

GOLDMAN SACHS GROUP INC  
Form FWP  
December 04, 2018

December 2018

Free Writing Prospectus pursuant to Rule 433 dated December 4, 2018 / Registration Statement  
No. 333-219206

STRUCTURED INVESTMENTS

**GS Finance Corp.**

Opportunities in U.S. Equities

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

**Principal at Risk Securities**

**The Buffered Performance Leveraged Upside Securities<sup>SM</sup> (PLUS) do not bear interest and are unsecured notes issued by GS Finance Corp. and guaranteed by The Goldman Sachs Group, Inc.** The amount that you will be paid on your PLUS on the stated maturity date (expected to be June 17, 2021) is based on the performance of the S&P 500® Value Index as measured from the pricing date (expected to be December 14, 2018) to and including the valuation date (expected to be June 14, 2021).

If the final index value (the index closing value on the valuation date) is *greater than* the initial index value (set on the pricing date), the return on your PLUS will be positive and equal to the *product* of the leverage factor of 200% *multiplied* by the index percent increase (the percentage increase in the final index value from the initial index value), subject to the maximum payment at maturity of \$13.122 per PLUS. If the final index value is less than the initial index value but has not decreased by more than the buffer amount of 10.00% of the initial index value, you will receive the principal amount of your PLUS. **However, if the final index value has decreased from the initial index value by more than the buffer amount, you will lose 1% for every 1% decline beyond the buffer amount, subject to the minimum payment at maturity of 10.00% of the stated principal amount.**

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

- if the final index value is *greater than* the initial index value, the *sum* of (i) \$10 *plus* (ii) the *product* of (a) \$10 *times* (b) 2.00 *times* (c) the index percent increase, subject to the maximum payment at maturity of \$13.122;
- if the final index value is *equal to or less than* the initial index value but has decreased from the initial index value by an amount *less than or equal to* the buffer amount of 10.00%, \$10; or

- if the final index value is *less than* the initial index value and has decreased from the initial index value by an amount *greater than* the buffer amount of 10.00%, \$1.00 *plus* the *product* of (i) \$10 *times* (ii) the *quotient* of (a) the final index value *divided* by (b) the initial index value.

The PLUS are for investors who seek the potential to earn 200% of any positive return of the underlying index, subject to the maximum payment at maturity, are willing to forgo interest payments and are willing to risk losing up to 90.00% of their investment if the final index value has declined from the initial index value by more than the buffer amount.

**SUMMARY TERMS** (continued on page PS-2)

<b>Issuer / Guarantor:</b>	GS Finance Corp. / The Goldman Sachs Group, Inc.
<b>Underlying index:</b>	S&P 500® Value Index (Bloomberg symbol, SVX Index )
<b>Pricing date:</b>	December , 2018 (expected to price on or about December 14, 2018)
<b>Original issue date:</b>	December , 2018 (expected to be December 19, 2018)
<b>Valuation date:</b>	expected to be June 14, 2021, subject to postponement
<b>Stated maturity date:</b>	expected to be June 17, 2021, subject to postponement
<b>Stated principal amount/Original issue price:</b>	\$10 per PLUS / 100% of the principal amount
<b>Estimated value range:</b>	\$9.35 to \$9.65. 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-10.** You should read the disclosure herein to better understand the terms and risks of your investment.

<b>Original issue date:</b>	December , 2018	<b>Original issue price:</b>	100.00% of the principal amount
Underwriting discount:	3.175% (\$ in total)*	Net proceeds to the issuer:	96.825% (\$ in total)

\*Morgan Stanley Wealth Management, acting as dealer for the offering, will receive a selling concession of \$0.30 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 \$0.0175 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

<b>Payment at maturity:</b>	<p>If the final index value is greater than the initial index value,</p> <p>\$10 + the leveraged upside payment, subject to the maximum payment at maturity</p> <p><i>In no event will the payment at maturity exceed the maximum payment at maturity.</i></p> <p>If the final index value is equal to or less than the initial index value, but has decreased from the initial index value by an amount <i>less than or equal to</i> the buffer amount of 10.00%, \$10</p> <p>If the final index value is <i>less than</i> the initial index value and has decreased from the initial index value by an amount <i>greater than</i> the buffer amount,</p> <p>(1) the <i>product</i> of \$10 × the index performance factor <i>plus</i> (2) \$1.00</p> <p><i>This amount will be less than the stated principal amount of \$10. The PLUS will not pay less than \$1.00 per PLUS at maturity.</i></p>
<b>Leveraged upside payment:</b>	\$10 × leverage factor × index percent increase
<b>Leverage factor:</b>	200%
<b>Maximum payment at maturity:</b>	\$13.122 per PLUS (131.22% of the stated principal amount)
<b>Minimum payment at maturity:</b>	\$1.00 per PLUS (10.00% of the stated principal amount)
<b>Index percent increase:</b>	(final index value - initial index value) / initial index value
<b>Initial index value:</b>	, which is the index closing value on the pricing date
<b>Final index value:</b>	The index closing value on the valuation date
<b>Buffer amount:</b>	10.00%
<b>Index performance factor:</b>	final index value / initial index value
<b>CUSIP / ISIN:</b>	36256M742 / US36256M7424
<b>Listing:</b>	The PLUS will not be listed on any securities exchange
<b>Underwriter:</b>	Goldman Sachs & Co. LLC

