

GOLDMAN SACHS GROUP INC  
Form FWP  
December 28, 2018

December 2018

Free Writing Prospectus pursuant to Rule 433 dated December 26, 2018 / Registration Statement No. 333- 219206

## STRUCTURED INVESTMENTS

Opportunities in International Equities

### GS Finance Corp.

#### Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

##### Principal at Risk Securities

**The Trigger Performance Leveraged Upside Securities<sup>SM</sup> (Trigger 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 Trigger PLUS at stated maturity (expected to be December 31, 2021) is based on the performance of an equally weighted basket composed of the EURO STOXX 50<sup>®</sup> Index and the Nikkei 225 as measured from December 28, 2018 to and including the valuation date (expected to be December 28, 2021).

The initial basket value is 100, and the final basket value (the basket closing value on the valuation date) will equal the *sum* of the products, as calculated separately for each index, of: (i) the final index value *multiplied* by (ii) the applicable multiplier. The multiplier will equal, for each index, the *quotient* of (i) the weighting of such index (50.00%) *multiplied* by 100 *divided* by (ii) the initial index value.

At maturity, if the final basket value is *greater than* the initial basket value of 100, the return on your Trigger PLUS will be positive and equal to the *product* of the leverage factor of 201% *multiplied* by the basket percent increase (the percentage increase in the final basket value from the initial basket value). If the final basket value is *equal to or less than* the initial basket value but *greater than or equal to* the trigger level of 75.00% of the initial basket value, you will receive the principal amount of your Trigger PLUS. **However, if the final basket value is less than the trigger level, you will lose a significant portion of your investment. Declines in one index may offset an increase in the other index.**

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

- if the final basket value is *greater than* the initial basket value, the *sum* of (i) \$10 *plus* (ii) the *product* of (a) \$10 *times* (b) 2.01 *times* (c) the basket percent increase;

## Edgar Filing: GOLDMAN SACHS GROUP INC - Form FWP

- if the final basket value is *equal to or less than* the initial basket value, but greater than or equal to the trigger level, \$10; or

- if the final basket value is less than the trigger level, the *product* of (i) \$10 *times* (ii) the *quotient* of (a) the final basket value *divided* by (b) the initial basket value.

The Trigger PLUS are for investors who seek the potential to earn 201% of any positive return of the basket, are willing to forgo interest payments and are willing to risk losing their entire investment if the final basket value is less than the trigger level.

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

<b>Issuer / Guarantor:</b>	GS Finance Corp. / The Goldman Sachs Group, Inc. as described more fully below, an equally weighted basket composed of the
<b>Basket:</b>	EURO STOXX 50® Index (Bloomberg symbol, SX5E Index) and the Nikkei 225 (Bloomberg symbol, NKY Index )
<b>Pricing date:</b>	December , 2018 (expected to price on or about December 31, 2018)
<b>Original issue date:</b>	January , 2019 (expected to be January 4, 2019)
<b>Valuation date:</b>	expected to be December 28, 2021, subject to postponement
<b>Stated maturity date:</b>	expected to be December 31, 2021, subject to postponement
<b>Stated principal amount/Original issue price:</b>	\$10 per Trigger PLUS / 100% of the principal amount
<b>Estimated value range:</b>	\$9.35 to \$9.65 per Trigger PLUS. See the following page for more information.

**Your investment in the Trigger PLUS involves certain risks, including the credit risk of GS Finance Corp. and The Goldman Sachs Group, Inc. See page PS-12.** You should read the disclosure herein to better understand the terms and risks of your investment.

<b>Original issue date:</b>	January , 2019	<b>Original issue price:</b>	100.00% of the principal amount
<b>Underwriting discount:</b>	3.175% (\$ in total)*	<b>Net proceeds to the issuer:</b>	96.825% (\$ in total)

\* Morgan Stanley Wealth Management, acting as dealer for the offering, will receive a selling concession of \$0.30 for each Trigger PLUS it sells. It has informed us that it intends to internally allocate \$0.05 of the selling concession for each Trigger PLUS as a structuring fee. Goldman Sachs & Co. LLC will receive an underwriting discount of \$0.0175 for each Trigger 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 Trigger 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**

December 2018

The issue price, underwriting discount and net proceeds listed on the cover page relate to the Trigger PLUS we sell initially. We may decide to sell additional Trigger 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 Trigger PLUS will depend in part on the issue price you pay for such Trigger PLUS.

GS Finance Corp. may use this document in the initial sale of the Trigger 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 Trigger PLUS after its initial sale. **Unless GS Finance Corp. or its agent informs the purchaser otherwise in the confirmation of sale, this document is being used in a market-making transaction.**

### ADDITIONAL SUMMARY TERMS

	Basket component	Basket component weighting	Initial basket component value	Multiplier
<b>Basket (continued from previous page):</b>	EURO STOXX 50® Index	50.00%		
	Nikkei 225	50.00%		
	<i>We refer to each of the EURO STOXX 50® Index and the Nikkei 225 singularly as an underlying index and together as the underlying indices.</i>			
<b>Payment at maturity:</b>	If the final basket value is <i>greater than</i> the initial basket value, \$10 + the leveraged upside payment If the final basket value is <i>equal to or less than</i> the initial basket value, but <i>greater than or equal to</i> the trigger level, \$10 If the final basket value is <i>less than</i> the trigger level, \$10 × the basket performance factor <i>This amount will be less than the stated principal amount of \$10, will represent a loss of more than 25.00% and could be zero.</i>			
<b>Leveraged upside payment:</b>	\$10 × leverage factor × basket percent increase			
<b>Leverage factor:</b>	201%			
<b>Basket percent increase:</b>	(final basket value - initial basket value) / initial basket value			
<b>Initial basket value:</b>	100			
<b>Final basket value:</b>	The basket closing value on the valuation date			
<b>Trigger level:</b>	75.00% of the initial basket value			
<b>Basket closing value:</b>	The basket closing value on any day is the sum of the products of the underlying index closing value of each underlying index times the applicable multiplier for such underlying index on such date.			
<b>Basket component closing value:</b>	In the case of each underlying index, the closing value of such underlying index.			
<b>Multiplier:</b>	Each multiplier will be set on December 28, 2018 based on the applicable underlying index's respective initial basket component value so that each underlying index will represent its applicable basket component weighting in the predetermined initial basket value. Each multiplier will remain constant for the term of the Trigger PLUS and will equal, for each underlying index, (i) the product of the applicable basket component weighting times 100 divided by (ii) the applicable initial basket component value. See <b>Basket Multiplier</b> above.			
<b>Basket performance factor:</b>	final basket value / initial basket value			
<b>CUSIP / ISIN:</b>	36256M882 / US36256M8828			
<b>Listing:</b>	The Trigger PLUS will not be listed on any securities exchange			
<b>Underwriter:</b>	Goldman Sachs & Co. LLC			

December 2018

PS-2

### Estimated Value of Your Trigger PLUS

*The estimated value of your Trigger PLUS at the time the terms of your Trigger 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 Trigger 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 Trigger 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 Trigger 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 Trigger 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 Trigger 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 Trigger PLUS (if it makes a market) will equal approximately the then-current estimated value of your Trigger PLUS determined by reference to such pricing models.*

### About Your Trigger 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 Trigger 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 Trigger PLUS.

December 2018

PS-3

## GS Finance Corp.

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

Principal at Risk Securities

We refer to the Trigger PLUS we are offering by this document as the offered Trigger PLUS or the Trigger PLUS. Each of the offered Trigger 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 Trigger 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

### Trigger Performance Leveraged Upside Securities

The Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021 (the Trigger PLUS) can be used:

- As an alternative to direct exposure to the basket that enhances returns for any positive performance of the basket.
- To potentially outperform the basket with no limitation on the appreciation potential.
- To provide limited protection against a loss of principal in the event of a decline of the basket from the initial basket value to the final basket value but only if the final basket value **is greater than or equal to** the trigger level.



