GOLDMAN SACHS GROUP INC
Form 424B2
March 18, 2019

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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated March 18, 2019.

GS Finance Corp.

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Bearish Barrier Early Redeemable Market-Linked Notes With Daily Barrier Observation Linked to the S&P 500® Index due

guaranteed by

The Goldman Sachs Group, Inc.
The notes will not bear interest. Unless your notes are automatically redeemed, the amount that you will be paid on your notes on the stated maturity date (expected to be March 23, 2020) is based on the performance of the S&P 500® Index as measured from and including the trade date (expected to be March 18, 2019) to and including the determination date (expected to be March 18, 2020).

By purchasing this note, you are taking the view that the final index level (the closing level of the index on the determination date) will be less than the initial index level (set on the trade date) by more than 0.65%, but not by more than 10.00%, and that your notes will not be automatically redeemed. If your notes are not automatically redeemed, the return on your notes may be less than 0.65% and will not be more than 10.00%.

Your notes will be automatically redeemed if, on any trading day from but excluding the original issue date to but excluding the determination date (a redemption observation date), the closing level of the index decreases below the barrier. The barrier is equal to 90.00% of the initial index level. If your notes are automatically redeemed, for each $1,000 face amount of your notes, you will receive a payment on the corresponding redemption date (the third business day after the redemption observation date) equal to $1,006.5 (representing a return of 0.65%). If your notes are automatically redeemed, the return on your notes will be 0.65%.

If your notes are not automatically redeemed, at maturity, for each $1,000 face amount of your notes, if the final index level is less than the initial index level, but not by more than 10.00%, you will receive a payment equal to the sum of (i) $1,000 plus (ii) $1,000 times the absolute value of the index return. The index return is the decrease in the final index level from the initial index level. For example, if the index return is -10.00%, your return will be +10.00%. If the final index level is (i) greater than or equal to the initial index level or (ii) less than the initial index level by more than 10.00%, at maturity you will only receive $1,006.5 (representing a return of 0.65%).

If your notes are not automatically redeemed, at maturity, for each $1,000 face amount of your notes you will receive an amount in cash equal to:

- if the index return is greater than or equal to zero, $1,006.5;
- if the index return is less than zero but greater than or equal to -10.00%, the sum of (i) $1,000 plus (ii) the product of (a) $1,000 times (b) the absolute value of the index return; or
- if the index return is less than -10.00%, $1,006.5.

You should read the disclosure herein to better understand the terms and risks of your investment, including the credit risk of GS Finance Corp. and The Goldman Sachs Group, Inc. See page S-11.

The estimated value of your notes at the time the terms of your notes are set on the trade date is expected to be between $955 and $985 per $1,000 face amount. For a discussion of the estimated value and the price at which Goldman Sachs & Co. LLC would initially buy or sell your notes, if it makes a market in the notes, see the following page.

Original issue date:	expected to be March 21, 2019	Original issue price:	100.00% of the face amount
Underwriting discount:	1.1% of the face amount*	Net proceeds to the issuer:	98.9% of the face amount

* UBS Financial Services Inc., as the selling agent, will receive a selling concession not in excess of 1.00% of the face amount.

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

Goldman Sachs & Co. LLC

UBS Financial Services Inc.
Selling Agent

Prospectus Supplement No. dated , 2019.

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

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

Estimated Value of Your Notes

The estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to pricing models used by Goldman Sachs & Co. LLC (GS&Co.) and taking into account our credit spreads) is expected to be between $955 and $985 per $1,000 face amount, which is less than the original issue price. The value of your notes at any time will reflect many factors and cannot be predicted; however, the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would initially buy or sell notes (if it makes a market, which it is not obligated to do) and the value that GS&Co. will initially use for account statements and otherwise is equal to approximately the estimated value of your notes at the time of pricing, plus an additional amount (initially equal to $ per $1,000 face amount).

Prior to , the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would buy or sell your notes (if it makes a market, which it is not obligated to do) will equal approximately the sum of (a) the then-current estimated value of your notes (as determined by reference to GS&Co.'s pricing models) plus (b) any remaining additional amount (the additional amount will decline to zero on a straight-line basis over a 365 day period from the time of pricing). On and after , the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would buy or sell your notes (if it makes a market) will equal approximately the then-current estimated value of your notes determined by reference to such pricing models.