### 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.*

December 2018

PS-2

**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](http://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.

December 2018

PS-3

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside Securities<sup>SM</sup>

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 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

### Buffered Performance Leveraged Upside Securities

The Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021 (the PLUS) can be used:

- As an alternative to direct exposure to the underlying index that enhances returns for a limited range of positive performance of the underlying index, subject to the maximum payment at maturity
- To potentially outperform the underlying index with respect to moderate increases in the underlying index from the initial index value to the final index value
- To provide a buffer against a 10.00% negative performance of the underlying index from the initial index value to the final index value

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

If the final index value is less than the initial index value by more than the buffer amount, the PLUS are exposed on a 1:1 basis to the negative performance of the underlying index beyond the buffer amount, subject to the minimum payment amount at maturity of \$1.00 per PLUS.

### **Maturity:**

Approximately 2.5 years

### **Payment at maturity:**

- If the final index value is greater than the initial index 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 index value is equal to or less than the initial index value but has decreased from the initial index value by an amount *less than* or *equal to* the buffer amount of 10.00%, \$10.
- If the final index value is *less than* the initial index value and has decreased from the initial index value by an amount *greater than* the buffer amount, (1) the *product* of \$10 × the index performance factor *plus* (2) \$1.00. *This amount will be less than the stated principal amount of \$10. The PLUS will not pay less than \$1.00 per PLUS at maturity.*

December 2018

PS-4



**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside Securities<sup>SM</sup>

Principal at Risk Securities

<b>Leverage factor:</b>	200% (applicable only if the final index value is greater than the initial index value)
<b>Leveraged upside payment:</b>	$\$10 \times \text{leverage factor} \times \text{index percent increase}$
<b>Index percent increase:</b>	$(\text{final index value} - \text{initial index value}) / \text{initial index value}$
<b>Index performance factor</b>	$\text{final index value} / \text{initial index value}$
<b>Buffer amount:</b>	10.00%
<b>Maximum payment at maturity:</b>	\$13.122 per PLUS (131.22% of the stated principal amount)
<b>Minimum payment at maturity:</b>	\$1.00 per PLUS (10.00% of the stated principal amount)
<b>Interest:</b>	None
<b>Redemption:</b>	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 S&P 500® Value Index. In exchange for enhanced performance of 200.00% of the appreciation of the underlying index, investors forgo performance above the maximum payment at maturity of \$13.122 per PLUS. At maturity, if the underlying index has appreciated in value, investors will receive the stated principal amount of their investment plus the leveraged upside payment, subject to the maximum payment at maturity of \$13.122 per PLUS. If the underlying index has not appreciated in value or has depreciated in value, but the final index value has not declined from the initial index value by more than the buffer amount of 10.00%, investors will receive the stated principal amount of their investment. However, if the underlying index has depreciated in value by more than the buffer amount of 10.00%, investors will lose 1.00% for every 1.00% decline in the index value beyond the buffer amount from the pricing date to the valuation date of the PLUS, subject to the minimum payment at maturity. Under these circumstances, the payment at maturity will be less than the stated principal amount. **Investors will not receive dividends on the underlying index stocks or any interest payments on the PLUS and investors may lose up to 90.00% of their 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.

<b>Leveraged Performance</b>	The PLUS offer investors an opportunity to capture enhanced returns relative to a direct investment in the underlying index within a limited range of positive performance. However, investors will not receive dividends on the underlying index stocks or any interest payments on the PLUS.
<b>Upside Scenario</b>	The underlying index increases in value. In this case, you receive a full return of principal as well as 200% of the increase in the value of the underlying index, subject to the maximum payment at maturity of \$13.122 per PLUS (131.22% of the stated principal amount). For example, if the final index value is 2.00% greater than the initial index value, the PLUS will provide a total return of 4.00% at maturity.
<b>Par Scenario</b>	The final index value is equal to the initial index value or is less than the initial index value but has not declined by more than the buffer amount of 10.00%. In this case, you receive the stated principal amount of \$10 at maturity even if the underlying index has depreciated by up to 10.00%.
<b>Downside Scenario</b>	The underlying index declines in value by more than the buffer amount of 10.00%. In this case, you receive less than the stated principal amount by an amount proportionate to the decline in the value of the underlying index from the initial index value, plus the buffer amount of 10.00%. For example, if the final index value is 25.00% less than the initial index value, the PLUS will provide at maturity a loss of 15.00% of principal. In this case, you receive \$8.50 per PLUS, or 85.00% of the stated principal amount. The minimum payment at maturity on the PLUS is equal to \$1.00 per PLUS.