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

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

**Maturity:**

Approximately 3 years

**Payment at maturity:**

- If the final basket value is greater than the initial basket value, \$10 + the leveraged upside payment.
- If the final basket value is equal to or less than the initial basket value, but greater than or equal to the trigger level, \$10.
- If the final basket value is less than the trigger level, \$10 × the basket performance factor. *This amount will be less than the stated principal amount of \$10, will represent a loss of more than 25.00% and could be zero.*

**Leverage factor:**

201% (applicable only if the final basket value is greater than the initial basket value)

**Basket percent increase:**

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

December 2018

**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

Principal at Risk Securities

<b>Leveraged upside payment:</b>	$\$10 \times \text{leverage factor} \times \text{basket percent increase}$
<b>Basket performance factor:</b>	final basket value / initial basket value
<b>Trigger level:</b>	75.00% of the initial basket value
<b>Minimum payment at maturity:</b>	None. Investors may lose their entire initial investment in the Trigger PLUS.
<b>Basket component weightings:</b>	50.00% for the EURO STOXX 50 <sup>®</sup> Index and 50.00% for the Nikkei 225
<b>Interest:</b>	None
<b>Redemption:</b>	None. The Trigger PLUS will not be subject to redemption right or price dependent redemption right.

**Key Investment Rationale**

The Trigger PLUS offer leveraged exposure to any positive performance of the basket. At maturity, if the basket has appreciated in value, investors will receive the stated principal amount of their investment plus the leveraged upside payment. If the basket has not appreciated in value or has depreciated in value, but the final basket value is greater than or equal to the trigger level of 75.00% of the initial basket value, investors will receive the stated principal amount of their investment. However, if the basket has depreciated in value and the final basket value is less than the trigger level, investors will lose 1.00% for every 1.00% decline in the basket value from December 28, 2018 to the valuation date of the Trigger PLUS. Under these circumstances, the payment at maturity will be at least 25.00% less than the stated principal amount, will represent a loss of more than 25.00% and could be zero. **Investors will not receive dividends on the underlying index stocks or any interest payments on the Trigger PLUS and investors may lose their entire initial investment in the Trigger PLUS.** All payments on the Trigger PLUS are subject to the credit risk of GS Finance Corp., as issuer, and The Goldman Sachs Group, Inc., as guarantor.

**Leveraged Performance**

The Trigger PLUS offer investors an opportunity to capture enhanced returns relative to a direct investment in the basket. However, investors will not receive dividends on the underlying index stocks or any interest payments on the Trigger PLUS.

**Trigger Feature**

## Edgar Filing: GOLDMAN SACHS GROUP INC - Form FWP

At maturity, even if the basket has declined over the term of the Trigger PLUS, you will receive your stated principal amount but only if the final basket value is **greater than or equal to** the trigger level of 75.00% of the initial basket value.

### Upside Scenario

The basket increases in value. In this case, you receive a full return of principal as well as 201% of the increase in the value of the basket. For example, if the final basket value is 2.00% greater than the initial basket value, the Trigger PLUS will provide a total return of 4.02% at maturity.

### Par Scenario

The final basket value is less than or equal to the initial basket value but is greater than or equal to the trigger level. In this case, you receive the stated principal amount of \$10 at maturity even if the basket has depreciated.

### Downside Scenario

The basket declines in value and the final basket value is less than the trigger level. In this case, you receive less than the stated principal amount by an amount proportionate to the decline in the value of the basket from the initial basket value. For example, if the final basket value is 30.00% less than the initial basket value, the Trigger PLUS will provide at maturity a loss of 30.00% of principal. In this case, you receive \$7.00 per Trigger PLUS, or 70.00% of the stated principal amount. There is no minimum payment at maturity on the Trigger PLUS, and you could lose your entire investment.

December 2018

PS-5

**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

Principal at Risk Securities

## How the Trigger PLUS Work

### Payoff Diagram

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

<b>Stated principal amount:</b>	\$10 per Trigger PLUS
<b>Leverage factor:</b>	201%
<b>Trigger level:</b>	75.00% of the initial basket value
<b>Minimum payment at maturity:</b>	None

### Trigger PLUS Payoff Diagram

December 2018

PS-6

**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

Principal at Risk Securities

**How it works**

§ **Upside Scenario.** If the final basket value is greater than the initial basket value, investors will receive the \$10 stated principal amount plus 201% of the appreciation of the basket from December 28, 2018 to the valuation date of the Trigger PLUS.

§ If the basket appreciates 2.00%, investors will receive a 4.02% return, or \$10.402 per Trigger PLUS.

§ **Par Scenario.** If the final basket value is less than or equal to the initial basket value but is greater than or equal to the trigger level, investors will receive the \$10 stated principal amount per Trigger PLUS.

§ If the basket depreciates 10.00%, investors will receive the \$10 stated principal amount per Trigger PLUS.

§ **Downside Scenario.** If the final basket value is less than the trigger level, investors will receive an amount that is significantly less than the \$10 stated principal amount, based on a 1.00% loss of principal for each 1.00% decline in the basket. Under these circumstances, the payment at maturity will be at least 25.00% less than the stated principal amount per Trigger PLUS. There is no minimum payment at maturity on the Trigger PLUS.

§ If the basket depreciates 30.00%, investors will lose 30.00% of their principal and receive only \$7.00 per Trigger PLUS at maturity, or 70.00% of the stated principal amount.

December 2018

**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

Principal at Risk Securities

**Additional Hypothetical Examples**

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

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

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

<b>Key Terms and Assumptions</b>	
Stated principal amount	\$10
Leverage factor	201.00%
Trigger level	75.00% of the initial basket value
Neither a market disruption event nor a non-index business day occurs on the originally scheduled valuation date	

Edgar Filing: GOLDMAN SACHS GROUP INC - Form FWP

No change in or affecting any of the underlying index stocks or the method by which any of the respective underlying index publishers calculates their underlying index

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

Moreover, we have not yet set the initial basket component values that will serve as the baseline for determining the amount that we will pay on your Trigger PLUS, at maturity. We will not do so until December 28, 2018. As a result, the actual initial basket component values may differ substantially from the underlying index closing values prior to December 28, 2018.

For these reasons, the actual performance of the basket over the life of your Trigger PLUS, as well as the amount payable at maturity, if any, may bear little relation to the hypothetical examples shown below or to the historical underlying index closing values shown elsewhere in this document. For information about the historical values of the underlying indices during recent periods, see [The Basket and the Underlying Indices](#) [Historical Index Closing Values of the Underlying Indices and Basket Closing Values](#) below. Before investing in the offered Trigger PLUS, you should consult publicly available information to determine the values of the underlying indices between the date of this document and the date of your purchase of the offered Trigger 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 Trigger PLUS, tax liabilities could affect the after-tax rate of return on your Trigger PLUS to a comparatively greater extent than the after-tax return on the underlying index stocks.

The values in the left column of the table below represent hypothetical final basket values and are expressed as

[December 2018](#)

PS-8



**GS Finance Corp.**

## Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

## Principal at Risk Securities

percentages of the initial basket value. The amounts in the right column represent the hypothetical payments at maturity, based on the corresponding hypothetical final basket value, and are expressed as percentages of the stated principal amount of a Trigger 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 Trigger PLUS on the stated maturity date would equal 100.000% of the stated principal amount of a Trigger PLUS, based on the corresponding hypothetical final basket value and the assumptions noted above.

