Ally Financial Inc.
Form SC TO-I/A
May 01, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE TO

(Amendment No. 1)

Tender Offer Statement under Section 14(d)(1) or 13(e)(1)

of the Securities Exchange Act of 1934

ALLY FINANCIAL INC.

(Name of Subject Company (Issuer))

ALLY FINANCIAL INC.

(Names of Filing Persons (Issuer))

Fixed Rate/Floating Rate Perpetual Preferred Stock, Series A

(Title of Class of Securities)

02005N308

(CUSIP Number of Class of Securities)

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Telephone: (866) 710-4623

(Name, address and telephone number of person authorized to receive notices and communications on behalf of filing persons)

Copies to:

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New York, New York 10017

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CALCULATION OF FILING FEE

Transaction valuation*	**Amount of filing fee****
$346,450,000	$40,257.49

* Estimated for purposes of calculating the filing fee only. This amount is based on the offer to purchase for cash up to 13,000,000 outstanding shares of Fixed Rate/Floating Rate Perpetual Preferred Stock, Series A, of Ally Financial Inc. at a purchase price of $26.65 per share.

** The amount of the filing fee is calculated in accordance with Rule 0-11 of the Securities Exchange Act of 1934, as amended, by multiplying the transaction valuation by 0.01162%.

x Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:	$40,257.49	Filing Party:	Ally Financial Inc.
Form or Registration No.:	SC TO-I	Date Filed:	April 23, 2015

¨ Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

¨ third-party tender offer subject to Rule 14d-1.
x issuer tender offer subject to Rule 13e-4.
¨ going-private transaction subject to Rule 13e-3.
¨ amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer. ¨

If applicable, check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

¨ Rule 13e-4(i) (Cross-Border Issuer Tender Offer).
¨ Rule 14d-1(d) (Cross-Border Third-Party Tender Offer).

Introductory Statement.

This Amendment No. 1 (the **Amendment**) amends and supplements the Tender Offer Statement on Schedule TO originally filed with the Securities and Exchange Commission (the **Commission**) on April 23, 2015 (together with the Amendment, the **Schedule TO**), which relates to the offer by Ally Financial Inc., a Delaware corporation (**Purchaser**), to purchase for cash up to 13,000,000 outstanding shares of its Fixed Rate/Floating Rate Perpetual Preferred Stock, Series A, liquidation amount $25.00 per share (the **Series A Shares**), at $26.65 per Series A Share (the **Offer Price**), upon the terms and subject to the conditions set forth in the Offer to Purchase, dated April 23, 2015 (the **Offer to Purchase**), and in the related Letter of Transmittal, copies of which were previously filed as Exhibits (a)(1)(A) and (a)(1)(B) to the Schedule TO, respectively (which, together with any amendments or supplements thereto, collectively constitute the **Offer**).

The information set forth in the Offer to Purchase, including all schedules thereto, which were previously filed with the Schedule TO, is hereby expressly incorporated herein by reference, except that such information is hereby amended and supplemented to the extent expressly provided for herein.

Items 1, 4, 7, 10, 11 and 12 of the Schedule TO, which incorporate by reference the information contained in the Offer to Purchase, are hereby amended and supplemented as follows:

Item 1. Summary Term Sheet.

The following paragraph under the heading Summary on page 2 of the Offer to Purchase is hereby amended and restated as follows:

Effects of the Offer on the Company	If we purchase the maximum number of 13,000,000 Series A Shares in the Offer, we will eliminate an aggregate liquidation preference of $325,000,000 of Series A Shares.
	Upon completion of the Offer, the Series A Shares purchased in the Offer will be removed from stockholders equity, and the difference between the Offer Price and the carrying value of the Series A Shares will be recorded as an adjustment to the Company s retained earnings. This will also result in an adjustment to the Company s earnings (loss) per share calculation as an adjustment to net income (loss) available to common stockholders.
	See The Offer Effects of the Offer on the Company.

The following paragraph under the heading Summary on page 3 of the Offer to Purchase is hereby amended and restated as follows:

Withdrawal Rights	You may validly withdraw previously tendered Series A Shares at any time before the Expiration Date. In addition, after the Expiration Date, you will have the right to withdraw any Series A Shares that you tendered that are not accepted for payment by June 18, 2015, which is 40 business days after the commencement of the Offer. If you tendered your Series A Shares by giving instructions to a Nominee, you must instruct the Nominee to arrange for the withdrawal

of your Series A Shares.

See The Offer Withdrawal Rights.

Item 4. Terms of the Transactions.