December 2018

PS-5

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

## How the PLUS Work

### Payoff Diagram

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

<b>Stated principal amount:</b>	\$10 per PLUS
<b>Leverage factor:</b>	200%
<b>Buffer amount:</b>	10.00%
<b>Maximum payment at maturity:</b>	\$13.122 per PLUS (131.22% of the stated principal amount)
<b>Minimum payment at maturity:</b>	\$1.00 per PLUS (10.00% of the stated principal amount)

### PLUS Payoff Diagram

#### How it works

§ **Upside Scenario.** If the final index value is greater than the initial index value, the investor would receive the \$10 stated principal amount plus 200% of the appreciation of the underlying index from the pricing date to the valuation date of the PLUS, subject to the maximum payment at maturity. Under the terms of the PLUS, the investor will realize the maximum payment at maturity at a final index value of 115.61% of the initial index

December 2018

PS-6

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

value.

§ If the underlying index appreciates 2.00%, the investor would receive a 4.00% return, or \$10.40 per PLUS.

§ If the underlying index appreciates 30.00%, the investor would receive only the maximum payment at maturity of \$13.122 per PLUS, or 131.22% of the stated principal amount.

§ **Par Scenario.** If the final index value is less than or equal to the initial index value, but has decreased from the initial index value by an amount less than or equal to the buffer amount of 10.00%, investors will receive the stated principal amount of \$10 per PLUS.

§ If the underlying index depreciates 5.00%, investors will receive the \$10 stated principal amount per PLUS.

§ **Downside Scenario.** If the final index value is less than the initial index value and has decreased from the initial index value by an amount greater than the buffer amount of 10.00%, investors will receive an amount that is less than the stated principal amount by an amount that is proportionate to the percentage decrease of the underlying index from the initial index value, plus the buffer amount of 10.00%. The minimum payment at maturity is \$1.00 per PLUS.

§ If the underlying index depreciates 25.00%, the investor would lose 15.00% of the investor's principal and receive only \$8.50 per PLUS at maturity, or 85.00% of the stated principal amount.

**Additional Hypothetical Examples**

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The following examples are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and merely are intended to illustrate the impact that the various hypothetical index closing values on the valuation date could have on the payment at maturity assuming all other variables remain constant.

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

The information in the following examples reflects hypothetical rates of return on the offered PLUS assuming that they are purchased on the original issue date at the stated principal amount and held to the stated maturity date. If you sell your PLUS in a secondary market prior to the stated maturity date, your return will depend upon the market value of your PLUS at the time of sale, which may be affected by a number of factors that are not reflected in the examples below such as interest rates, the volatility of the underlying index and the creditworthiness of GS Finance Corp., as issuer, and the creditworthiness of The Goldman Sachs Group, Inc., as guarantor. The information in the examples also reflects the key terms and assumptions in the box below.

<b>Key Terms and Assumptions</b>	
Stated principal amount	\$10
Leverage factor	200.00%
Buffer amount	10.00%
Maximum payment at maturity	\$13.122 per PLUS
Neither a market disruption event nor a non-index business day occurs on the originally scheduled valuation date	
No change in or affecting any of the underlying index stocks or the method by which the underlying index	

December 2018

**GS Finance Corp.**

**Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021**

**Buffered Performance Leveraged Upside SecuritiesSM**

**Principal at Risk Securities**

publisher calculates the 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 index value 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 index value may differ substantially from the index closing value prior to the pricing date.

For these reasons, the actual performance of the underlying index over the life of your PLUS, as well as the amount payable at maturity, may bear little relation to the hypothetical examples shown below or to the historical index closing values shown elsewhere in this document. For information about the historical values of the underlying index during recent periods, see [The Underlying Index Historical Index Closing Values](#) below. Before investing in the offered PLUS, you should consult publicly available information to determine the values of the underlying index between the date of this 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 index values and are expressed as percentages of the initial index value. The amounts in the right column represent the hypothetical payments at maturity, based on the corresponding hypothetical final index value, and are expressed as percentages of the stated principal amount of a PLUS (rounded to the nearest one-thousandth of a percent). Thus, a hypothetical payment at maturity of 100.000% means that the value of the cash payment that we would deliver for each \$10 of the outstanding stated principal amount of the offered PLUS on the stated maturity date would equal 100.000% of the stated principal amount of a PLUS, based on the corresponding hypothetical final index value and the assumptions noted above.

