GOLDMAN SACHS GROUP INC
Form 424B2
November 14, 2018

November 2018

Pricing Supplement filed pursuant to Rule 424(b)(2) dated November 9, 2018 / Registration Statement No. 333-219206

STRUCTURED INVESTMENTS

Opportunities in U.S. Equities

GS Finance Corp.

$5,000,000 Market-Linked Notes Based on the Value of the S&P 500® Index due November 14, 2023

The Market-Linked Notes 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 notes on the stated maturity date (November 14, 2023) is based on the performance of the S&P 500® Index as measured from the pricing date (November 9, 2018) to and including the valuation date (November 9, 2023).

At maturity, if the final index value (the index closing value on the valuation date) is *greater than* the initial index value of 2,781.01, the return on your notes will be positive and equal to the *product* of the leverage factor of 200% *multiplied* by the index percent change (the percentage change in the final index value from the initial index value), subject to the maximum payment at maturity of $13.801 per note. If the final index value is equal to or less than the initial index value, you will receive the stated principal amount of your investment.

At maturity, for each $10 principal amount of your notes, 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 change, subject to the maximum payment at maturity; or

- if the final index value is *equal to or less than* the initial index value, $10.

The notes are for investors who are willing to forgo interest payments for the potential to earn 200% of any positive return of the index, subject to the maximum payment at maturity, without participating in the negative return of the index.

The estimated value of your notes at the time the terms of your notes are set on the pricing date is equal to approximately $9.75 per $10 principal 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. Your investment in the notes involves certain risks, including the credit risk of GS Finance Corp. and The Goldman Sachs Group, Inc. See page PS-11. You should read the disclosure herein to better understand the terms and risks of your investment.

Original issue date:	November 15, 2018	**Original issue price:**	100.00% of the principal amount
Underwriting discount:	1.55% ($77,500 in total)*	**Net proceeds to the issuer:**	98.45% ($4,922,500 in total)*

*Morgan Stanley Wealth Management, acting as dealer for the offering, will receive a selling concession of $0.125 for each note it sells. It has informed us that it intends to internally allocate $0.025 of the selling concession for each note as a structuring fee. Goldman Sachs & Co. LLC will receive an underwriting discount of $0.03 for each note.

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

Pricing Supplement No. 4,682 dated November 9, 2018

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

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

Estimated Value of Your Notes

The estimated value of your notes at the time the terms of your notes are set on the 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 equal to approximately $9.75 per $10 principal amount, which is less than the original issue price. The value of your notes at any time will reflect many factors and cannot be predicted; however, the price (not including GS&Co. s customary bid and ask spreads) at which GS&Co. would initially buy or sell notes (if it makes a market, which it is not obligated to do) and the value that GS&Co. will initially use for account statements and otherwise is equal to approximately the estimated value of your notes at the time of pricing, plus an additional amount (initially equal to $0.25 per $10 principal amount).

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

November 2018

About Your Notes

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 pricing supplement and the accompanying documents listed below. This pricing supplement constitutes a supplement to the documents listed below and should be read in conjunction with such documents:

- 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 pricing 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.

November 2018

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At maturity, if the final index value (the index closing value on the valuation date) is *greater than* the initial index value of 2,781.01, the return on your notes will be positive and equal to the *product* of the leverage factor of 200% *multiplied* by the index percent change (the percentage change in the final index value from the initial index value), subject to the maximum payment at maturity of $13.801 per note. If the final index value is equal to or less than the initial index value, you will receive the stated principal amount of your investment.

At maturity, for each $10 principal amount of your notes, 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 change, subject to the maximum payment at maturity; or

- if the final index value is *equal to or less than* the initial index value, $10.

The notes are for investors who are willing to forgo interest payments for the potential to earn 200% of any positive return of the index, subject to the maximum payment at maturity, without participating in the negative return of the index.