The fourth sentence in the first paragraph under the heading The Offer Effects of Tenders on page 15 of the Offer to Purchase is hereby amended and restated as follows:

All such proxies will be considered coupled with an interest in the tendered Series A Shares and therefore will not be revocable; provided, that the Series A Shares tendered pursuant to the Offer may be validly withdrawn at any time on or prior to the Expiration Date, as it may be extended by us, and unless theretofore accepted for payment and not returned as provided for herein, may also be validly withdrawn by June 18, 2015, which is 40 business days after the commencement of the Offer, subject to the withdrawal rights and procedures set forth below.

The second sentence in the first paragraph under the heading The Offer Withdrawal Rights on page 16 of the Offer to Purchase is hereby amended and restated as follows:

In addition, after the Expiration Date, you will have the right to withdraw any Series A Shares that you tendered that are not accepted for payment by June 18, 2015, which is 40 business days after the commencement of the Offer.

The first sentence in the third paragraph under the heading The Offer Withdrawal Rights on page 16 of the Offer to Purchase is hereby amended and restated as follows:

For a withdrawal to be effective, you must deliver a written notice of withdrawal to the Depositary at the appropriate address specified on the back cover of this Offer to Purchase prior to the Expiration Date or, if your Series A Shares are not previously accepted for payment by us, by June 18, 2015, which is 40 business days after the commencement of the Offer.

The fourth sentence in the third paragraph under the heading The Offer Withdrawal Rights on page 16 of the Offer to Purchase is hereby amended and restated as follows:

If you tendered Series A Shares pursuant to the procedures for a book-entry transfer, a withdrawal of Series A Shares will only be effective if you comply with the appropriate DTC procedures prior to the Expiration Date or, if your shares are not previously accepted for payment by us, by June 18, 2015, which is 40 business days after the commencement of the Offer.

Item 7. Source and Amount of Funds or Other Consideration.

The following paragraph under the heading Source and Amount of Funds on page 17 of the Offer to Purchase is hereby amended and restated as follows:

The Offer is subject to the Financing Condition. The total amount of funds required to purchase the maximum number of 13,000,000 Series A Shares is approximately $346,450,000 (excluding estimated transaction expenses). We do not have an alternative financing plan or arrangement in place, and we do not anticipate that one will be necessary. If we waive the Financing Condition, we intend to fund the repurchase of the Series A Shares with available cash. As of March 31, 2015, we had total cash and cash equivalents of $7.636 billion.

Item 10. Financial Statements.

The information set forth under Item 1. Financial Statements, in the Company s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015 is hereby incorporated by reference and can also be accessed electronically on the Commission s website at www.sec.gov.

The summary financial information under the heading Selected Historical Consolidated Financial Information on page 8 of the Offer to Purchase is hereby amended and restated as follows:

	Three months ended March 31,		At and for the year ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
	($ in millions, except per share data)						
Financial statement data							
Statement of income data:							
Total financing revenue and other interest income	$ 2,084	$ 2,075	$ 8,391	$ 8,093	$ 7,342	$ 6,671	$ 7,156
Interest expense	612	712	2,783	3,319	4,052	4,606	4,832
Depreciation expense on operating lease assets	622	542	2,233	1,995	1,399	941	1,251
Net financing revenue	850	821	3,375	2,779	1,891	1,124	1,073
Total other revenue	243	321	1,276	1,484	2,574	2,288	2,672
Total net revenue	1,093	1,142	4,651	4,263	4,465	3,412	3,745
Provision for loan losses	116	137	457	501	329	161	361
Total noninterest expense	695	713	2,948	3,405	3,622	3,428	3,621
	282	292	1,246	357	514	(177)	(237)

Income (loss) from continuing operations before income tax expense (benefit)							
Income tax expense (benefit) from continuing operations	103	94	321	(59)	(856)	42	97
Net income (loss) from continuing operations	179	198	925	416	1,370	(219)	(334)
Income (loss) from discontinued operations, net of tax	397	29	225	(55)	(174)	62	1,363
Net income (loss)	$ 576	$ 227	$ 1,150	$ 361	$ 1,196	$ (157)	$ 1,029
Basic and diluted earnings per common share:							
Net income (loss) from continuing operations	$ 0.23	$ 0.27	$ 1.36	$ (1.51)	$ 1.38	$ (2.38)	$ (8.84)
Net income (loss)	$ 1.06	$ 0.33	$ 1.83	$ (1.64)	$ 0.96	$ (2.23)	$ (3.35)
Balance sheet data:							
Total assets	$ 153,524	$ 148,452	$ 151,828	$ 151,167	$ 182,347	$ 184,059	$ 172,008
Long-term debt	$ 65,760	$ 68,295	$ 66,558	$ 69,465	$ 74,561	$ 92,885	$ 86,703
Total equity	$ 15,934	$ 14,459	$ 15,399	$ 14,208	$ 19,898	$ 19,280	$ 20,398

Item 11. Additional Information.