Hypothetical Final Index Value (as Percentage of Initial Index Value)	Hypothetical Payment at Maturity (as Percentage of Stated Principal Amount)
150.000%	131.220%
135.000%	131.220%
130.000%	131.220%
<b>115.610%</b>	<b>131.220%</b>
107.000%	114.000%

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105.000%	110.000%
103.000%	106.000%
<b>100.000%</b>	<b>100.000%</b>
97.000%	100.000%
93.000%	100.000%
<b>90.000%</b>	<b>100.000%</b>
89.999%	99.999%
75.000%	85.000%
50.000%	60.000%
30.000%	40.000%
25.000%	35.000%
<b>0.000%</b>	<b>10.000%</b>

If, for example, the final index value were determined to be 25.000% of the initial index value, the payment at maturity that we would deliver on your PLUS at maturity would be 35.000% 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 65.000% of your investment (if you purchased your PLUS at a premium to stated principal amount you would lose a correspondingly higher percentage of your investment). If the final index value were determined to be zero, you

December 2018

PS-8



**GS Finance Corp.**

**Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021**

**Buffered Performance Leveraged Upside SecuritiesSM**

**Principal at Risk Securities**

would lose 90.000% of your investment in the PLUS. In addition, if the final index value were determined to be 150.000% of the initial index value, the payment at maturity that we would deliver on your PLUS at maturity would be limited to the maximum payment at maturity, or 131.220% of each \$10 principal amount of your PLUS, as shown in the table above. As a result, if you held your PLUS to the stated maturity date, you would not benefit from any increase in the final index value greater than 115.610% of the initial index value.

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

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

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

December 2018

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside Securities<sup>SM</sup>

Principal at Risk Securities

## Risk Factors

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

### **Your PLUS Do Not Bear Interest**

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

### **You May Lose a Substantial Portion of Your Investment in the PLUS**

You can lose a substantial portion of your investment in the PLUS. The cash payment on your PLUS on the stated maturity date will be based on the performance of the S&P 500® Value Index as measured from the initial index value set on the pricing date to the index closing value on the valuation date. If the final index value has declined from the initial index value by more than the buffer amount of 10.00%, you will lose 1.00% of the stated principal amount of your PLUS for every 1.00% decline in the index value beyond the buffer amount, subject to the minimum payment amount at maturity of \$1.00. Thus, you may lose a substantial portion of your investment in the PLUS.

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

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

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

**The Potential for the Value of Your PLUS to Increase Will Be Limited**

Your ability to participate in any change in the value of the underlying index over the life of your PLUS will be limited because of the maximum payment at maturity of \$13.122 per PLUS (131.22% of the stated principal amount). The maximum payment at maturity will limit the payment at maturity you may receive for each of your PLUS, no matter how much the value of the underlying index may rise over the life of your PLUS. Although the leverage factor provides 200.00% exposure to any increase in the final index value over the initial index value, because the payment at maturity will be limited to 131.22% of the stated principal amount per PLUS, any increase in the final index value over the initial index value by more than

December 2018

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside Securities<sup>SM</sup>

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15.61% of the initial index 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 index.

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

We refer to the stocks that are included in the underlying index as underlying index stocks. The underlying index publisher calculates the value of the underlying index by reference to the prices of its underlying index stocks, without taking account of the value of dividends paid on those stocks. Therefore, the return on your PLUS will not reflect the return you would realize if you actually owned the underlying index stocks and received the dividends paid on those stocks. You will not receive any dividends that may be paid on any of the underlying index stocks by the underlying index stock issuer. See Investing in the PLUS is Not Equivalent to Investing in the Underlying Index; You Have No Shareholder Rights or Rights to Receive Any Underlying Index Stock below for additional information.

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

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

In estimating the value of your PLUS as of the time the terms of your PLUS are set on the pricing date, as disclosed above under Estimated Value of Your PLUS, GS&Co.'s pricing models consider certain variables, including principally our credit spreads, interest rates (forecasted, current and historical rates), volatility, price-sensitivity analysis and the time to maturity of the PLUS. These pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. As a result, the actual value you would receive if you sold your PLUS in the secondary market, if any, to others may differ, perhaps

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materially, from the estimated value of your PLUS determined by reference to our models due to, among other things, any differences in pricing models or assumptions used by others. See [The Market Value of Your PLUS May Be Influenced by Many Unpredictable Factors](#) below.

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

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

December 2018

PS-11

**GS Finance Corp.**

[Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021](#)

**Buffered Performance Leveraged Upside Securities<sup>SM</sup>**

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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 Value of the Underlying Index at Any Time Other than the Valuation Date**

The final index value will be based on the index closing value on the valuation date (subject to adjustment as described elsewhere in this document). Therefore, if the index closing value 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 value prior to such drop in the value of the underlying index. Although the actual value of the underlying index on the stated maturity date or at other times during the life of your PLUS may be higher than the final index value, you will not benefit from the index closing value 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 underlying index;
- the volatility i.e., the frequency and magnitude of changes in the index closing value of the underlying index;
- the dividend rates of the underlying index stocks;
- economic, financial, regulatory, political, military and other events that affect the stock markets generally and the underlying index stocks, and which may affect the index closing value of the underlying index;
- interest rates and yield rates in the market;
- 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 index based on its historical performance. The actual performance of the underlying index over the life of the offered PLUS or the payment at

December 2018

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside Securities<sup>SM</sup>

Principal at Risk Securities

maturity may bear little or no relation to the historical index closing values of the underlying index 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 Value of the Underlying Index Changes, 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 index. Changes in the value of the underlying index may not result in a comparable change in the market value of your PLUS. Even if the value of the underlying index increases above the initial index 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 index or the underlying index stocks. Goldman Sachs also expects to adjust the hedge by, among other things, purchasing or selling any of the foregoing, and perhaps other instruments linked to the underlying index 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 index or the underlying index stocks, as applicable.