About Your Prospectus

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

Prospectus supplement dated July 10, 2017

Prospectus dated July 10, 2017

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

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SUMMARY INFORMATION

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

Investment Thesis

The notes are designed for investors who:

- believe that the closing level of the underlying index will be greater than or equal to the lower barrier on every early redemption observation date (each day from but excluding the original issue date to but excluding the determination date) so that the notes will not be automatically redeemed early;
- believe that, if the notes are not automatically redeemed early, a barrier event (described below) will not occur;
- take the bearish view that the final underlying index level will be less than the initial underlying index level by more than 0.65%, but not by more than 10.00%;
- want limited exposure to the absolute value of the negative underlying index return if the final underlying index level is less than the initial underlying index level, assuming the notes are not automatically redeemed early and a barrier event does not occur;
- believe that the absolute value of the negative underlying index return will be greater than 0.65%, but are willing to forgo exposure to the absolute value of the negative underlying index return if the notes are automatically redeemed early or if a barrier event occurs and, in either case, are willing to receive a 0.65% contingent return instead;
- are willing to accept that, if the notes are automatically redeemed early, the return on the note will be limited to 0.65%; and
- are willing to accept that, if the notes are not automatically redeemed early, the return on the notes may be less than 0.65% and will not be more than 10.00% and, if a barrier event has occurred, the return on the notes will be limited to 0.65%.

The notes will be automatically redeemed early if, on any early redemption observation date, the closing level of the underlying index declines below the lower barrier of the initial underlying index level minus 10.00% of the initial underlying index level.

A barrier event will occur if the final underlying index level is (i) less than the lower barrier or (ii) greater than or equal to the initial underlying index level.

Key Terms

Issuer: GS Finance Corp.

Guarantor: The Goldman Sachs Group, Inc.

Underlying index: the S&P 500® Index (Bloomberg symbol, "SPX Index"), as published by S&P Dow Jones Indices LLC; see "The Underlying Index" on page S-27

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

Face amount: each note will have a face amount of $1,000, or integral multiples of $1,000 in excess thereof; $ in the aggregate for all the offered notes; the aggregate face amount of the offered notes may be increased if the issuer, at its sole option, decides to sell an additional amount of the offered notes on a date subsequent to the date of this prospectus supplement

Denominations: $1,000 and integral multiples of $1,000 in excess thereof

Supplemental plan of distribution: GS Finance Corp. expects to agree to sell to Goldman Sachs & Co. LLC ("GS&Co."), and GS&Co. expects to agree to purchase from GS Finance Corp., the aggregate face amount of the offered notes specified on the front cover of this prospectus supplement. GS&Co. proposes initially to offer the notes to the public at the original issue price set forth on the cover page of the prospectus supplement, and to UBS Financial Services Inc. at such price less a concession not in excess of 1.00% of the face amount. See "Supplemental Plan of Distribution" on page S-38

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

Supplemental discussion of U.S. federal income tax consequences: the notes will be treated as debt instruments subject to the special rules governing contingent payment debt instruments for U.S. federal income tax purposes. Under this treatment, it is the opinion of Sidley Austin llp that if you are a U.S. individual or taxable entity, you generally should be required to pay taxes on ordinary income from the notes over their term based on the comparable yield for the notes. In addition, any gain you may recognize on the sale, exchange, redemption or maturity of the notes will be taxed as ordinary interest income.

Automatic redemption feature: if, as measured on any early redemption observation date, the closing level of the underlying index is less than the lower barrier, your notes will be automatically redeemed early. If your notes are automatically redeemed early on any early redemption observation date, for each $1,000 face amount of your notes, on the corresponding early redemption date, we will pay you an amount in cash equal to the sum of (i) $1,000 plus (ii) the product of $1,000 times the contingent return.

Cash settlement amount (on any early redemption date): if your notes are automatically redeemed early on any early redemption observation date, for each $1,000 face amount of your notes, on the corresponding early redemption date, we will pay you an amount in cash equal to the sum of (i) $1,000 plus (ii) the product of $1,000 times the contingent return.

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

- if a barrier event has not occurred, the sum of (i) $1,000 plus (ii) the product of $1,000 times the absolute value of the underlying index return; or
- if a barrier event has occurred, the sum of (i) $1,000 plus (ii) the product of $1,000 times the contingent return.