Item 11 of the Schedule TO is hereby amended and supplemented by adding the following:

On May 1, 2015, the Company filed a Quarterly Report on Form 10-Q, which is hereby incorporated by reference into the Schedule TO and the Offer to Purchase.

The following paragraph under the heading Incorporation of Documents by Reference on page 23 of the Offer to Purchase is hereby amended and restated as follows:

The following documents filed by Ally with the SEC pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act) are incorporated herein by reference and shall be deemed to be a part hereof:

Annual Report on Form 10-K for the fiscal year ended December 31, 2014;

Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015; and

Current Reports on Form 8-K filed on January 5, 2015, January 16, 2015, February 5, 2015, February 13, 2015, March 11, 2015, March 20, 2015, March 30, 2015 and April 15, 2015.

Item 12. Exhibits.

Item 12 of the Schedule TO is hereby amended and restated as follows:

Exhibit No.	**Description**
(a)(1)(A)*	Offer to Purchase dated April 23, 2015.
(a)(1)(B)*	Letter of Transmittal.
(a)(1)(C)*	Form of Letter to Clients for use by Brokers, Dealers and Other Nominees.
(a)(2)	Not applicable.
(a)(3)	Not applicable.
(a)(4)	Not applicable.
(a)(5)*	Press release, dated April 23, 2015
(b)	Not applicable.
(d)(1)	Form of Indenture dated as of July 1, 1982, between the Company and Bank of New York (Successor Trustee to Morgan Guaranty Trust Company of New York), relating to Debt Securities, incorporated by reference to Exhibit 4(a) of the Company s Registration Statement No. 2-75115.
(d)(2)	Form of First Supplemental Indenture dated as of April 1, 1986, supplementing the Indenture designated as Exhibit (d)(1), incorporated by reference to Exhibit 4(g) to the Company s Registration Statement No. 33-4653.

(d)(3)	Form of Second Supplemental Indenture dated as of June 15, 1987, supplementing the Indenture designated as Exhibit (d)(1), incorporated by reference to Exhibit 4(h) to the Company s Registration Statement No. 33-15236.
(d)(4)	Form of Third Supplemental Indenture dated as of September 30, 1996, supplementing the Indenture designated as Exhibit (d)(1), incorporated by reference to Exhibit 4(i) to the Company s Registration Statement No. 333-33183.
(d)(5)	Form of Fourth Supplemental Indenture dated as of January 1, 1998, supplementing the Indenture designated as Exhibit (d)(1), incorporated by reference to Exhibit 4(j) to the Company s Registration Statement No. 333-48705.
(d)(6)	Form of Fifth Supplemental Indenture dated as of September 30, 1998, supplementing the Indenture designated as Exhibit (d)(1), incorporated by reference to Exhibit 4(k) to the Company s Registration Statement No. 333-75463.
(d)(7)	Form of Indenture dated as of September 24, 1996, between the Company and The Chase Manhattan Bank, Trustee, relating to Term Notes, incorporated by reference to Exhibit 4 to the Company s Registration Statement No. 333-12023.
(d)(8)	Form of First Supplemental Indenture dated as of January 1, 1998, supplementing the Indenture designated as Exhibit (d)(7), incorporated by reference to Exhibit 4(a)(1) to the Company s Registration Statement No. 333-48207.