Hypothetical Final Basket Value (as Percentage of Initial Basket Value)	Hypothetical Payment at Maturity (as Percentage of Stated Principal Amount)
175.000%	250.750%
150.000%	200.500%
110.000%	120.100%
105.000%	110.050%
101.500%	103.015%
<b>100.000%</b>	<b>100.000%</b>
95.000%	100.000%
90.000%	100.000%
80.000%	100.000%
<b>75.000%</b>	<b>100.000%</b>
74.999%	74.999%
50.000%	50.000%
25.000%	25.000%
10.000%	10.000%
<b>0.000%</b>	<b>0.000%</b>

If, for example, the final basket value were determined to be 25.000% of the initial basket value, the payment at maturity that we would deliver on your Trigger PLUS at maturity would be 25.000% of the stated principal amount of your Trigger PLUS, as shown in the table above. As a result, if you purchased your Trigger PLUS on the original issue date at the stated principal amount and held them to the stated maturity date, you would lose 75.000% of your investment (if you purchased your Trigger PLUS at a premium to stated principal amount you would lose a correspondingly higher percentage of your investment). If the final basket value were determined to be zero, you would lose your entire investment in the Trigger PLUS.

The following examples illustrate the hypothetical payment at maturity for each Trigger PLUS based on hypothetical basket component closing values on the valuation date (which we refer to as the final basket component values) for each of the underlying indices, calculated based on the key terms and assumptions above. The values in Column A represent hypothetical initial basket component values for each basket component, and the values in Column B represent the hypothetical final basket component values for each of the underlying indices. The percentages in Column C represent hypothetical final basket component values for each basket component in Column B expressed as percentages of the corresponding hypothetical initial basket component values in Column A. The amounts in Column D represent the applicable multiplier for each basket component, and the amounts in Column E represent the *products* of the values in Column B *times* the corresponding amounts in Column D. The final basket value for each example is shown beneath each example, and will equal the *sum* of the products shown in Column E. The basket percent increase will equal the *quotient* of (i) the final basket value for such example *minus* the initial basket value *divided* by (ii) the initial basket

value, expressed as a percentage. The values below have been rounded for ease of analysis.

December 2018

PS-9

**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

Principal at Risk Securities

**Example 1: The final basket value is greater than the initial basket value.**

	Column A	Column B	Column C	Column D	Column E
Underlying Index	Hypothetical Initial Basket Component Value	Hypothetical Final Basket Component Value	Column B / Column A	Hypothetical Multiplier	Column B x Column D
EURO STOXX 50® Index (50.00% weighting)	3,000.00	3,150.00	105.00%	0.016666667	52.50
Nikkei 225 (50.00% weighting)	20,000.00	21,000.00	105.00%	0.002500000	52.50
				Final Basket Value:	105.00
				Basket Percent Increase:	5.00%

In this example, the hypothetical final basket component values for all of the underlying indices are greater than the applicable hypothetical initial basket component values, which results in the hypothetical final basket value being greater than the initial basket value of 100.00. Since the hypothetical final basket value was determined to be 105.00, the hypothetical payment at maturity for each \$10 principal amount of your Trigger PLUS will equal \$10 plus the leveraged upside, which equals:

$$\$10 + (\$10 \times 201.00\% \times 5.00\%) = \$11.005.$$

**Example 2: The final basket value is less than the initial basket value but greater than the trigger level. The payment at maturity equals the \$10 principal amount.**

	Column A	Column B	Column C	Column D	Column E
Basket Component	Hypothetical Initial Basket Component Value	Hypothetical Final Basket Component Value	Column B / Column A	Hypothetical Multiplier	Column B x Column D
EURO STOXX 50® Index (50.00% weighting)	3,000.00	2,850.00	95.00%	0.016666667	47.50
Nikkei 225 (50.00% weighting)	20,000.00	19,000.00	95.00%	0.002500000	47.50
				Final Basket Value:	95.00

## Edgar Filing: GOLDMAN SACHS GROUP INC - Form FWP

In this example, the hypothetical final basket component values for all of the underlying indices are less than the applicable hypothetical initial basket component values, which results in the hypothetical final basket value being less than the initial basket value of 100.00. Since the hypothetical final basket value of 95.00 is greater than the trigger level of 75.00% of the initial basket value but less than the hypothetical initial basket value of 100.00, the hypothetical payment at maturity for each \$10 principal amount of your Trigger PLUS will equal the principal amount of the Trigger PLUS, or \$10.

December 2018

PS-10

**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

Principal at Risk Securities

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

	Column A	Column B	Column C	Column D	Column E
Basket Component	Hypothetical Initial Basket Component Value	Hypothetical Final Basket Component Value	Column B / Column A	Hypothetical Multiplier	Column B x Column D
EURO STOXX 50® Index (50.00% weighting)	3,000.00	1,800.00	60.00%	0.016666667	30.00
Nikkei 225 (50.00% weighting)	20,000.00	12,000.00	60.00%	0.002500000	30.00
				Final Basket Value:	60.00

In this example, the hypothetical final basket component values for all of the underlying indices are less than the applicable hypothetical initial basket component values, which results in the hypothetical final basket value being less than the initial basket value of 100.00. Since the hypothetical final basket value of 60.00 is less than the trigger level of 75.00% of the hypothetical initial basket value, the hypothetical payment at maturity for each \$10 principal amount of your Trigger PLUS will equal:

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

The payments at maturity shown above are entirely hypothetical; they are based on market prices for the underlying index stocks that may not be achieved on the valuation date and on assumptions that may prove to be erroneous. The actual market value of your Trigger PLUS on the stated maturity date or at any other time, including any time you may wish to sell your Trigger 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 Trigger PLUS. The hypothetical payments at maturity on Trigger PLUS held to the stated maturity date in the examples above assume you purchased your Trigger PLUS at their stated principal amount and have not been adjusted to reflect the actual issue price you pay for your Trigger PLUS. The return on your investment (whether positive or negative) in your Trigger PLUS will be affected by the amount you pay for your Trigger PLUS. If you purchase your Trigger 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 Trigger PLUS May Be Influenced by Many Unpredictable Factors below.

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

We cannot predict the actual final basket value or what the market value of your Trigger PLUS will be on any particular index business day, nor can we predict the relationship between the index closing values of each underlying index and the market value of your Trigger PLUS at any time prior to the stated maturity date. The actual amount that you will receive, if any, at maturity and the rate of return on the offered Trigger PLUS will depend on the actual initial basket component value for each underlying index, which we will set on December 28, 2018, and the actual final basket value determined by the calculation agent as described above. Moreover, the assumptions on which the hypothetical returns are based may turn out to be inaccurate. Consequently, the amount of cash to be paid in respect of your Trigger PLUS, if any, on the stated maturity date may be very different from the information reflected in the examples above.

December 2018

PS-11

**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

Principal at Risk Securities

## Risk Factors

*An investment in your Trigger 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 Trigger PLUS described herein and in the accompanying prospectus, the accompanying prospectus supplement and the accompanying general terms supplement no. 1,735. Your Trigger PLUS are a riskier investment than ordinary debt securities. Also, your Trigger PLUS are not equivalent to investing directly in the underlying index stocks, i.e., with respect to an underlying index to which your Trigger PLUS are linked, the stocks comprising such underlying index. You should carefully consider whether the offered Trigger PLUS are suited to your particular circumstances.*

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

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

### **You May Lose Your Entire Investment in the Trigger PLUS**

You can lose your entire investment in the Trigger PLUS. The cash payment on your Trigger PLUS, if any, on the stated maturity date will be based on the performance of a weighted basket composed of the EURO STOXX 50® Index and the Nikkei 225 as measured from the initial basket value set on December 28, 2018 to the basket closing value on the valuation date. If the final basket value is *less than* the trigger level, you will lose 1.00% of the stated principal amount of your Trigger PLUS for every 1.00% decline in the basket value from December 28, 2018 to the valuation date of the Trigger PLUS. Thus, you may lose your entire investment in the Trigger PLUS.

