you will receive a coupon only if the level of each index is equal to or above its coupon barrier. The coupon for each quarterly coupon payment date is different from, and may be less than, a coupon that is based on the performance of an index between the trade date and any coupon determination date or between two coupon determination dates. You will not participate in any appreciation of any index. Accordingly, the coupons, if any, on the notes may be less than the return you could earn on another instrument linked to one of the indices that pays coupons based on the performance of such index from the trade date to any coupon determination date or from coupon determination date to coupon determination date. In addition, although both the coupon determination dates and coupon payment dates occur quarterly, there may not be an equal number of days between coupon determination dates or between coupon payment dates, respectively. However, the way in which the coupon is determined will not vary based on the actual number of days between coupon determination dates or between coupon payment dates.

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

The cash settlement amount will be based on the lesser performing index without regard to the performance of the other indices. As a result, you could lose all or some of your initial investment if the lesser performing index return is negative, even if there is an increase in the level of any (or all) of the other indices. This could be the case even if the other indices increased by an amount greater than the decrease in the lesser performing index.

You Are Exposed to the Market Risk of Each Index

Your return on the notes will be contingent upon the independent performance of each of the EURO STOXX 50® Index, the Russell 2000® Index and the MSCI Emerging Markets Index. Unlike an instrument with a return linked to a basket of underlying assets, in which risk is mitigated and diversified among all of the components of the basket, you will be fully exposed to the risks related to each index. Poor performance by any of the indices over the term of the notes may negatively affect your return and will not be offset or mitigated by positive performance by the other indices.

To receive any coupon payment, each index must close at or above its coupon barrier on a coupon determination date. To receive any contingent repayment of principal at maturity, each index must close at or above its downside threshold on the determination date. In addition, if not redeemed prior to maturity, you will incur a loss proportionate to the negative return of the lesser performing index even if the other indices appreciate during the term of the notes. Accordingly, your investment is subject to the market risk of each index.

Movements in the values of the indices may be correlated or uncorrelated at different times during the term of the notes. Any such correlation may be positive (the indices move in the same direction) or negative (the indices move in reverse directions), and such correlation (or lack thereof) could have an adverse effect on your return on the notes. If the performance of the indices is not correlated or is negatively correlated, the risk of not receiving a coupon and of incurring a significant loss of principal at maturity generally increases.

For example, the likelihood that one of the indices will close below its coupon barrier on a coupon determination date and/or its downside threshold on the determination date, generally will increase when the movements in the values of the indices are negatively correlated. This results in a greater likelihood that a coupon will not be paid during the term of the notes and/or that there will be a significant loss of principal at maturity if the notes are not previously redeemed.

However, even if the indices have a higher positive correlation, one or more of those indices might close below its coupon barrier on a coupon determination date or its downside threshold on the determination date, as each of the indices may decrease in value together.

The coupon and the downside threshold are determined, in part, based on the correlations of the indices' performance at the time when the terms of the notes are set on the trade date. A higher coupon, a lower coupon barrier and/or a lower downside threshold (as compared to otherwise comparable securities) are generally associated with more negative correlation, which reflects a greater likelihood that a coupon will not be paid and that there will be a loss on your investment at maturity. However, there is no guarantee that the higher coupon, lower coupon barrier or lower downside threshold set for your notes on the trade date will adequately compensate you, from a risk-potential reward perspective, for the greater risk of receiving no coupon on any coupon payment date or of losing some or all of your investment in the notes.

The correlations referenced in setting the terms of the notes are based on the future expected correlation of the indices as determined by us and are not derived from the daily levels of the indices over the period set forth under "Correlation of the Indices." Other factors and inputs other than correlation may also impact how the terms of the notes are set and the performance of the notes.

The greater the number of indices to which a note is linked, generally the more likely it is that one of the indices will close below its coupon barrier or its downside threshold, resulting in a greater likelihood that a coupon will not be paid during the terms of the notes and that there will be a significant loss of principal at maturity.

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

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

- the levels of the indices;
- the volatility – i.e., the frequency and magnitude of changes – in the closing levels of the indices;
- the dividend rates of the index stocks;
- economic, financial, regulatory, political, military and other events that affect stock markets generally and the index stocks, and which may affect the closing levels of the indices;
- the actual and expected positive or negative correlation between the indices, or the actual or expected absence of any such correlation;
- interest rates and yield rates in the market;
- the time remaining until your notes mature; and
- our creditworthiness and the creditworthiness of The Goldman Sachs Group, Inc., whether actual or perceived, and including actual or anticipated upgrades or downgrades in our credit ratings or the credit ratings of The Goldman Sachs Group, Inc. or changes in other credit measures.

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

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

Your Notes May Not Have an Active Trading M