(d)(9)	Form of Second Supplemental Indenture dated as of June 20, 2006, supplementing the Indenture designated as Exhibit (d)(7), incorporated by reference to Exhibit 4(a)(2) to the Company s Registration Statement No. 33-136021.
(d)(10)	Form of Third Supplemental Indenture dated as of August 24, 2012, supplementing the Indenture designated as Exhibit (d)(7), incorporated by reference to Exhibit 4.1.3 to the Company s Registration Statement No. 333-183535.
(d)(11)	Form of Fourth Supplemental Indenture dated as of August 24, 2012, supplementing the Indenture designated as Exhibit (d)(7), incorporated by reference to Exhibit 4.1.4 to the Company s Registration Statement No. 333-183535.
(d)(12)	Form of Indenture dated as of October 15, 1985, between the Company and U.S. Bank Trust (Successor Trustee to Comerica Bank), relating to Demand Notes, incorporated by reference to Exhibit 4 to the Company s Registration Statement No. 2-99057.
(d)(13)	Form of First Supplemental Indenture dated as of April 1, 1986, supplementing the Indenture designated as Exhibit (d)(12), incorporated by reference to Exhibit 4(a) to the Company s Registration Statement No. 33-4661.
(d)(14)	Form of Second Supplemental Indenture dated as of June 24, 1986, supplementing the Indenture designated as Exhibit (d)(12), incorporated by reference to Exhibit 4(b) to the Company s Registration Statement No. 33-6717.
(d)(15)	Form of Third Supplemental Indenture dated as of February 15, 1987, supplementing the Indenture designated as Exhibit (d)(12), incorporated by reference to Exhibit 4(c) to the Company s Registration Statement No. 33-12059.
(d)(16)	Form of Fourth Supplemental Indenture dated as of December 1, 1988, supplementing the Indenture designated as Exhibit (d)(12), incorporated by reference to Exhibit 4(d) to the Company s Registration Statement No. 33-26057.
(d)(17)	Form of Fifth Supplemental Indenture dated as of October 2, 1989, supplementing the Indenture designated as Exhibit (d)(12), incorporated by reference to Exhibit 4(e) of the Company s Registration Statement No. 33-31596.
(d)(18)	Form of Sixth Supplemental Indenture dated as of January 1, 1998, supplementing the Indenture designated as Exhibit (d)(12), incorporated by reference to Exhibit 4(f) to the Company s Registration Statement No. 333-56431.
(d)(19)	Form of Seventh Supplemental Indenture dated as of June 15, 1998, supplementing the Indenture designated as Exhibit (d)(12), incorporated by reference to Exhibit 4(g) to the Company s Registration Statement No. 333-56431.
(d)(20)	Form of Eighth Supplemental Indenture dated as of January 4, 2012, supplementing the Indenture designated as Exhibit (d)(12), incorporated by reference to Exhibit 4.1.8 to the Company s Registration Statement No. 333-178919.
(d)(21)	Form of Indenture dated as of December 1, 1993, between the Company and Citibank, N.A., Trustee, relating to Medium Term Notes, incorporated by reference to Exhibit 4 to the Company s Registration Statement No. 33-51381.
(d)(22)	Form of First Supplemental Indenture dated as of January 1, 1998, supplementing the Indenture designated as Exhibit (d)(21), incorporated by reference to Exhibit 4(a)(1) to the Company s Registration Statement No. 333-59551.
(d)(23)	

Indenture, dated as of December 31, 2008, between the Company and The Bank of New York Mellon, Trustee, incorporated by reference to Exhibit 4.2 to the Company s Current Report on Form 8-K dated as of January 2, 2009.

(d)(24) Amended and Restated Indenture, dated March 1, 2011, between the Company and The Bank of New York Mellon, Trustee, incorporated by reference to Exhibit 4.2 to the Company s Current Report on Form 8-K dated as of March 4, 2011.

(d)(25) Form of Guarantee Agreement related to Ally Financial Inc. Senior Unsecured Guaranteed Notes, incorporated by reference to Exhibit 4.10 to the Company s Registration Statement No. 333-193070.

(d)(26) Form of Subordinated Indenture to be entered into between the Company and The Bank of New York Mellon, as Trustee, incorporated by reference to Exhibit 4.11 to the Company s Registration Statement No. 333-193070.

(d)(27) Second Amended and Restated Declaration of Trust by and between the trustees of each series of GMAC Capital Trust I, Ally Financial Inc., as Sponsor, and by the holders, from time to time, of undivided beneficial interests in the relevant series of GMAC Capital Trust I, dated as of March 1, 2011, incorporated by reference to Exhibit 4.1 to the Company s Current Report on Form 8-K dated as of March 4, 2011.

(d)(28)	Series 2 Trust Preferred Securities Guarantee Agreement between Ally Financial Inc. and The Bank of New York Mellon, dated as of March 1, 2011, incorporated by reference to Exhibit 4.3 to the Company s Current Report on Form 8-K dated as of March 4, 2011.
(d)(29)	Share Transfer Agreement, by and between Ally Financial Inc. and General Motors Financial Company, Inc., dated November 21, 2012, incorporated by reference to Exhibit 10.22 to the Company s Annual Report for the period ended December 31, 2012, on Form 10-K.
(d)(30)	Release Agreement between Ally Financial Inc. and Barbara A. Yastine, dated March 18, 2015, incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report for the quarterly period ended March 31, 2015, on Form 10-Q.
(d)(31)	Letter Agreement between Ally Financial Inc. and Michael A. Carpenter, dated April 17, 2015, incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report for the quarterly period ended March 31, 2015, on Form 10-Q.
(g)	Not applicable.
(h)	Not applicable.