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

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

Although the return on the Trigger PLUS will be based on the performance of the underlying indices, the payment of any amount due on the Trigger PLUS is subject to the credit risk of GS Finance Corp., as issuer of the Trigger PLUS, and the credit risk of The Goldman Sachs Group, Inc., as guarantor of the Trigger PLUS. The Trigger PLUS are our unsecured obligations. Investors are dependent on our ability to pay all amounts due on the Trigger 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 Trigger PLUS, to pay all amounts due on the Trigger 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 Return on Your Trigger PLUS May Change Significantly Despite Only a Small Incremental Change in the Value of the Basket**

If the final basket value is less than the trigger level, you will lose all or a substantial portion of your investment in the Trigger PLUS. This means that while a 25.00% drop between the initial basket value and the final basket value will not result in a loss of principal on the Trigger PLUS, a decrease in the final

December 2018

PS-12



**GS Finance Corp.**

[Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021](#)

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

**Principal at Risk Securities**

basket value to less than 75.00% of the initial basket value will result in a loss of a significant portion of the stated principal amount of the Trigger PLUS despite only a small incremental change in the value of the basket.

**The Lower Performance of One Underlying Index May Offset an Increase in the Other Underlying Index**

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

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

The underlying index publishers calculate the respective values of the underlying indices by reference to the prices of the applicable underlying index stocks, without taking account of the value of dividends paid on those stocks. Therefore, the return on your Trigger 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 Trigger PLUS is Not Equivalent to Investing in the Underlying Indices; You Have No Shareholder Rights or Rights to Receive Any Underlying Index Stock](#) below for additional information.

**The Estimated Value of Your Trigger PLUS At the Time the Terms of Your Trigger 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 Trigger PLUS**

The original issue price for your Trigger PLUS exceeds the estimated value of your Trigger PLUS as of the time the terms of your Trigger 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 Trigger 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 Trigger 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 Trigger 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 Trigger PLUS](#)) will decline to zero on a straight line basis over the period from the date hereof through the applicable date set forth

above under Estimated Value of Your Trigger PLUS . Thereafter, if GS&Co. buys or sells your Trigger 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 Trigger PLUS at any time also will reflect its then current bid and ask spread for similar sized trades of structured securities.

In estimating the value of your Trigger PLUS as of the time the terms of your Trigger PLUS are set on the pricing date, as disclosed above under Estimated Value of Your Trigger 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 Trigger 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 Trigger PLUS in the secondary market, if any, to others may differ, perhaps materially, from the estimated value of your Trigger 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 Trigger PLUS May Be Influenced by Many Unpredictable Factors below.

December 2018

PS-13

**GS Finance Corp.**

**Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021**

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

**Principal at Risk Securities**

The difference between the estimated value of your Trigger PLUS as of the time the terms of your Trigger 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 Trigger 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 Trigger 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 Trigger PLUS.

In addition to the factors discussed above, the value and quoted price of your Trigger PLUS at any time will reflect many factors and cannot be predicted. If GS&Co. makes a market in the Trigger PLUS, the price quoted by GS&Co. would reflect any changes in market conditions and other relevant factors, including any deterioration in our creditworthiness or perceived creditworthiness or the creditworthiness or perceived creditworthiness of The Goldman Sachs Group, Inc. These changes may adversely affect the value of your Trigger PLUS, including the price you may receive for your Trigger PLUS in any market making transaction. To the extent that GS&Co. makes a market in the Trigger 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 Trigger PLUS (and subject to the declining excess amount described above).

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

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

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

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

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

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

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

December 2018

PS-14

**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

Principal at Risk Securities

- the time remaining until your Trigger 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 Trigger PLUS before maturity, including the price you may receive for your Trigger PLUS in any market making transaction. If you sell your Trigger PLUS before maturity, you may receive less than the principal amount of your Trigger PLUS or the amount you may receive at maturity.

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

**Your Trigger PLUS May Not Have an Active Trading Market**

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

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

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

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

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

In addition to entering into such transactions itself, or distributors entering into such transactions, Goldman Sachs may structure such transactions for its clients or counterparties, or otherwise advise or assist clients or counterparties in entering into such transactions. These activities may be undertaken to achieve a variety of objectives, including: permitting other purchasers of the Trigger 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 Trigger PLUS; hedging the exposure of Goldman Sachs to the Trigger PLUS including any interest in the Trigger PLUS that it reacquires or retains as part of the offering

December 2018

PS-15

**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

**Principal at Risk Securities**

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 Trigger PLUS.

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

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

Goldman Sachs is a global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. As such, it acts as an investor, investment banker, research provider, investment manager, investment advisor, market maker, trader, prime broker and lender. In those and other capacities, Goldman Sachs purchases, sells or holds a broad array of investments, actively trades securities, derivatives, loans, commodities, currencies, credit default swaps, indices, baskets and other financial instruments and products for its own account or for the accounts of its customers, and will have other direct or indirect interests, in the global fixed income, currency, commodity, equity, bank loan and other markets. Any of Goldman Sachs financial market activities may, individually or in the aggregate, have an adverse effect on the market for your Trigger 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 Trigger 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 Trigger PLUS, or similar or linked to the underlying indices or underlying index stocks. Investors in the Trigger PLUS should expect that Goldman Sachs will offer securities, financial instruments, and other products that will compete with the Trigger PLUS for liquidity, research coverage or otherwise.

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

The policies of the underlying index publishers concerning the calculation of the values of the underlying indices, additions, deletions or substitutions of underlying index stocks comprising the underlying indices and the manner in which changes affecting the underlying index stocks or their issuers, such as stock dividends, reorganizations or mergers, are reflected in the value of the underlying indices, could affect the values of the underlying indices and, therefore, the payment at maturity and the market value of your Trigger PLUS before the stated maturity date. The payment at maturity and the market value of your Trigger PLUS could also be affected if an underlying index publisher changes these policies, for example, by changing the manner in which it calculates such underlying index value or if such underlying index publisher discontinues or suspends calculation or publication of the value of the underlying index, in

December 2018

PS-16



**GS Finance Corp.**

[Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021](#)

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

**Principal at Risk Securities**

which case it may become difficult to determine the market value of your Trigger PLUS. If events such as these occur, the calculation agent which initially will be GS&Co., our affiliate may determine the index closing values of the underlying indices on any such date and thus the payment at maturity in a manner it considers appropriate, in its sole discretion. We describe the discretion that the calculation agent will have in determining the index value of the underlying indices on any index business day or the valuation date and the payment at maturity more fully under Supplemental Terms of the Notes Discontinuance or Modification of an Underlying and Role of Calculation Agent on page S-28 of the accompanying general terms supplement no. 1,735.

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

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

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

At our sole option, we may decide to sell an additional aggregate stated principal amount of the Trigger PLUS subsequent to the date of this document. The issue price of the Trigger 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 Trigger PLUS at a Premium to Stated Principal Amount, the Return on Your Investment Will Be Lower Than the Return on Trigger PLUS Purchased at Stated Principal Amount and the Impact of Certain Key Terms of the Trigger PLUS Will be Negatively Affected**

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

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

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

The prices of securities in a foreign country are subject to political, economic, financial and social factors that are unique to such foreign country's geographical region. These factors include: recent changes, or the possibility of future changes, in the applicable foreign government's economic and fiscal policies; the possible implementation of, or changes in, currency exchange laws or other laws or restrictions applicable to foreign companies or investments in foreign equity securities; fluctuations, or the possibility of

December 2018

PS-17

**GS Finance Corp.**

[Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021](#)

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

**Principal at Risk Securities**

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

**Your Trigger PLUS Are Linked to the Underlying Indices, Which Are Comprised of Underlying Index Stocks That Are Traded in a Foreign Currency But Not Adjusted to Reflect Their U.S. Dollar Value, And, Therefore, the Return on Your Trigger PLUS Will Not Be Adjusted for Changes in the Foreign Currency Exchange Rate**

Your Trigger PLUS are linked to underlying indices whose underlying index stocks are traded in foreign currencies but not adjusted to reflect their U.S. dollar value. The amount payable on your Trigger PLUS will not be adjusted for changes in the applicable exchange rates relative to the U.S. dollar. The amount payable will be based upon the overall changes in the levels of the underlying indices. Changes in foreign currency exchange rates, however, may reflect changes in the economy of the foreign countries in which the applicable underlying index's component stocks are listed that, in turn, may affect the levels of the underlying indices.