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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, 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 value of the underlying index 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 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

December 2018

PS-13

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside Securities<sup>SM</sup>

Principal at Risk Securities

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 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 index 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 Publisher and Changes That Affect the Underlying Index or the Underlying Index Stocks Comprising the Underlying Index Could Affect the Payment at Maturity and the Market Value of the PLUS**

The policies of the underlying index publisher concerning the calculation of the value of the underlying index, additions, deletions or substitutions of underlying index stocks comprising the underlying index 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 index, could affect the value of the underlying index 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 the underlying index publisher changes these policies, for example, by changing the manner in which it calculates the underlying index value or if the 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 value of the underlying index 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 underlying index value 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-27 of the accompanying general terms supplement no. 1,735.

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

Investing in your PLUS is not equivalent to investing in the underlying index 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

December 2018

PS-14

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

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.

**There Is No Guarantee That the Underlying Index Methodology Will Be Successful**

The underlying index is designed to measure the performance of companies included in the S&P 500® Index that exhibit relatively strong value characteristics (determined by reference to (1) book-value-to-price ratio, (2) earnings-to-price ratio and (3) sales-to-price ratio) and relatively weak growth characteristics (determined by reference to (1) three-year change in earnings-per-share growth (excluding extra items) over price per share, (2) three-year sales-per-share growth rate and (3) momentum (12-month percentage price change)). There is no guarantee that the underlying index will outperform any other index or strategy that tracks U.S. stocks using other criteria. Companies that are considered to exhibit strong value characteristics may have lower growth potential relative to comparable companies, which may cause the level of the underlying index to decrease over the term of the notes. Accordingly, the investment strategy represented by the underlying index may not be successful, and your investment in the notes may result in a loss. An investment in the notes may also underperform an investment linked to the S&P 500® Index as a whole.

**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.

#### **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 of 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 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

December 2018

PS-15

**GS Finance Corp.**

[Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021](#)

**Buffered Performance Leveraged Upside Securities<sup>SM</sup>**

**Principal at Risk Securities**

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 stocks included in the underlying 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.

**December 2018**

PS-16

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

## The Underlying Index

### S&P 500® VALUE INDEX

The S&P 500® Value Index (the index ) is a float-adjusted market capitalization weighted index designed to measure the performance of companies included in the S&P 500® Index that are fully or partially categorized as value stocks, as determined by style scores calculated for each security included in the S&P 500® Index. The S&P 500 Index includes a representative sample of 500 companies in leading industries of the U.S. economy. Generally, value stocks are stocks that exhibit relatively strong value characteristics (determined by reference to (1) book-value-to-price ratio, (2) earnings-to-price ratio and (3) sales-to-price ratio) and relatively weak growth characteristics (determined by reference to (1) three-year change in earnings-per-share growth (excluding extra items) over price per share, (2) three-year sales-per-share growth rate and (3) momentum (12-month percentage price change)). Stocks that are fully characterized as value stocks have 100% of their float-adjusted market capitalization in the S&P 500 Index assigned to the index. Stocks that are partially characterized as value stocks have a portion of their float-adjusted market capitalization in the S&P 500 Index assigned to the index. Stocks that are fully characterized as growth stocks are excluded from the index. The index and the S&P 500® Index are calculated, maintained and published by S&P Dow Jones Indices LLC ( S&P ). The index has a launch date of May 30, 1992, with a base value of 291.12 as of its base date, June 30, 1995.

As of November 30, 2018, the 380 companies included in the S&P 500® Value 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): Communication Services (7.80%), Consumer Discretionary (5.60%), Consumer Staples (10.60%), Energy (11.50%), Financials (23.50%), Health Care (12.50%), Industrials (9.10%), Information Technology (6.50%), Materials (4.00%), Real Estate (3.00%) and Utilities (5.90%). (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, 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® Value Index as of the open of business on September 24, 2018 to coincide with the September 2018 quarterly rebalancing.

December 2018

PS-17

**GS Finance Corp.**

[Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021](#)

**Buffered Performance Leveraged Upside Securities<sup>SM</sup>**

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Additional information regarding the index and the S&P 500® Index may be obtained from the following websites: [us.spindices.com/indices/equity/sp-500-value](http://us.spindices.com/indices/equity/sp-500-value), [us.spindices.com/indices/equity/SP-500](http://us.spindices.com/indices/equity/SP-500) and [spdji.com](http://spdji.com). We are not incorporating by reference the websites, the sources listed above or any material they include in this document.

**Construction of the S&P 500® Value Index**

To be eligible for inclusion in the index, a stock must be a constituent of the S&P 500® Index. For more information about the S&P 500® Index, see [The S&P 500® Index](#) below.