* Previously filed with Schedule TO on April 23, 2015.

SIGNATURES

After due inquiry and to the best knowledge and belief of the undersigned, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: May 1, 2015

ALLY FINANCIAL INC.

By: /s/ David J. DeBrunner
Name: David J. DeBrunner
Title: Vice President, Chief Accounting Officer and Controller

: Arial; font-size: 10pt; font-style: italic;">product of (1) the interest factor times (2) the quotient of (i) the number of reference dates during the applicable interest period when the closing level of the underlier is greater than or equal to the underlier barrier level divided by (ii) the number of reference dates in such interest period, subject to adjustment as described under “General Terms of the Callable Range Accrual Notes – Interest Payments” on page S-25 of the accompanying product supplement no. 1,754.
Interest factor: 6.25%
Interest period: each period from and including each interest determination date (or the original issue date in the case of the initial interest period) to but excluding the next succeeding interest determination date
Interest determination dates: the tenth scheduled trading day prior to each interest payment date
Interest payment dates (to be set on the trade date): expected to be the last calendar day of each month, beginning on February 28, 2019, up to and including the stated maturity date, subject to adjustment as described under “General Terms of the Callable Range Accrual Notes – Interest Payments” on page S-25 of the accompanying product supplement no. 1,754
Day count convention: 30/360 (ISDA), which means the number of days in the interest accrual period in respect of which payment is being made divided by 360, calculated on a formula basis as follows, as

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described in Section 4.16(f) of the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, without regard to any subsequent amendments or supplements:

$$\frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the interest accrual period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the interest accrual period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the interest accrual period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the interest accrual period falls;

"D1" is the first calendar day, expressed as a number, of the interest accrual period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the interest accrual period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30.

Accrued interest factor: calculated in accordance with the day count convention with respect to each period from and including each interest payment date (or the original issue date, in the case of the first interest payment date) to but excluding the next succeeding interest payment date (each such period, an "interest accrual period"). Although interest payment dates occur monthly, for certain interest payment dates, this day count convention may result in interest accrual periods with less than or greater than 30 days.

While the actual interest payment, if any, will depend upon, among other things, the number of reference dates during the applicable interest period and the number of reference dates in such period when the closing level of the underlier is greater than or equal to the underlier barrier level, due to the day count convention, the accrued interest factor for each interest period will vary. For the interest payment dates falling on the last calendar day of each January, April, May, June, July, August, September, October, November and December, the accrued interest factor will be 30/360. The below table illustrates the accrued interest factor applicable for each interest payment date falling on the last calendar day of each February and March. See "Additional Risk Factors Specific to Your Notes — Risks Relating to the Use of the 30/360 (ISDA) Day Count Convention" for more information.

February or March Interest Payment Date*	Applicable Accrued Interest Factor for the Interest Payment Date
2/28/2019	28 / 360
3/31/2019	33 / 360
2/29/2020	29 / 360
3/31/2020	32 / 360
2/28/2021	28 / 360
3/31/2021	33 / 360
2/28/2022	28 / 360
3/31/2022	33 / 360
2/28/2023	28 / 360
3/31/2023	33 / 360
2/29/2024	29 / 360
3/31/2024	32 / 360

*The table includes only the applicable accrued interest factor for the interest payment dates falling on the last calendar day of each February and March