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

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

## Edgar Filing: GOLDMAN SACHS GROUP INC - Form FWP

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

### **United States Alien Holders Should Consider the Withholding Tax Implications of Owning the Trigger 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

December 2018

PS-18

**GS Finance Corp.**

[Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021](#)

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

**Principal at Risk Securities**

case of any amounts a United States alien holder receives upon the sale, exchange or maturity of the Trigger PLUS, could be collected via withholding. If these regulations were to apply to the Trigger 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 EURO STOXX 50<sup>®</sup> Index or the Nikkei 225 during the term of the Trigger 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 Trigger 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 Trigger PLUS, your Trigger 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 Trigger PLUS for U.S. federal income tax purposes.

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

[December 2018](#)



**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

Principal at Risk Securities

## The Basket and the Underlying Indices

### The Basket

The basket is composed of two underlying indices with the following basket component weightings within the basket: the EURO STOXX 50<sup>®</sup> Index (50.00%) and the Nikkei 225 (50.00%).

### The EURO STOXX 50<sup>®</sup> Index

The EURO STOXX 50<sup>®</sup> Index is a free-float market capitalization-weighted index of 50 European blue-chip stocks and was created by and is sponsored and maintained by STOXX Limited. Publication of the EURO STOXX 50<sup>®</sup> Index began on February 26, 1998, based on an initial index value of 1,000 at December 31, 1991. The value of the EURO STOXX 50<sup>®</sup> Index is disseminated on the STOXX Limited website. STOXX Limited is under no obligation to continue to publish the index and may discontinue publication of it at any time. Additional information regarding the EURO STOXX 50<sup>®</sup> Index may be obtained from the STOXX Limited website: [stox.com](http://stox.com). We are not incorporating by reference the website or any material it includes in this document.

The top ten constituent stocks of the EURO STOXX 50<sup>®</sup> Index as of December 17, 2018, by weight, are: Total S.A. (5.87%), SAP SE (4.34%), Sanofi (3.98%), Siemens AG (3.84%), LINDE PLC (3.51%), Allianz SE (3.42%), Unilever N.V. (3.33%), LVMH Moët Hennessy Louis Vuitton SE (3.03%), Banco Santander S.A. (2.95%) and ASML Holding N.V. (2.83%); constituent weights may be found at [stox.com/download/indices/factsheets/SX5GT.pdf](http://stox.com/download/indices/factsheets/SX5GT.pdf) under Factsheets and Methodologies and are updated periodically. We are not incorporating by reference the website or any material it includes in this document.

As of December 17, 2018, the sixteen industry sectors which comprise the EURO STOXX 50<sup>®</sup> Index represent the following weights in the index: Automobiles & Parts (4.21%), Banks (10.76%), Chemicals (4.53%), Construction & Materials (2.68%), Food & Beverage (4.22%), Health Care (10.25%), Industrial Goods & Services

(10.43%), Insurance (6.48%), Media (0.93%), Oil & Gas (7.48%), Personal & Household Goods (10.13%), Real Estate (0.89%), Retail (3.82%), Technology (9.73%), Telecommunications (5.23%) and Utilities (4.73%); industry weightings may be found at [stoxx.com/download/indices/factsheets/SX5GT.pdf](http://stoxx.com/download/indices/factsheets/SX5GT.pdf) under Factsheets and Methodologies and are updated periodically. Percentages may not sum to 100% due to rounding. Sector designations are determined by the underlying index publisher using criteria it has selected or developed. Index publishers may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices with different index publishers may reflect differences in methodology as well as actual differences in the sector composition of the indices.

As of December 17, 2018, the eight countries which comprise the EURO STOXX 50® Index represent the following weights in the index: Belgium (2.36%), Finland (1.33%), France (38.38%), Germany (27.88%), Ireland (4.37%), Italy (4.83%), Netherlands (10.53%) and Spain (10.32%); country weightings may be found at [stoxx.com/download/indices/factsheets/SX5GT.pdf](http://stoxx.com/download/indices/factsheets/SX5GT.pdf) under Factsheets and Methodologies and are updated periodically.

The above information supplements the description of the underlying index found in the accompanying general terms supplement no. 1,735. This information was derived from information prepared by the underlying index publisher, however, the percentages we have listed above are approximate and may not match the information available on the underlying index publisher's website due to subsequent corporate actions or other activity relating to a particular stock. For more details about the underlying index, the underlying index publisher and license agreement between the underlying index publisher and the issuer, see The Underlyings EURO STOXX 50® Index on page S-75 of the accompanying general terms supplement no. 1,735.

December 2018

PS-20



**GS Finance Corp.**

[Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021](#)

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

**Principal at Risk Securities**

The EURO STOXX 50® is the intellectual property of STOXX Limited, Zurich, Switzerland and/or its licensors ( Licensors ), which is used under license. The Trigger PLUS or other financial instruments based on the underlying index are in no way sponsored, endorsed, sold or promoted by STOXX and its Licensors and neither STOXX nor its Licensors shall have any liability with respect thereto.

[The Nikkei 225](#)

The Nikkei Stock Average, more commonly known as the Nikkei 225, is a price-weighted equity index calculated, published and disseminated daily by Nikkei Inc. The Nikkei 225 is comprised of 225 highly liquid stocks of the Tokyo Stock Exchange First Section and aims to maintain long-term continuity and reflect changes in industry structure. The real-time price return Japanese yen value of the Nikkei 225 is reported by Bloomberg under the ticker symbol NKY . Publication of the Nikkei 225 began on September 7, 1950 and was originally calculated by the Tokyo Stock Exchange but has been calculated by Nikkei Inc. since 1970. According to Nikkei Inc., the Nikkei 225 has been widely followed throughout its history as a barometer of the Japanese equity markets and the Japanese economy following World War II. Additional information about the Nikkei 225 can be found on Nikkei Inc.'s website at: [indexes.nikkei.co.jp/en/nkave](http://indexes.nikkei.co.jp/en/nkave). We are not incorporating by reference the website or any material it includes in this document. Nikkei Inc. is under no obligation to continue to publish the Nikkei 225 and may discontinue the Nikkei 225 at any time as further described below.

Nikkei Inc. maintains an industry classification system of 36 industries, which it reclassifies into six industry sectors for purposes of the Nikkei 225. The six industry sectors, and the underlying 36 industry classifications, are as follows:

- *Technology* Pharmaceuticals, Electric Machinery, Automobiles and Automobile Parts, Precision Instruments and Communications;
- *Financials* Banking, Other Financial Services, Securities and Insurance;
- *Consumer Goods* Fishery, Foods, Retail and Services;
- *Materials* Mining, Textiles and Apparel, Pulp and Paper, Chemicals, Petroleum, Rubber, Glass

and Ceramics, Steel, Nonferrous Metals and Trading Companies;

- *Capital Goods/Others* Construction, Machinery, Shipbuilding, Transportation Equipment, Other Manufacturing and Real Estate; and
- *Transportation and Utilities* Railway and Bus, Land Transport, Marine Transport, Air Transport, Warehousing, Electric Power and Gas.