*Style Factors*

S&P uses the following growth factors and value factors to measure growth and value for each constituent in the eligible universe:

<b><i>Growth Factors</i></b>	<b><i>Value Factors</i></b>
three-year change in earnings-per-share (excluding extra items) over price per share	book-value-to-price ratio
three-year sales-per-share growth rate	earnings-to-price ratio
momentum (12-month percentage price change)	sales-to-price ratio

When earnings from three years prior are not available, the two-year change in earnings per share (excluding extra items) over price per share is used. When earnings from two years prior are not available, the one-year change in earnings per share (excluding extra items) over price per share is used. When earnings from one year prior are not available, the factor is set equal to zero. If the starting value is less than zero, the score is multiplied by a factor of negative 1.

When sales from three years prior are not available, the two-year sales per share growth rate is used. When sales from two years prior are not available, the one-year sales per share growth rate is used. When sales from one year prior are not available, the factor is set equal to zero. If the starting value is less than zero, the score is multiplied by a factor of negative 1.

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When there is not enough trading history to calculate 12-month momentum, then momentum is calculated from the stock's listing date.

When the book value to price ratio, earnings to price ratio, or sales to price ratio is not available, the factor is set to zero.

### *Style Scores*

Once a year, raw values for each of the above factors are calculated for each company in the eligible universe. These raw values are first winsorized to the 90th percentile (generally speaking, winsorization is a process to limit the impact of extreme values) and then standardized by dividing the difference between each company's raw score and the mean of the entire set by the standard deviation of the entire set. A growth score for each company is computed as the average of the standardized values of the three growth factors. Similarly, a value score for each company is computed as the average of the standardized values of the three value factors.

At the end of this step each company has a growth score and a value score, with growth and value being measured along separate dimensions (i.e., scales).

### *Establishing Style Baskets*

Companies within the eligible universe are ranked based on growth and value scores. A company with a high growth score would have a higher growth rank, while a company with a low value score would have a lower value rank. For example, the S&P 500® Index constituent with the highest value score would have a value rank of 1, while the constituent with the lowest value score would have a value rank of 500.

December 2018

PS-18

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside Securities<sup>SM</sup>

Principal at Risk Securities

The companies within the eligible universe are then sorted in ascending order of the ratio growth rank/value rank. The companies at the top of the list have a higher growth rank (or high growth score) and a lower value rank (or low value score) and, therefore, exhibit pure growth characteristics. The companies at the top of the list, comprising 33% of the float-adjusted market capitalization of the S&P 500® Index, are assigned to the growth basket (fully categorized as growth stocks).

The companies at the bottom of the list have a higher value rank (or high value score) and a lower growth rank (or low growth score) and, therefore, exhibit pure value characteristics. The companies at the bottom of the list, comprising 33% of the float-adjusted market capitalization of the S&P 500® Index, are assigned to the value basket (fully categorized as value stocks).

The companies in the middle 34% of the list are assigned to the blended basket (partially categorized as growth stocks and partially characterized as value stocks).

*Creating the Growth and Value Indices*

S&P divides the complete market capitalization of the S&P 500® Index approximately equally into the S&P 500® Growth Index and the S&P 500® Value Index, while limiting the number of stocks that overlap across both. 100% of the float-adjusted market capitalization of a company fully categorized as a growth stock is assigned to the S&P 500® Growth Index, and 100% of the float-adjusted market capitalization of a company fully categorized as a value stock is assigned to the S&P 500® Value Index. The float-adjusted market capitalization of a company in the middle 34% is distributed between the S&P 500® Growth Index and the S&P 500® Value Index based on its distance from the average growth score of companies fully categorized as growth stocks and the average value score of companies fully categorized as value stocks. In particular, the percentage of a company's float-adjusted market capitalization in the S&P 500® Index that is allocated to the S&P 500® Value Index will be equal to (a) its distance from the average growth score of companies fully categorized as growth stocks divided by (b) the sum of (i) its distance from the average growth score of companies fully categorized as growth stocks plus (ii) its distance from the average value score of companies fully categorized as value stocks. Further, to avoid very small fractions of a stock's market capitalization being in the index, (x) if the calculated percentage is greater than or equal to 80%, 100% will be allocated to the S&P 500® Value Index, and (y) if the calculated percentage is less than 20%, 0% will be allocated to the S&P 500® Value Index.

After the conclusion of the rebalancing, the total float-adjusted market capitalization of the S&P 500® Index will be approximately equally divided between the S&P 500® Value Index and the S&P 500® Growth Index. However, no mathematical procedure is employed to force an equal distribution, since price movements of constituent stocks would result in inequality immediately following any reconstitution.

*Calculation of the S&P 500® Value Index*

The index is calculated as the index market value divided by the divisor using the divisor methodology used in all S&P's equity indices, including the S&P 500® Index. See [The S&P 500® Index](#) below for more information.

*Maintenance of the S&P 500® Value Index*

The index is rebalanced once a year in December. The rebalancings occur after the close on the third Friday of December. The reference date to calculate style scores is after the close of the last trading date of the previous month. Style scores, float market-capitalization weights and growth and value midpoint averages are reset only once a year at the December rebalancing.