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Initial underlier level (to be set on the trade date):
Underlier barrier level: 80% of the initial underlier level
Final underlier level: the closing level of the underlier on the determination date, except in the limited circumstances described under "Supplemental Terms of the Notes — Consequences of a Market Disruption Event or a Non-Trading Day" on page S-23 of the accompanying general terms supplement no. 1,734 and subject to adjustment as provided under "Supplemental Terms of the Notes — Discontinuance or Modification of an Underlier" on page S-27 of the accompanying general terms supplement no. 1,734
Closing level: as described under "Supplemental Terms of the Notes — Special Calculation Provisions — Closing Level" on page S-31 of the accompanying general terms supplement no. 1,734
Underlier return: the quotient of (1) the final underlier level minus the initial underlier level divided by (2) the initial underlier level, expressed as a percentage
Buffer level: 80% of the initial underlier level
Buffer amount: 20%
Buffer rate: 100%
No listing: the offered notes will not be listed on any securities exchange or interdealer quotation system
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. 1,734
Trading day: as described under "Supplemental Terms of the Notes — Special Calculation Provisions — Trading Day" on page S-31 of the accompanying general terms supplement no. 1,734
Trade date: expected to be January 28, 2019
Original issue date (settlement date) (to be set on the trade date): expected to be January 31, 2019
Determination date (to be set on the trade date): expected to be January 16, 2025, subject to adjustment as described under "Supplemental Terms of the Notes — Determination Date" on page S-17 of the accompanying general terms supplement no. 1,734
Stated maturity date (to be set on the trade date): expected to be January 31, 2025, subject to adjustment as described under "Supplemental Terms of the Notes — Stated Maturity Date" on page S-16 of the accompanying general terms supplement no. 1,734
Reference date: for each interest period, each day that is a scheduled trading day
Business day convention: following unadjusted
Regular record dates: the scheduled business day immediately preceding each interest payment date
Use of proceeds and hedging: as described under "Use of Proceeds" and "Hedging" on page S-30 of the accompanying product supplement no. 1,754
ERISA: as described under "Employee Retirement Income Security Act" on page S-38 of the accompanying product supplement no. 1,754
Supplemental plan of distribution; conflicts of interest: as described under "Supplemental Plan of Distribution" on page S-39 of the accompanying product supplement no. 1,754 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. expects to agree to sell to Goldman Sachs & Co. LLC ("GS&Co."), and GS&Co. expects to agree to purchase from GS Finance Corp., the aggregate face amount of the offered notes specified on the front cover of this pricing supplement. GS&Co. proposes initially to offer the notes to the public at the original issue price set forth on the cover page of this pricing supplement, and to certain securities dealers at such price less a concession not in excess of % of the face amount. The original issue price for notes purchased by certain retirement accounts and certain fee-based advisory accounts will be % of the face amount of the notes, which will reduce the underwriting discount specified on the cover of this pricing supplement with respect to such notes to %. 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 notes within the meaning of Financial Industry Regulatory Authority, Inc. (FINRA) Rule 5121. Consequently, this offering of notes will be conducted in compliance with the provisions of FINRA Rule 5121. GS&Co. will not be permitted to sell notes in this offering to an account

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over which it exercises discretionary authority without the prior specific written approval of the account holder. GS&Co. will also pay a fee in connection with the distribution of the notes to SIMON Markets LLC, a broker-dealer affiliated with GS Finance Corp.

We expect to deliver the notes against payment therefor in New York, New York on January 31, 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 notes on any date prior to two business days before delivery will be required to specify alternative settlement arrangements to prevent a failed settlement.

We have been advised by GS&Co. that it intends to make a market in the notes. However, neither GS&Co. nor any of our other affiliates that makes a market is obligated to do so and any of them may stop doing so at any time without notice. No assurance can be given as to the liquidity or trading market for the notes.

Calculation agent: GS&Co.

CUSIP no.: 40056EPY8

ISIN no.: US40056EPY85

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

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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 are intended merely to illustrate (i) the method we will use to determine the interest rate with respect to any given interest payment date based on the closing level of the underlier on the applicable reference dates in the immediately preceding interest period, (ii) the method we will use to calculate the amount of interest accrued between interest payment dates and (iii) the impact that the various hypothetical closing levels of the underlier on the determination date could have on the cash settlement amount at maturity assuming all other variables remain constant.

The examples below are based on a range of underlier levels that are entirely hypothetical; no one can predict what the underlier level will be on any day throughout the life of your notes, what the final underlier level will be on the determination date and what the interest rate will be on any interest payment date. The underlier has been highly volatile in the past — meaning that the underlier level has changed substantially in relatively short periods — and its performance cannot be predicted for any future period.

The information in the following examples reflects the method we will use to calculate the interest rate applicable to any interest payment date and the hypothetical rates of return on the offered notes assuming that they are purchased on the original issue date at the face amount and held to the stated maturity date. If you sell your notes in a secondary market prior to the stated maturity date, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the examples below such as interest rates, the volatility of the underlier, the creditworthiness of GS Finance Corp., as issuer, and the creditworthiness of The Goldman Sachs Group, Inc., as guarantor. In addition, the estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to pricing models used by GS&Co.) is less than the original issue price of your notes. For more information on the estimated value of your notes, see "Additional Risk Factors Specific to Your Notes — The Estimated Value of Your Notes At the Time the Terms of Your Notes Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your Notes" on page PS-14 of this pricing supplement. The information in the examples also reflects the key terms and assumptions in the box below.