Trade date: expected to be March 18, 2019

Original issue date (settlement date) (to be set on the trade date): expected to be March 21, 2019

Initial underlying index level (to be set on the trade date): the closing level of the underlying index on the trade date

Final underlying index level: the closing level of the underlying index on the determination date, except in the limited circumstances described under "Specific Terms of Your Notes — Payment of Principal on Stated Maturity Date — Consequences of a Market Disruption Event or a Non-Trading Day" on page S-22 and subject to adjustment as provided under "Specific Terms of Your Notes — Discontinuance or Modification of the Underlying Index" on page S-22

Underlying index return: the quotient of (i) the final underlying index level minus the initial underlying index level divided by (ii) the initial underlying index level, expressed as a percentage

Contingent return: 0.65%

Barrier event: the final underlying index level is (i) less than the lower barrier or (ii) greater than or equal to the initial underlying index level

Lower barrier: the initial underlying index level minus 10.00% of the initial underlying index level (rounded to the nearest one-hundredth)

Closing level: as described under "Specific Terms of Your Notes — Special Calculation Provisions — Closing Level" on page S-23

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Early redemption observation dates: each day from but excluding the original issue date to but excluding the determination date, excluding any date or dates on which the calculation agent determines that a market disruption event occurs or is continuing or that the calculation agent determines is not a trading day

Early redemption dates (to be set on the trade date): expected to be the third business day after each early redemption observation date

Stated maturity date (to be set on the trade date): expected to be March 23, 2020, subject to adjustment as described under "Specific Terms of Your Notes — Stated Maturity Date" on page S-21

Determination date (to be set on the trade date): expected to be March 18, 2020, subject to adjustment as described under "Specific Terms of Your Notes — Determination Date" on page S-21

No interest: the notes will not bear interest

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

Calculation agent: GS&Co.

Business day: as described under "Specific Terms of Your Notes — Special Calculation Provisions — Business Day" on page S-23

Trading day: as described under "Specific Terms of Your Notes — Special Calculation Provisions — Trading Day" on page S-23

CUSIP no.: 40056F4B8

ISIN no.: US40056F4B80

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

HYPOTHETICAL EXAMPLES

(Hypothetical terms only. Actual terms may vary.)

The following examples are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate the impact that the various hypothetical underlying index levels on an early redemption observation date or the determination date could have on the cash settlement amount on an early redemption date or at maturity assuming all other variables remain constant.

The examples below are based on a range of underlying index levels that are entirely hypothetical; no one can predict what the underlying index level will be on any early redemption observation date, and no one can predict what the final underlying index level will be on the determination date. The underlying index has been highly volatile in the past — meaning that the underlying index level 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 notes assuming that they are purchased on the original issue date at the face amount and held to an early redemption date or the stated maturity date. If you sell your notes in a secondary market prior to an early redemption date or the stated maturity date, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the examples below such as interest rates, the volatility of the underlying index, the creditworthiness of GS Finance Corp., as issuer, and the creditworthiness of The Goldman Sachs Group, Inc., as guarantor. In addition, the estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to pricing models used by GS&Co.) is less than the original issue price of your notes. For more information on the estimated value of your notes, see "Additional Risk Factors Specific to Your Notes — The Estimated Value of Your Notes At the Time the Terms of Your Notes Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your Notes" on page S-11 of this prospectus supplement. The information in the examples also reflects the key terms and assumptions in the box below. The actual terms will be set on the trade date.

Key Terms and Assumptions	
Face amount	$1,000
Lower barrier	The initial underlying index level minus 10.00% of the initial underlying index level
Contingent return	0.65%
The notes are not automatically redeemed early, unless otherwise indicated below	
Neither a market disruption event nor a non-trading day occurs on any early redemption observation date or the originally scheduled determination date	
No change in or affecting any of the underlying index stocks or the method by which the underlying index sponsor calculates the underlying index	
Notes purchased on original issue date at the face amount and held to an early redemption date or the stated maturity date	

Moreover, we have not yet set the initial underlying index level that will serve as the baseline for determining the underlying index return, the lower barrier, whether a barrier event has occurred and the amount that we will pay on your notes on an early redemption date or at maturity. We will not do so until the trade date. As a result, the actual initial underlying index level may differ substantially from the underlying index level prior to the trade date.

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

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

Hypothetical Payment on an Early Redemption Date

The example below shows hypothetical payment that we would pay on the corresponding early redemption date with respect to each $1,000 face amount of the notes if the closing level of the underlying index is less than the lower barrier on an early redemption observation date.

If your notes are automatically redeemed early on any early redemption observation date (i.e., on the applicable early redemption observation date the closing level of the underlying index is less than the lower barrier), the cash settlement amount that we would deliver for each $1,000 face amount of your notes on the applicable early redemption date would be the sum of (i) $1,000 plus (ii) the product of $1,000 times the contingent return. If, for example, the closing level of the underlying index on an early redemption observation date were determined to be 70.000% of the initial underlying index level, your notes would be automatically redeemed early and the cash settlement amount that we would deliver on your notes on the corresponding early redemption date would be 100.650% of the face amount of your notes or $1,006.5 for each $1,000 of the face amount of your notes.