If a constituent of the index is dropped from the S&P 500® Index, it will also be removed from the index.

With respect to spin-offs, index membership follows the S&P 500® Index and a child stock (i.e., a spin-off stock) is assigned the same float market-capitalization weight in the index as the parent stock.

[December 2018](#)

**GS Finance Corp.**

[Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021](#)

**Buffered Performance Leveraged Upside SecuritiesSM**

**Principal at Risk Securities**

Other changes to the index are made on an as-needed basis, following the guidelines of the S&P 500® Index. See [The S&P 500® Index](#) below for more information.

**The S&P 500® Index**

The S&P 500® Index includes a representative sample of 500 companies in leading industries of the U.S. economy. The 500 companies are not the 500 largest companies listed on the NYSE and not all 500 companies are listed on the NYSE. S&P chooses companies for inclusion in the S&P 500® Index with an aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of the U.S. equity market. Although the S&P 500® Index contains 500 constituent companies, at any one time it may contain greater than 500 constituent trading lines since some companies included in the S&P 500® Index prior to July 31, 2017 may be represented by multiple share class lines in the S&P 500® Index. The S&P 500® Index is calculated, maintained and published by S&P.

S&P intends for the S&P 500® Index to provide a performance benchmark for the large-cap 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 500® Index that are employed by S&P include: the company proposed for addition should have an unadjusted company market capitalization of \$6.1 billion or more (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 S&P 500® Index relative to 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 MidCap 400® Index and the S&P SmallCap 600® Index can be

added to the S&P 500® Index without meeting the financial viability, public float and/or liquidity eligibility criteria if the S&P Index Committee decides that such an addition will enhance the representativeness of the S&P 500® 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 depository receipts (ADRs). Stocks are deleted from the S&P 500® Index when they 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 the 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 500® Index continuity.

For constituents included in the S&P 500® Index prior to July 31, 2017, all publicly listed multiple share class lines are included separately in the S&P 500® 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 500® 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

December 2018

PS-20

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside Securities<sup>SM</sup>

Principal at Risk Securities

considered for inclusion if the event is mandatory and the market capitalization of the distributed class is not considered to be de minimis.

As of July 31, 2017, companies with multiple share class lines are no longer eligible for inclusion in the S&P 500® Index. Constituents of the S&P 500® Index prior to July 31, 2017 with multiple share class lines will be grandfathered in and continue to be included in the S&P 500® Index. If an S&P 500® Index constituent reorganizes into a multiple share class line structure, that company will be reviewed for continued inclusion in the S&P 500® Index at the discretion of the S&P Index Committee.

S&P divides the 500 companies included in the S&P 500® Index into eleven Global Industry Classification Sectors: Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate, Telecommunication Services and Utilities. 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 500® Index*



The S&P 500® Index is calculated using a base-weighted aggregative methodology. The value of the S&P 500® 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 500® Index *times* the number of shares of such stock included in the S&P 500® 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 500® Index.

The S&P 500® 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 date as described below. The level of the S&P 500® Index reflects the total market value of all index stocks relative to the index's base date of 1941-43.

In addition, the S&P 500® Index is float-adjusted, meaning that the share counts used in calculating the S&P 500® 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

December 2018

PS-21

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

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 shareholder in a company as reported in regulatory filings (collectively, control holders ). To this end, S&P excludes all share-holdings (other than depository 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 500® 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 500® Index*

In order to keep the S&P 500® Index comparable over time S&P engages in an index maintenance process. The S&P 500® 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 500® 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 S&P 500® Index methodology, at least once within any 12 month period, the S&P Index Committee reviews the S&P 500® Index methodology to ensure the S&P 500® 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 in or potentially included in the S&P 500® 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 500® Index. Set forth below under *Adjustments for Corporate Actions* 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 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 index's post-event value to the pre-event level.

## Changes to the Number of Shares of a Constituent

The S&P 500® 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

December 2018

PS-22

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside Securities<sup>SM</sup>

Principal at Risk Securities

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 500® 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 500® 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 500® Index from changing as a result of the corporate action. This helps ensure that the movement of the S&P 500® Index does not reflect the corporate actions of individual companies in the S&P 500® Index.

Spin-Offs

As a general policy, a spin-off security is added to the S&P 500® 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 500® Index if it meets all eligibility criteria. If the spin-off security is determined ineligible to remain in the S&P 500® 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 500® 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.

**Share Count  
Revision**

<b>Corporate Action</b>	<b>Required?</b>	<b>Divisor Adjustment Required?</b>
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
Change in IWF	No	Yes divisor change reflects the change in market value caused by the change to an

December 2018

PS-23

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

IWF

Company added to or deleted from the S&P 500® Index	No	Yes divisor is adjusted by the net change in market value, calculated as the shares issued multiplied by the price paid
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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 500® 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 500® 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 500® 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 500® 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 500® Index following specified guidelines. In the event that the S&P 500® 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 500® Index are calculated by S&P based on the closing price of the individual constituents of the S&P 500® 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.