Key Terms and Assumptions

Face amount	$1,000
Buffer level	80% of the initial underlier level
Buffer amount	20%
Buffer rate	100%
Underlier barrier level	80% of the initial underlier level
Interest factor	6.25%

The day count convention calculation results in an accrued interest factor of approximately 0.08333 (the accrued interest factor for an interest accrual period may be less than or greater than approximately 0.08333)

The notes are not called

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

No market disruption event or non-trading day occurs on any reference date

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

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

Moreover, we have not yet set the initial underlier level that will serve as the baseline for determining the interest payable at each interest payment date, the underlier return and the amount that we will pay on your notes at maturity, subject to our early redemption right. We will not do so until the trade date. As a result, the actual initial underlier level may differ substantially from the current level of such underlier prior to the trade date. They may also differ substantially from the level of the underlier at the time you purchase your notes.
For these reasons, the actual performance of the underlier over the life of your notes, the actual underlier level on any reference date in any interest period, as well as the interest payable at each interest payment date, may bear little relation to the hypothetical examples shown below or to the historical levels

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of the underlier shown elsewhere in this pricing supplement. For information about the levels of the underlier during recent periods, see "The Underlier — Historical Closing Levels of the Underlier" on page PS-19. Before investing in the notes, you should consult publicly available information to determine the underlier level between the date of this pricing supplement and the date of your purchase of the notes.

The following tables and examples illustrate the method we will use to calculate the interest rate with respect to an interest payment date, subject to the key terms and assumptions above. The numbers in the first column represent the number of reference dates ("N") during any given interest period for which the closing level of the underlier is greater than or equal to the underlier barrier level. The levels in the fourth column represent the hypothetical interest amount, as a percentage of the face amount of each note (rounded to the nearest one-hundredth of a percent), that would be payable with respect to a given interest period in which the closing level of the underlier is greater than or equal to the underlier barrier level for a given number of reference dates (as specified in the first column).

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

N* (A)	Assumed number of eligible trading days in an interest period (B)	Fraction (A/B) x 6.25%	Amount of interest to be paid on the related interest payment date (using 30/360 (ISDA) convention)
0	20	0.00000000	0.00%
5	20	0.01562500	0.13%
10	20	0.03125000	0.26%
15	20	0.04687500	0.39%
20	20	0.06250000	0.52%

* The number of days for which the closing level of the underlier is greater than or equal to the underlier barrier level in a given interest period is subject to numerous adjustments, as described under "General Terms of the Callable Range Accrual Notes – Interest Payments" on page S-25 of the accompanying product supplement no. 1,754.

The levels in the left column of the table below represent hypothetical final underlier levels and are expressed as percentages of the initial underlier level. The amounts in the right column represent the hypothetical cash settlement amounts, based on the corresponding hypothetical final underlier level (expressed as a percentage of the initial underlier level), and are expressed as percentages of the face amount of a note (rounded to the nearest one-thousandth of a percent). Thus, a hypothetical cash settlement amount of 100.000% means that the value of the cash payment that we would deliver for each $1,000 of the outstanding face amount of the offered notes on the stated maturity date would equal 100.000% of the face amount of a note, based on the corresponding hypothetical final underlier level (expressed as a percentage of the initial underlier level) and the assumptions noted above.

Hypothetical Final Underlier Level (as Percentage of Initial Underlier Level)	Hypothetical Cash Settlement Amount (as Percentage of Face Amount)*
175.000%	100.000%
150.000%	100.000%
125.000%	100.000%
110.000%	100.000%
100.000%	100.000%
95.000%	100.000%
90.000%	100.000%
80.000%	100.000%
60.000%	80.000%
50.000%	70.000%

25.000%	45.000%
0.000%	20.000%

*Does not include interest, if any, payable on the stated maturity date

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If, for example, the final underlier level were determined to be 25.000% of the initial underlier level, the cash settlement amount that we would deliver on your notes at maturity would be 45.000% of the face amount of your notes, as shown in the table above. As a result, if you purchased your notes on the original issue date at the face amount and held them to the stated maturity date, you would lose 55.000% of your investment (if you purchased your notes at a premium to face amount you would lose a correspondingly higher percentage of your investment). In addition, if the final underlier level were determined to be 110.000% of the initial underlier level, the cash settlement amount that we would deliver on your notes at maturity would be limited to 100.000% of each $1,000 face amount of your notes, as shown in the table above. As a result, if you held your notes to the stated maturity date, you would not benefit from any increase in the final underlier level over the initial underlier level.

The cash settlement amounts shown above are entirely hypothetical; they are based on market prices for the underlier stocks that may not be achieved on the determination date and on assumptions that may prove to be erroneous. The actual market value of your notes on the stated maturity date or at any other time, including any time you may wish to sell your notes, may bear little relation to the hypothetical cash settlement amounts shown above, and these amounts should not be viewed as an indication of the financial return on an investment in the offered notes. The hypothetical cash settlement amounts on notes held to the stated maturity date in the examples above assume you purchased your notes at their face amount and have not been adjusted to reflect the actual issue price you pay for your notes. The return on your investment (whether positive or negative) in your notes will be affected by the amount you pay for your notes. If you purchase your notes for a price other than the face amount, the return on your investment will differ from, and may be significantly lower than, the hypothetical returns suggested by the above examples. Please read "Additional Risk Factors Specific to the Callable Range Accrual Notes — The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors" on page S-22 of the accompanying product supplement no. 1,754.