FINAL TERMS	
Issuer / Guarantor:	GS Finance Corp. / The Goldman Sachs Group, Inc.
Aggregate principal amount:	$5,000,000
Underlying index:	S&P 500® Index (Bloomberg symbol, SPX Index)
Pricing date:	November 9, 2018
Original issue date:	November 15, 2018 (3 business days after the pricing date)
Valuation date:	November 9, 2023, subject to postponement
Stated maturity date:	November 14, 2023
Stated principal amount/Original issue price:	$10 per note / 100% of the principal amount
Estimated value:	Approximately $9.75
Payment at maturity:	• If the final index value is greater than the initial index value, $10 + the supplemental 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, $10. *In no event will the payment at maturity be less than the stated principal amount.*
Supplemental payment:	$10 × leverage factor × the index percent change, provided that in no event will the supplemental payment be less than $0
Leverage factor:	200%
Maximum payment at maturity:	$13.801 per note (138.01% of the stated principal amount)
Index percent change:	(final index value - initial index value) / initial index value
Initial index value:	2,781.01, which is the index closing value on the pricing date
Final index value:	The index closing value on the valuation date
CUSIP / ISIN:	36256M569/ US36256M5691
Listing:	The notes will not be listed on any securities exchange
Underwriter:	Goldman Sachs & Co. LLC

GS Finance Corp.

Market-Linked Notes Based on the Value of the S&P 500® Index due November 14, 2023

We refer to the notes we are offering by this pricing supplement as the offered notes or the notes . Each of the notes has the terms described under Final Terms and Additional Provisions in this pricing supplement. Please note that in this pricing 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, 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 notes 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 is referred to as the GSFC 2008 indenture in the accompanying prospectus supplement.

Investment Summary

The Market-Linked Notes Based on the Value of the S&P 500® Index due November 14, 2023 (the notes) offer 200% participation in the positive performance of the underlying index, subject to the maximum payment at maturity. The notes provide investors:

- an opportunity to gain leveraged exposure to any appreciation of the S&P 500® Index over the term of the notes, subject to the maximum payment at maturity of $13.801 per note (138.01% of the stated principal amount).

- the repayment of principal and no exposure to any decline of the underlying index if the notes are held to maturity.

You will not receive dividends on the stocks comprising the underlying index (the underlying index stocks) or any interest payments on your notes. At maturity, if the underlying index has depreciated or has not appreciated at all, you will receive the stated principal amount of $10 per note, without any positive return on your investment. All payments on the notes, including the repayment of principal at maturity, are subject to our credit risk.

Maturity:	Approximately 5 years
Payment at maturity:	• If the final index value is greater than the initial index value, $10 + the supplemental 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, $10*. In no event will the payment at maturity be less than the stated principal amount.*

Final index value:	The index closing value on the valuation date
Index percent change:	(final index value - initial index value) / initial index value
Supplemental payment:	$10 × leverage factor × the index percent change. *In no event will the supplemental payment be less than $0.*
Leverage factor:	200%

November 2018

GS Finance Corp.

Market-Linked Notes Based on the Value of the S&P 500® Index due November 14, 2023

Maximum payment at maturity:	$13.801 per note (138.01% of the stated principal amount)
Minimum payment at maturity:	$10
Interest:	None
Redemption:	None. The notes will not be subject to redemption right or price dependent redemption right.

Key Investment Rationale

The notes offer leveraged exposure to a limited range of positive performance of the S&P 500® Index and provide for the repayment of principal at maturity. They are for investors who are concerned about principal risk but seek an equity index-based return, and who are willing to forgo interest payments and performance above the maximum payment at maturity of $13.801 per note in exchange for the repayment of principal at maturity plus the potential to receive a supplemental payment based on the performance of the underlying index, subject to the maximum payment at maturity. At maturity, if the underlying index has appreciated in value, investors will receive the stated principal amount of their investment plus the supplemental payment, subject to the maximum payment at maturity of $13.801 per note. If the underlying index has not appreciated or has depreciated in value, investors will receive the principal amount of their investment. **Investors will not receive dividends on the underlying index stocks or any interest payments on the notes.** All payments on the notes are subject to the credit risk of GS Finance Corp., as issuer, and The Goldman Sachs Group, Inc., as guarantor.