As of December 5, 2018, the following sectors had the following weights in the Nikkei 225: Communication Services (9.80%), Consumer Discretionary (20.18%), Consumer Staples (11.51%), Energy (0.48%), Financials (2.67%), Health Care (11.79%), Industrials (19.72%), Information Technology (14.15%), Materials (7.19%), Real Estate (2.28%) and Utilities (0.24%). Percentages may not sum to 100% due to rounding. (Sector designations are determined by the basket 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 December 5, 2018, the top ten constituents of the Nikkei 225 and their respective weights were:

<u>Company</u>	<u>Weight (%)</u>
Fast Retailing Co., Ltd.	9.73%
Softbank Group Corp.	4.86%
Fanuc Corp.	3.04%
KDDI Corp.	2.68%
FamilyMart UNY Holdings Co., Ltd.	2.64%

December 2018

PS-21

**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

**Principal at Risk Securities**

Tokyo Electron Ltd.	2.59%
Terumo Corp.	2.23%
Daikin Industries, Ltd.	2.08%
Kyocera Corp.	2.03%
Eisai Co. Ltd.	1.74%

The information in the table and paragraph above was derived from sources we deem reputable but without independent verification by us. The other information regarding the index methodology described herein was derived from English language documents on Nikkei Inc.'s website but without independent verification. Please note that in any case where differences arise between the English version of Nikkei Inc.'s index guide and the original Japanese version, the original Japanese document will prevail.

**Construction of the Nikkei 225**

In order to be eligible for the Nikkei 225, a stock must be an ordinary share of a domestic company listed on the Tokyo Stock Exchange First Section. Non-ordinary shares such as exchange-traded funds, real estate investment trusts, preferred stock, preferred securities and tracking stocks are not eligible. The constituents of the Nikkei 225 are reviewed once each year at the beginning of October (the annual review) and changes are typically implemented on the first trading day of October. There is no limit to the number of additions or deletions that may result from the annual review. The annual review focuses on 1) a stock's liquidity in the market and 2) industry sector balance. The purpose of the annual review is to maintain market representativeness of the constituents.

First, Nikkei Inc. assesses the liquidity of all eligible stocks by considering two factors: trading value of the preceding 5 years and magnitude of price fluctuation by volume of the preceding 5 years. Magnitude of price fluctuation by volume is calculated as the quotient of (1) the quotient of (i) the stock's high price divided by (ii) such stock's low price divided by (2) such stock's trading volume. After performing the liquidity assessment, the stocks are then ranked in descending order of liquidity and the top 450 stocks constitute the high liquidity group and remain eligible for inclusion in the Nikkei 225. Any current constituents falling outside of the high liquidity group (ranked 451 or lower based on liquidity) are deleted from the Nikkei 225. Of those stocks in the high liquidity group, the top 75 with the highest liquidity and not already a constituent are added to the Nikkei 225.

Second, the 450 stocks within the high liquidity group are categorized into the six industrial sectors described above: technology, financials, consumer goods, industrial materials, capital goods/others and transportation/utilities. Once the number of stocks in each sector is determined, such number is divided in half to determine the target number of stocks from each sector that shall constitute the 225 constituents in the Nikkei 225. If any of the sectors are over-represented at that stage (i.e., there are a greater

## Edgar Filing: GOLDMAN SACHS GROUP INC - Form FWP

number of actual constituents in the Nikkei 225 for the sector relative to the target number of stocks for such sector), current constituents in the Nikkei 225 are deleted in order of ascending liquidity so those constituents with the lowest liquidity are removed from the Nikkei 225 until the overage is corrected. If any of the sectors are under-represented (i.e., there are a lesser number of actual constituents in the Nikkei 225 for the sector relative to the target number of stocks for such sector), non-constituent stocks within the high liquidity group are added in order of descending liquidity so those stocks with the highest liquidity are added to the Nikkei 225 until the shortage is corrected. This process is performed to achieve a group of 225 constituents that reflect the intended sector balance.

December 2018

PS-22

## GS Finance Corp.

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

Principal at Risk Securities

## Calculation of the Nikkei 225

The Nikkei 225 is a weighted price average index in which the level of the Nikkei 225 is calculated as the *quotient* of (i) the *sum* of all constituents' adjusted stock prices *divided* by (ii) the divisor (as described below). A constituent's adjusted stock price is its stock price as adjusted by the presumed par value and such adjusted stock price is equal to the *quotient* of (i) the *product* of (a) the stock's price *times* (b) 50 yen *divided* by (ii) the presumed par value of such stock (in yen). The Nikkei 225 level is rounded to the nearest hundredth and is calculated and published every 5 seconds beginning at 9 am (Tokyo time) daily.

The stock price used in the calculation is typically the last traded price of the constituent. In some cases, however, the Tokyo Stock Exchange publishes a special quote for the constituent, and the special quote price will be used. When this occurs, the special quote tends to be, but is not always, an intraday price. If neither a special quote price nor a traded price is available, Nikkei Inc. will use the base price, which is usually the price used in calculating the Nikkei 225 on the prior day. In the case of a stock that is trading ex-rights (e.g., after a stock split) for the first time on that day, however, Nikkei Inc. calculates an ex-rights theoretical price based on the price used for calculation on the preceding day and the appropriate adjustment to reflect the change in the stock. Nikkei Inc. does not adjust for dividends in calculating the Nikkei 225.

The presumed par value of the constituent is intended to reflect the historical basis on which the stock is traded. Japanese law abolished the concept of par value for stocks in 2001, but many stock prices reflect the former par value, such as 50, 500 or 50,000 yen. For example, stocks traded in units of 1 share (ex-par value of 50,000 yen) and stocks traded in units of 100 or 1000 shares have different price levels. Therefore, in order to calculate the Nikkei 225 on a consistent basis, Nikkei Inc. adjusts the constituent prices, usually to a presumed par value of 50 yen. Most of the constituents have a presumed par value of 50 yen, which means their original prices are simply used for purposes of calculating the Nikkei 225. However, not all constituents have a presumed par value of 50 yen—presumed par values of current constituents range from 25 yen to 500 yen. The presumed par value for each constituent is published on Nikkei Inc.'s website.

The presumed par value also may be adjusted to reflect large scale stock splits or reverse splits. In these situations, Nikkei Inc. believes a divisor adjustment will not ensure continuity of the Nikkei 225. Instead of adjusting the divisor, Nikkei Inc. adjusts the presumed par value or, in some cases, the constituent price. For example, if a stock with a presumed par value of 50 yen splits 1 to 2, the presumed par value will be changed to 25 yen. In calculating the Nikkei 225, the constituent price will be doubled to reflect the 50 par yen basis for calculating the Nikkei 225. In the case of a small scale split (such as a split of 1 to 1.1), the divisor will be adjusted instead of the presumed par value.

### Divisor Adjustments

## Edgar Filing: GOLDMAN SACHS GROUP INC - Form FWP

As noted above, the Nikkei 225 is calculated as an adjusted price average index, where the weight is based on the presumed par value. The divisor is intended to maintain continuity of the Nikkei 225 and is the denominator of the fraction used to calculate the average. The divisor was initially the number of constituents, but has been changed over time to reflect stock splits, reverse splits, paid-in capital increases and other changes in the constituents.

When a stock splits or reverse splits, the level of paid-in capital increases, or there are other non-market corporate events affecting the constituents, the level of stock price changes. Also, when constituents are changed, the sum of stock prices (the numerator of the fraction prior to adjustment) changes based upon the prices of additions and deletions to the Nikkei 225. Therefore, the divisor is changed except in the case of large scale splits and reverse splits, in which the presumed par value is changed as discussed above.

The divisor for the next index day is calculated as the *product* of (i) the current day's divisor *times* (ii) the *quotient* of (a) the *sum* of the base prices for the next day's constituents *divided* by (b) the *sum* of the closing prices of the current day's constituents used to calculate the Nikkei 225 level for the current day. For purposes of calculating the divisor, the base prices for the next day's constituents are calculated as follows:

December 2018

PS-23

**GS Finance Corp.**

[Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021](#)

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

**Principal at Risk Securities**

The base price for stocks the prices of which are *not* changed based on non-market events will be the same as the current day's price used in calculating the Nikkei 225.