Hypothetical Payment at Maturity

If your notes are not automatically redeemed early on any early redemption observation date (i.e., on each of the early redemption observation dates the closing level of the underlying index is equal to or greater than the lower barrier), the cash settlement amount we would deliver for each $1,000 face amount of your notes on the stated maturity date will depend on the performance of the underlying index on the determination date, as shown in the table below. The table below assumes that the notes have not been automatically redeemed early on any early redemption observation date and reflects hypothetical cash settlement amounts that you could receive on the stated maturity date.

The levels in the left column of the table below represent hypothetical final underlying index levels and are expressed as percentages of the initial underlying index level. The amounts in the middle column represent the hypothetical cash settlement amounts, based on the corresponding hypothetical final underlying index level (expressed as a percentage of the initial underlying index level), assuming that a barrier event does not occur (i.e., the final underlying index level is less than the initial underlying index level but has not decreased below the lower barrier), and are expressed as percentages of the face amount of a note (rounded to the nearest one-thousandth of a percent). The amounts in the right column represent the hypothetical cash settlement amounts, based on the corresponding hypothetical final underlying index level (expressed as a percentage of the initial underlying index level), assuming that a barrier event occurs (i.e., the final underlying index level is equal to or greater than the initial underlying index level or has decreased below the lower barrier), and are expressed as percentages of the face amount of a note (rounded to the nearest one-thousandth of a percent). Thus, a hypothetical cash settlement amount of 100.000% means that the value of the cash payment that we would deliver for each $1,000 of the outstanding face amount of the offered notes on the stated maturity date would equal 100.000% of the face amount of a note, based on the corresponding hypothetical final underlying index level (expressed as a percentage of the initial underlying index level) and the assumptions noted above.

The Notes Have Not Been Automatically Redeemed Early

Hypothetical Final Underlying Index Level (as Percentage of Initial Underlying Index Level)	Hypothetical Cash Settlement Amount (as Percentage of Face Amount)	
	Barrier Event Has Not Occurred	Barrier Event Has Occurred
175.000%	N/A	100.650%
160.000%	N/A	100.650%
150.000%	N/A	100.650%
140.000%	N/A	100.650%
125.000%	N/A	100.650%
120.000%	N/A	100.650%
110.000%	N/A	100.650%
105.000%	N/A	100.650%
100.000%	N/A	100.650%
99.500%	100.500%	N/A
99.350%	100.650%	N/A
99.000%	101.000%	N/A
95.000%	105.000%	N/A
90.000%	110.000%	N/A
89.999%	N/A	100.650%
75.000%	N/A	100.650%
60.000%	N/A	100.650%
50.000%	N/A	100.650%
25.000%	N/A	100.650%
0.000%	N/A	100.650%

If, for example, a barrier event has occurred and the final underlying index level were determined to be 25.000% of the initial underlying index level, the cash settlement amount that we would deliver on your notes at maturity would be 100.650% of the face amount of your notes, as shown in the table above. Similarly, if a barrier event has occurred and the final underlying index level were determined to be 175.000% of the initial underlying index level, the cash settlement amount that we would deliver on your notes at maturity would be 100.650% of the face amount of your notes, as shown in the table above.

If, for example, a barrier event has not occurred and the final underlying index level were determined to be 95.000% of the initial underlying index level, the absolute value of the underlying index return would be 5.000% and the cash settlement amount that we would deliver on your notes at maturity would be 105.000% of the face amount of your notes, as shown in the table above. However, you will benefit from the absolute value of the underlying index return only if a barrier event has not occurred. Because a barrier event will occur if the final underlying index level is below the lower barrier (the initial underlying index level minus 10.00% of the initial underlying index level, rounded to the nearest one-hundredth) or at or above the initial underlying index level, the cash settlement amount that we will deliver at maturity if a barrier event has not occurred will be limited to a maximum of 110.000% (representing a maximum return of 10.000%) of the face amount. As a result, you would not benefit from a final underlying index level that is below the lower barrier or at or above the initial underlying index level. In fact, a final underlying index level that is at or above the initial underlying index level or below the lower barrier will cause the cash settlement amount that we will deliver at maturity to be limited to 100.650% (representing a contingent return of 0.650%) of the face amount.