Repayment of principal	The notes offer investors 200% upside exposure to the performance of the underlying index, up to the maximum payment at maturity, while providing for the repayment of principal at maturity.
Upside Scenario	The underlying index increases in value. In this case, you receive a full return of principal as well as the supplemental payment reflecting 200% of the appreciation of the underlying index, subject to the maximum payment at maturity of $13.801 per note (138.01% of the stated principal amount). For example, if the final index value is 2.00% greater than the initial index value, the notes will provide a total return of 4.00% at maturity.
Par Scenario	The underlying index declines or does not appreciate in value. In this case, the notes pay only the stated principal amount of $10 at maturity.

November 2018

PS-6

GS Finance Corp.

Market-Linked Notes Based on the Value of the S&P 500® Index due November 14, 2023

How the Notes Work

Payoff Diagram

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

Stated principal amount:	$10 per note
Leverage factor:	200%
Maximum payment at maturity:	$13.801 per note (138.01% of the stated principal amount)
Minimum payment at maturity:	$10

Payoff Diagram

How it works

¡ **Upside Scenario.** If the final index value is greater than the initial index value, investors will receive the $10 stated principal amount plus a supplemental payment reflecting 200% of the appreciation of the underlying index from the pricing date to the valuation date of the notes, subject to the maximum payment at maturity. Under the terms of the notes, investors will realize the maximum payment at maturity at a final index value of 119.005% of the initial index value.

¡ If the underlying index appreciates 2.00%, investors will receive a 4.00% return, or $10.40 per note reflecting the $10 principal amount and $0.40 supplemental payment.

¡ If the underlying index appreciates 50.00%, investors will receive only the maximum payment at maturity of $13.801 per note, or 138.01% of the stated principal amount.

GS Finance Corp.

Market-Linked Notes Based on the Value of the S&P 500® Index due November 14, 2023

¡ **Par Scenario.** If the final index value is equal to or less than the initial index value, investors will receive the $10 stated principal amount per note.

¡ If the underlying index depreciates 30.00%, the investor would receive $10 per note.

November 2018

PS-8

GS Finance Corp.

Market-Linked Notes Based on the Value of the S&P 500® Index due November 14, 2023

Additional Hypothetical Examples

The following examples are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and merely are intended to illustrate the impact that the various hypothetical 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 notes, 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 notes 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 notes in a secondary market prior to the stated maturity date, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the examples below such as interest rates, the volatility of the 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.

Key Terms and Assumptions

Stated principal amount	$10
Leverage factor	200.00%
Maximum payment at maturity:	$13.801 per note (138.01% of the stated principal amount)

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 publisher calculates the underlying index

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

For these reasons, the actual performance of the underlying index over the life of your notes, 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 pricing supplement. 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 notes, you should consult publicly available information to determine the values of the underlying index between the date of this pricing 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.

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 note (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 notes on the stated maturity date would equal 100.000% of the stated principal amount of a note, based on the corresponding hypothetical final index value and the assumptions noted above.

GS Finance Corp.

Market-Linked Notes Based on the Value of the S&P 500® Index due November 14, 2023

Hypothetical Final Index Value (as Percentage of Initial Index Value)	Hypothetical Payment at Maturity (as Percentage of Stated Principal Amount)
200.000%	138.010%
175.000%	138.010%
150.000%	138.010%
119.005%	**138.010%**
115.000%	130.000%
110.000%	120.000%
105.000%	110.000%
100.000%	**100.000%**
75.000%	100.000%
50.000%	100.000%
30.000%	100.000%
25.000%	100.000%
0.000%	**100.000%**