The base price for stocks the presumed par value of which are changed will be the same as the current day's price used in calculating the Nikkei 225 (and as a result of the presumed par value change, no change in the divisor will occur).

The base price for stocks the prices of which will change for non-market corporate events will be a theoretical price calculated based on the current day's prices and the ex-rights change in the stock.

The base price for stocks becoming new index constituents on the next day will be the prices calculated for those stocks as if they were current constituents as discussed above.

As of January 30, 2018, the divisor of the Nikkei 225 was 27. The divisor is published on Nikkei Inc.'s website on each Tokyo Stock Exchange trading day and is rounded to the nearest one-thousandth. For additional information about the divisor, as well as calculation examples of divisor changes, please see the index guide on Nikkei Inc.'s website.

**Maintenance of the Nikkei 225**

*Extraordinary Replacement*

In addition to additions and deletions of constituents resulting from the annual review, changes to index constituents may also be made as a result of certain extraordinary events. Stocks delisted from the Tokyo Stock Exchange First Section as a result of bankruptcy, stocks designated by the Tokyo Stock Exchange as a security to be delisted, stocks of companies in bankruptcy, liquidation and similar events, stocks affected by corporate restructuring (including mergers, share exchanges and share transfers), stocks delisted due to excess debt, or stocks transferred to the Tokyo Stock Exchange Second Section will be deleted from the Nikkei 225. Constituents that are designated by the Tokyo Stock Exchange as securities under supervision become deletion candidates, but deletion is not automatic and the sustainability and probability of delisting from the exchange will be considered in determining whether to delete the constituent from the Nikkei 225.

If a constituent has been deleted from the Nikkei 225 based on an event described above, a stock will be added to replace the deleted constituent by selecting the highest liquidity stock in the same sector as the deleted constituent from the high liquidity group determined during the last annual review. However, if a deletion is scheduled close to an annual review, additional stocks may be selected as part of the applicable annual review process. Additionally, if there are multiple deletions in a short period of time not close to a scheduled annual review, the standard annual review process assessing liquidity and sector balance will be followed to select new constituents rather than referring to the last annual review list.

*Special Rules for Additions Resulting from Other Corporate Actions*

Notwithstanding the process above, the following procedures may be applied in certain cases of corporate restructuring. Application of these special rules is determined for each particular case. Where (i) a constituent is merged and delisted or (ii) a newly established listed parent company receives its shares by transfer or exchange from another constituent, the delisted stock may be replaced by the successor company's stock if it is or will be listed within a short period on the Tokyo Stock Exchange First Section. In the case of spin-offs where multiple companies remain listed on the Tokyo Stock Exchange First Section, the stock of the company that succeeds to the major operations of the former company will become a constituent of the Nikkei 225.

Except for constituent changes resulting from the annual review and from the circumstances described above under *Extraordinary Replacement* and *Special Rules for Additions Resulting from Other Corporate Actions*, there is no process for adding new constituents to the Nikkei 225. After consultation with academics and market professionals, Nikkei Inc. decides and announces the list of deletions and additions. As discussed above under *Calculation of the Nikkei 225*, the divisor is adjusted accordingly to maintain continuity when constituents are added or deleted from the Nikkei 225. Deletions and additions to the Nikkei 225 resulting from either the annual review or extraordinary events are generally effective on

December 2018

PS-24



**GS Finance Corp.**

[Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021](#)

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

**Principal at Risk Securities**

the same day in an effort to maintain the number of constituents at 225. However, when necessary, additions may be made after the deletions take effect and during the interim period, the Nikkei 225 may be calculated with less than 225 constituents. For example, in the case of sudden events, such as bankruptcy, there may be a short announcement period before the deletion is effective or if such constituent is promptly deleted, the new constituent may be added after a short period of notice.

*Changes to the Nikkei 225 Methodology*

Although the Nikkei 225 is calculated and maintained in accordance with the information provided in the methodology maintained on Nikkei Inc.'s website, Nikkei Inc. has discretion to take measures it deems appropriate upon the occurrence of events which are not covered in the methodology or in circumstances where it is difficult to continue to calculate the Nikkei 225 using the rules described in such methodology.

**License Agreement between Nikkei Inc. and GS Finance Corp.**

Goldman Sachs has entered into a non-exclusive license agreement with Nikkei Inc. ( NKI ) whereby GS Finance Corp., in exchange for a fee, will be permitted to use the Nikkei 225 in connection with the offer and sale of your security. Any intellectual property rights relating to the Nikkei 225 belong to NKI. Goldman Sachs is not affiliated with NKI; the only relationship between NKI and Goldman Sachs is the licensing of the use of the Nikkei 225 and trademarks relating to the Nikkei 225.

NKI is under no obligation to continue the calculation and dissemination of the Nikkei 225. Your security is not sponsored, endorsed, sold or otherwise promoted by NKI. No inference should be drawn from the information contained herein that NKI makes any representation or warranty, express or implied, to us or any holder of your security or any member of the public regarding the advisability of investing in securities generally or in your security in particular or the ability of the Nikkei 225 to track generally stock market performance.

NKI determines, composes and calculates the Nikkei 225 without regard to your security. NKI has no obligation to take into account your interest, or that of anyone else having an interest, in your security in determining, composing or calculating the Nikkei 225 or any successor index. NKI is not responsible for and has not participated in the determination of the terms, prices or amount of your security and will not be responsible for or participate in any determination or calculation regarding the principal amount of your security payable at the stated maturity date. NKI has no obligation or liability in connection with the administration, marketing or trading of your security.

Edgar Filing: GOLDMAN SACHS GROUP INC - Form FWP

Neither NKI nor any of its affiliates accepts any responsibility for the calculation, maintenance or publication of the Nikkei 225. NKI disclaims all responsibility for any errors or omissions in the calculation and dissemination of the Nikkei 225 or the manner in which the Nikkei 225 is applied in determining the level of the Nikkei 225 or any amount payable upon maturity of your security.

NKI DOES NOT GUARANTEE THE ACCURACY OR THE COMPLETENESS OF THE NIKKEI 225 OR ANY DATA INCLUDED IN THE NIKKEI 225. NKI ASSUMES NO LIABILITY FOR ANY ERRORS OR OMISSIONS.

December 2018

PS-25

**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

Principal at Risk Securities

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

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

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

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

The tables below shows the high, low and period end index closing values of the EURO STOXX 50<sup>®</sup> Index and the Nikkei 225 for each of the four calendar quarters in 2013, 2014, 2015, 2016, 2017 and 2018 (through December 24, 2018). We obtained the index closing values listed in the tables below from Bloomberg Financial Services, without independent verification.