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](http://spdji.com) indicating any changes to the prices used in index calculations. In extreme circumstances, S&P may decide to delay index adjustments or not publish the 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.

December 2018

PS-24

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside Securities<sup>SM</sup>

Principal at Risk Securities

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:

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 500® Index level will be calculated using prices determined by the exchanges based on NYSE Rule 123C. Intraday



index values will continue to use the last traded composite price until the primary exchange publishes official closing prices.

### Historical Index Closing Values

The index closing values have fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the index closing value during any period shown below is not an indication that the underlying index is 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 as an indication of the future performance of the underlying index.** We cannot give you any assurance that the future performance of the underlying index 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 performance of the underlying index. Before investing in the offered PLUS, you should consult publicly available information to determine the relevant index closing values between the date of this document and the date of your purchase of the offered PLUS. The actual performance of the 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 table below shows the high, low and period end index closing values of the S&P 500® Value Index for each of the four calendar quarters in 2013, 2014, 2015, 2016, 2017 and 2018 (through November 30, 2018). We obtained the index closing values listed in the tables below from Bloomberg Financial Services, without independent verification.

#### December 2018

PS-25

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&amp;P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

**Historical Quarterly High, Low and Period End Index Closing Values of the S&P 500® Value Index**

	<b>High</b>	<b>Low</b>	<b>Period End</b>
<b>2013</b>			
Quarter ended March 31	731.54	671.77	731.54
Quarter ended June 30	776.74	718.36	751.54
Quarter ended September 30	800.62	753.37	775.69
Quarter ended December 31	846.60	765.00	846.60
<b>2014</b>			
Quarter ended March 31	860.39	793.81	860.39
Quarter ended June 30	900.02	840.86	894.47
Quarter ended September 30	911.42	868.99	891.11
Quarter ended December 31	941.10	843.94	927.97
<b>2015</b>			
Quarter ended March 31	937.94	885.53	915.87
Quarter ended June 30	944.41	910.94	912.40
Quarter ended September 30	932.16	810.10	831.71
Quarter ended December 31	906.50	831.13	876.09
<b>2016</b>			
Quarter ended March 31	892.21	788.67	888.95
Quarter ended June 30	925.40	872.90	917.96
Quarter ended September 30	950.18	909.11	938.80
Quarter ended December 31	1015.67	908.37	1001.12
<b>2017</b>			
Quarter ended March 31	892.21	788.67	888.95
Quarter ended June 30	925.40	872.90	917.96
Quarter ended September 30	950.18	909.11	938.80
Quarter ended December 31	1015.67	908.37	1001.12
<b>2018</b>			
Quarter ended March 31	1195.51	1053.92	1080.05
Quarter ended June 30	1112.31	1057.58	1088.21
Quarter ended September 30	1164.96	1086.58	1144.50
Quarter ending December 31 (through November 30, 2018)	1153.17	1057.62	1106.78

The graph below shows the daily historical index closing values from January 1, 2007 through November 30, 2018. We obtained the index closing values in the graph below from Bloomberg Financial Services, without independent verification.

December 2018



December 2018

PS-27

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&amp;P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities

**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.

<b>Additional Provisions:</b>	
<b>Underlying index publisher:</b>	S&P Dow Jones Indices LLC
<b>Denominations:</b>	\$10 and integral multiples of \$10 in excess thereof
<b>Interest:</b>	None
<b>Postponement of stated maturity date:</b>	As described under Supplemental Terms of the Notes Stated Maturity Date on page S-16 of the accompanying general terms supplement no. 1,735
<b>Postponement of valuation date</b>	As described under Supplemental Terms of the Notes Valuation Date on page S-16 of the accompanying general terms supplement no. 1,735
<b>Specified currency:</b>	U.S. dollars ( \$ )
<b>Index closing value:</b>	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
<b>Business day:</b>	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
<b>Index business day:</b>	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
<b>FDIC:</b>	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
<b>Tax considerations:</b>	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 underlying index, 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 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

December 2018

PS-28

**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside Securities<sup>SM</sup>

Principal at Risk Securities

<b>ERISA:</b>	As described under Employee Retirement Income Security Act on page S-102 of the accompanying general terms supplement no. 1,735
<b>Supplemental plan of distribution; conflicts of interest:</b>	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 \$0.30, or 3.00% 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 \$0.0175, or 0.175% 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 December , 2018. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on any date prior to two business days before delivery will be required to specify alternative settlement arrangements to prevent a failed settlement.

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.

<b>Contact:</b>	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
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10036 (telephone number (866) 477-4776).

**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:

December 2018

PS-29



**GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

Buffered Performance Leveraged Upside SecuritiesSM

Principal at Risk Securities



December 2018

PS-30

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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## **GS Finance Corp.**

Buffered PLUS Based on the Value of the S&P 500® Value Index due June 17, 2021

**Principal at Risk Securities**

## **Goldman Sachs & Co. LLC**

December 2018