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 notes at maturity would be 100.000% of the stated principal amount of your notes, as shown in the table above. As a result, if you purchased your notes on the original issue date at the stated principal amount and held them to the stated maturity date, you would receive no return on your investment. In addition, if the final index value were determined to be 200.000% of the initial index value, the payment at maturity that we would deliver on your notes at maturity would be limited to the maximum payment at maturity, or 138.010% of each $10 principal amount of your notes, as shown in the table above. As a result, if you held your notes to the stated maturity date, you would not benefit from any increase in the final index value over 119.005% 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 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 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 notes. The hypothetical payments at maturity on notes held to the stated maturity date in the examples above assume you purchased your notes at their stated principal 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 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 Notes May Be Influenced by Many Unpredictable Factors below.

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

We cannot predict the actual final index value or what the market value of your notes 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 notes 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 notes will depend on 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 notes on the stated maturity date may be very different from the information reflected in the examples above.

November 2018

GS Finance Corp.

Market-Linked Notes Based on the Value of the S&P 500® Index due November 14, 2023

Risk Factors

An investment in your notes 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 notes described herein and in the accompanying prospectus, the accompanying prospectus supplement and the accompanying general terms supplement no. 1,735. 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.

Your Notes Do Not Bear Interest

You will not receive any interest payments on your notes. As a result, even if the payment at maturity payable for your notes on the stated maturity date exceeds the stated principal amount of your notes, the overall return you earn on your notes 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 Receive Only the Stated Principal Amount of Your Notes at Maturity

If the index percent change is zero or negative on the valuation date, the payment at maturity will be limited to the stated principal amount.

Even if the amount paid on your notes at maturity exceeds the stated principal amount of your notes, the overall return you earn on your notes may be less than you would have earned by investing in a note with the same stated maturity that bears interest at the prevailing market rate.

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

Your ability to participate in any change in the value of the underlying index over the life of your notes will be limited because of the maximum payment at maturity of $13.801 per note (138.01% of the stated principal amount). The maximum payment at maturity will limit the payment at maturity you may receive for each of your notes, no matter how much the value of the underlying index may rise over the life of your notes. Because the payment at maturity will be limited to 138.01% of the stated principal amount per note, any increase in the final index value over the initial index value by more than 19.005% of the initial index value will not further increase the return on the notes. Accordingly, the amount payable for each of your notes may be significantly less than it would have been had you invested directly in the underlying index.

GS Finance Corp.

Market-Linked Notes Based on the Value of the S&P 500® Index due November 14, 2023

The Return on Your Notes Will Not Reflect Any Dividends Paid on the 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 underlying index stocks. Therefore, the return on your notes will not reflect the return you would realize if you actually owned the underlying index stocks and received the dividends paid on those underlying index 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 Notes 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 Notes At the Time the Terms of Your Notes 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 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 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 Notes ; 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 notes (if GS&Co. makes a market, which it is not obligated to do), and the value that GS&Co. will initially use for account statements and otherwise, also exceeds the estimated value of your notes as determined by reference to these models. As agreed by GS&Co. and the distribution participants, this excess (i.e., the additional amount described under Estimated Value of Your Notes) will decline to zero on a straight line basis over the period from the date hereof through the applicable date set forth above under Estimated Value of Your Notes . Thereafter, if GS&Co. buys or sells your notes it will do so at prices that reflect the estimated value determined by reference to such pricing models at that time. The price at which GS&Co. will buy or sell your notes at any time also will reflect its then current bid and ask spread for similar sized trades of structured notes.

In estimating the value of your notes as of the time the terms of your notes are set on the pricing 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 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 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).

GS Finance Corp.

Market-Linked Notes Based on the Value of the S&P 500® Index due November 14, 2023

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 Amount Payable on Your Notes 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 pricing supplement). Therefore, if the index closing value dropped precipitously on the valuation date, the payment at maturity for your notes 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 notes 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 Notes May Be Influenced by Many Unpredictable Factors

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

- the value of the underlying index;
- the volatility i.e., the frequency and magnitude of changes in the index closing value of the underlying index;
- &#16