**Historical Quarterly High, Low and Period End Index Closing Values of the EURO STOXX 50<sup>®</sup> Index**

	High	Low	Period End
<b>2013</b>			
Quarter ended March 31	2,749.27	2,570.52	2,624.02
Quarter ended June 30	2,835.87	2,511.83	2,602.59
Quarter ended September 30	2,936.20	2,570.76	2,893.15

Edgar Filing: GOLDMAN SACHS GROUP INC - Form FWP

Quarter ended December 31	3,111.37	2,902.12	3,109.00
<b>2014</b>			
Quarter ended March 31	3,172.43	2,962.49	3,161.60
Quarter ended June 30	3,314.80	3,091.52	3,228.24
Quarter ended September 30	3,289.75	3,006.83	3,225.93
Quarter ended December 31	3,277.38	2,874.65	3,146.43
<b>2015</b>			
Quarter ended March 31	3,731.35	3,007.91	3,697.38
Quarter ended June 30	3,828.78	3,424.30	3,424.30
Quarter ended September 30	3,686.58	3,019.34	3,100.67
Quarter ended December 31	3,506.45	3,069.05	3,267.52
<b>2016</b>			
Quarter ended March 31	3,178.01	2,680.35	3,004.93
Quarter ended June 30	3,151.69	2,697.44	2,864.74
Quarter ended September 30	3,091.66	2,761.37	3,002.24
Quarter ended December 31	3,290.52	2,954.53	3,290.52
<b>2017</b>			
Quarter ended March 31	3,161.55	2,979.48	3,160.69
Quarter ended June 30	3,276.11	3,105.46	3,122.17
Quarter ended September 30	3,594.85	3,388.22	3,594.85
Quarter ended December 31	3,697.40	3,503.96	3,503.96

December 2018

PS-26

**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

**Trigger Performance Leveraged Upside Securities<sup>SM</sup>****Principal at Risk Securities**

	<b>High</b>	<b>Low</b>	<b>Period End</b>
<b>2018</b>			
Quarter ended March 31	3,672.29	3,278.72	3,361.50
Quarter ended June 30	3,592.18	3,340.35	3,395.60
Quarter ended September 30	3,527.18	3,293.36	3,399.20
Quarter ending December 31 (through December 24, 2018)	3,414.16	2,973.78	2,973.78

**Historical Quarterly High, Low and Period End Index Closing Values of the Nikkei 225**

	<b>High</b>	<b>Low</b>	<b>Period End</b>
<b>2013</b>			
Quarter ended March 31	12,635.69	10,486.99	12,397.91
Quarter ended June 30	15,627.26	12,003.43	13,677.32
Quarter ended September 30	14,808.50	13,338.46	14,455.80
Quarter ended December 31	16,291.31	13,853.32	16,291.31
<b>2014</b>			
Quarter ended March 31	16,121.45	14,008.47	14,827.83
Quarter ended June 30	15,376.24	13,910.16	15,162.10
Quarter ended September 30	16,374.14	14,778.37	16,173.52
Quarter ended December 31	17,935.64	14,532.51	17,450.77
<b>2015</b>			
Quarter ended March 31	19,754.36	16,795.96	19,206.99
Quarter ended June 30	20,868.03	19,034.84	20,235.73
Quarter ended September 30	20,841.97	16,930.84	17,388.15
Quarter ended December 31	20,012.40	17,722.42	19,033.71
<b>2016</b>			
Quarter ended March 31	18,450.98	14,952.61	16,758.67
Quarter ended June 30	17,572.49	14,952.02	15,575.92
Quarter ended September 30	17,081.98	15,106.98	16,449.84
Quarter ended December 31	19,494.53	16,251.54	19,114.37
<b>2017</b>			
Quarter ended March 31	19,633.75	18,787.99	18,909.26
Quarter ended June 30	20,230.41	18,335.63	20,033.43
Quarter ended September 30	20,397.58	19,274.82	20,356.28
Quarter ended December 31	22,939.18	20,400.78	22,764.94
<b>2018</b>			
Quarter ended March 31	24,124.15	20,617.86	21,454.30
Quarter ended June 30	23,002.37	21,292.29	22,304.51
Quarter ended September 30	24,120.04	21,546.99	24,120.04
Quarter ending December 31 (through December 24, 2018)	24,270.62	20,166.19	20,166.19

Edgar Filing: GOLDMAN SACHS GROUP INC - Form FWP

The graphs below show the daily historical index closing values of the EURO STOXX 50® Index and the Nikkei 225 from January 1, 2007 through December 24, 2018. We obtained the index closing values in the graphs below from Bloomberg Financial Services, without independent verification.

December 2018

PS-27

**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

Principal at Risk Securities

**Historical Performance of the EURO STOXX 50® Index**

**Historical Performance of the Nikkei 225**

December 2018

PS-28



**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

Principal at Risk Securities

**Historical Basket Values**

The following graph is based on the basket closing value for the period from January 1, 2007 through December 24, 2018 assuming that the basket closing value was 100 on January 1, 2007. We derived the basket closing values based on the method to calculate the basket closing value as described in this document and on actual index closing values of the underlying indices on the relevant date. The basket closing value has been normalized such that its hypothetical value on January 1, 2007 was 100. As noted in this document, the initial basket value will be set at 100 on December 28, 2018. The basket closing value can increase or decrease due to changes in the values of the underlying indices.

December 2018

PS-29

**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

Principal at Risk Securities

## Additional Information About the Trigger PLUS

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

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

### Additional Provisions:

**Underlying index publisher for the EURO STOXX 50® Index:** STOXX Limited

### Underlying index publisher for the Nikkei 225:

Nikkei Inc.

### Denominations:

\$10 and integral multiples of \$10 in excess thereof

### Interest:

None

### Postponement of stated maturity date:

As described under Supplemental Terms of the Notes Stated Maturity Date on page S-16 of the accompanying general terms supplement no. 1,735

### Postponement of valuation date:

As described under Supplemental Terms of the Notes Valuation Date on page S-16 of the accompanying general terms supplement no. 1,735

### Specified currency:

U.S. dollars ( \$ )

### Index closing value:

As described under Supplemental Terms of the Notes Special Calculation Provisions Closing Value, Index Closing Value and ETF Closing Price on page S-31 of the accompanying general terms supplement no. 1,735

### Business day:

As described under Supplemental Terms of the Notes Special Calculation Provisions Business Day on page S-30 of the accompanying general terms supplement no. 1,735

### Index business day:

As described under Supplemental Terms of the Notes Special Calculation Provisions Underlying Business Day, Index Business Day and ETF Business Day on page S-30 of the accompanying general terms supplement no. 1,735

### FDIC:

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

### Tax considerations:

You will be obligated pursuant to the terms of the Trigger PLUS in the absence of a change in law, an administrative determination or a judicial ruling to the contrary to characterize each Trigger PLUS for all tax purposes as a pre-paid derivative contract in respect of the basket, as described under Supplemental Discussion of Federal Income Tax Consequences on page S-95 of the accompanying general terms supplement no. 1,735. Pursuant to this approach, it is the opinion of Sidley Austin LLP that upon the sale, exchange or maturity of your Trigger 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 Trigger 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 Trigger PLUS will generally be subject to the FATCA withholding rules.

December 2018

PS-30

**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

Principal at Risk Securities

<b>Trustee:</b>	The Bank of New York Mellon
<b>Calculation agent:</b>	GS&Co.
<b>Use of proceeds and hedging:</b>	As described under Use of Proceeds and Hedging on page S-94 of the accompanying general terms supplement no. 1,735
<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 Trigger PLUS specified on the front cover of this document. GS&Co. proposes initially to offer the Trigger 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 Trigger 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 Trigger 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 Trigger 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 Trigger PLUS within the meaning of Financial Industry Regulatory Authority, Inc. (FINRA) Rule 5121. Consequently, this offering of Trigger PLUS will be conducted in compliance with the provisions of FINRA Rule 5121. GS&Co. will not be permitted to sell Trigger 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 Trigger PLUS against payment therefor in New York, New York on January , 2019. 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 the Trigger PLUS 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 Trigger PLUS. However, neither GS&Co. nor any of our other affiliates that makes a market is obligated to

Edgar Filing: GOLDMAN SACHS GROUP INC - Form FWP

do so and any of them may stop doing so at any time.

**Contact:**

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

December 2018

PS-31

**GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31, 2021

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

Principal at Risk Securities

**About Your Trigger 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 Trigger 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 Trigger PLUS.

December 2018

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.

\$

## **GS Finance Corp.**

Trigger PLUS Based on the Value of a Basket of Equity Indices due December 31,  
2021

**Principal at Risk Securities**



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

December 2018