The following chart also shows a graphical illustration of the hypothetical cash settlement amounts (expressed as a percentage of the face amount of your notes) that we would pay on your notes on the stated maturity date, if the final underlying index level (expressed as a percentage of the initial underlying index level) were any of the hypothetical levels shown on the horizontal axis. The chart shows that, if a barrier event occurs (i.e., the final underlying index level is less than the lower barrier or the final underlying index level is equal to or greater than the initial underlying index level), it would result in a hypothetical payment amount of 100.650% of the face amount of the notes (the horizontal line that crosses the 100.650% marker on the vertical axis). The chart also shows that, if a barrier event does not occur, it would result in a hypothetical payment amount that is greater than 100.000%, but less than or equal to 110.000%, of the face amount of the notes (the section above the 100.000% marker on the vertical axis but on or below the 110.000% marker on the vertical axis).

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The cash settlement amounts shown above are entirely hypothetical; they are based on market prices for the underlying index stocks that may not be achieved on an early redemption observation date or the determination date and on assumptions that may prove to be erroneous. The actual market value of your notes on the stated maturity date or at any other time, including any time you may wish to sell your notes, may bear little relation to the hypothetical cash settlement amounts shown above, and these amounts should not be viewed as an indication of the financial return on an investment in the offered notes. The hypothetical cash settlement amounts on notes held to the stated maturity date in the examples above assume you purchased your notes at their face amount and have not been adjusted to reflect the actual issue price you pay for your notes. The return on your investment (whether positive or negative) in your notes will be affected by the amount you pay for your notes. If you purchase your notes for a price other than the face amount, the return on your investment will differ from, and may be significantly lower than, the hypothetical returns suggested by the above examples. Please read "Additional Risk Factors Specific to Your Notes — The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors" on page S-14.

Payments on the notes are economically equivalent to the amounts that would be paid on a combination of other instruments. For example, payments on the notes are economically equivalent to a combination of a bond bought by the holder and one or more options entered into between the holder and us. Therefore, the terms of the notes may be impacted by the various factors mentioned on page S-14 in the section "Additional Risk Factors Specific to Your Notes — The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors". The discussion in this paragraph does not modify or affect the terms of the notes or the U.S. federal income tax treatment of the notes, as described elsewhere in this prospectus supplement.

We cannot predict the actual final underlying index level or what the market value of your notes will be on any particular trading day, nor can we predict the relationship between the underlying index level and the market value of your notes at any time prior to the stated maturity date. The actual amount that you will receive on an early redemption date or at maturity and the rate of return on the offered notes will depend on whether or not the notes are automatically redeemed early and the actual initial underlying index level, which we will set on the trade date, the actual closing level of the underlying index on any early redemption observation date and the actual final underlying index level 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 notes on an early redemption date or the stated maturity date may be very different from the information reflected in the examples above.

ADDITIONAL RISK FACTORS SPECIFIC TO YOUR NOTES

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

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

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

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

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

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

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

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

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

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

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

If your notes are automatically redeemed early, the cash settlement amount on the relevant early redemption date for each $1,000 face amount of your notes will be limited to $1,006.5 (representing a return of 0.65%), regardless of the closing level of the underlying index on such early redemption observation date.

If your notes are not automatically redeemed early, the cash settlement amount at maturity will be based on the absolute value of the underlying index return. If a barrier event has not occurred, your return on the notes will equal the absolute value of the underlying index return, limiting your cash settlement amount to no less than $1,000.00 and no more than $1,100.00 for each $1,000 face amount of your notes. This means that the cash settlement amount on your notes is limited to 100%, on the lower end of the range, and 110.00%, on the higher end of the range (representing a return of between 0%, on the lower end of the range, and 10.00%, on the higher end of the range) of the face amount. However, if a barrier event has occurred, your return on the notes will be 0.65% and the cash settlement amount that we will deliver at maturity will be equal to $1,006.5 for each $1,000 face amount of your notes. As a result, you would not benefit from a final underlying index level on the determination date that is at or above the initial underlying index level or below the lower barrier. In fact, a final underlying index level on the determination date that is equal to or above the initial underlying index level or below the lower barrier will cause the cash settlement amount that we will deliver at maturity to be limited to 100.65% (representing a return of 0.65%) of the face amount. Further, you should be aware that, even if a barrier event has not occurred, the cash settlement amount that we will deliver at maturity will be less than 100.65% (representing less than the contingent return of 0.65%) of the face amount if the final underlying index level is less than 100.00% but greater than 99.35% of the initial underlying index level.

A Lower Lower Barrier Below Which the Notes Will be Automatically Redeemed Early and/or a Lower or Higher Final Underlying Index Level at Which a Barrier Event Will Be Triggered May Reflect Greater Expected Volatility of the Underlying Index, and Greater Expected Volatil