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

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

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ADDITIONAL RISK FACTORS SPECIFIC TO YOUR NOTES

An investment in your notes is subject to the risks described below, as well as the risks and considerations described in the accompanying prospectus, in the accompanying prospectus supplement, under "Additional Risk Factors Specific to the Notes" in the accompanying general terms supplement no. 1,734 and under "Additional Risk Factors Specific to the Underlier-Linked Notes" in the accompanying product supplement no. 1,754. You should carefully review these risks and considerations as well as the terms of the notes described herein and in the accompanying prospectus, the accompanying prospectus supplement, the accompanying general terms supplement no. 1,734 and the accompanying product supplement no. 1,754. Your notes are a riskier investment than ordinary debt securities. Also, your notes are not equivalent to investing directly in the underlier stocks, i.e., the stocks comprising the underlier to which your notes are linked. You should carefully consider whether the offered notes are suited to your particular circumstances.

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

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

In estimating the value of your notes as of the time the terms of your notes are set on the trade date, as disclosed above under "Estimated Value of Your Notes", GS&Co.'s pricing models consider certain variables, including principally our credit spreads, interest rates (forecasted, current and historical rates), volatility, price-sensitivity analysis and the time to maturity of the notes. These pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. As a result, the actual value you would receive if you sold your notes in the secondary market, if any, to others may differ, perhaps materially, from the estimated value of your notes determined by reference to our models due to, among other things, any differences in pricing models or assumptions used by others. See "Additional Risk Factors Specific to the Callable Range Accrual Notes — The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors" on page S-22 of the accompanying product supplement no. 1,754.

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

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

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GS&Co. would reflect any changes in market conditions and other relevant factors, including any deterioration in our creditworthiness or perceived creditworthiness or the creditworthiness or perceived creditworthiness of The Goldman Sachs Group, Inc. These changes may adversely affect the value of your notes, including the price you may receive for your notes in any market making transaction. To the extent that GS&Co. makes a market in the notes, the quoted price will reflect the estimated value determined by reference to GS&Co.'s pricing models at that time, plus or minus its then current bid and ask spread for similar sized trades of structured notes (and subject to the declining excess amount described above).

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

There is no assurance that GS&Co. or any other party will be willing to purchase your notes at any price and, in this regard, GS&Co. is not obligated to make a market in the notes. See "Additional Risk Factors Specific to the Callable Range Accrual Notes — Your Notes May Not Have an Active Trading Market" on page S-22 of the accompanying product supplement no. 1,754.

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

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

You May Lose a Substantial Portion of Your Investment in the Notes

You can lose a substantial portion of your investment in the notes. The cash settlement amount on your notes on the stated maturity date will be based solely on the performance of the underlier as measured from the initial underlier level set on the trade date to the closing level on the determination date. If the final underlier level for your notes is less than the buffer level, you will have a loss for each $1,000 of the face amount of your notes equal to (i) the sum of the underlier return plus the buffer amount times (ii) $1,000. Thus, you may lose a substantial portion of your investment in the notes, which would include any premium to face amount you paid when you purchased the notes. Also, the market price of your notes prior to the stated maturity date may be significantly lower than the purchase price you pay for your notes. Consequently, if you sell your notes before the stated maturity date, you may receive far less than the amount of your investment in the notes.

We Are Able to Redeem Your Notes at Our Option

On any monthly interest payment date on or after January 31, 2020, we will be permitted to redeem your notes at our option. Even if we do not exercise our option to redeem your notes, our ability to do so may adversely affect the value of your notes. It is our sole option whether to redeem your notes prior to maturity and we may or may not exercise this option for any reason. Because of this redemption option, the term of your notes could be anywhere between twelve and seventy-two months. See "Additional Risk Factors Specific to the Callable Range Accrual Notes — We Are Able to Redeem Your Notes at Our Option" on page S-21 of the accompanying product supplement no. 1,754.

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If the Closing Level of the Underlier Is Less Than the Underlier Barrier Level on Any Reference Date in Any Interest Period, the Interest Rate With Respect to the Next Interest Payment Date Will Be Reduced

Because of the formula used to calculate the interest rate applicable to your notes, if, on any reference date in any applicable interest period, the closing level of the underlier is less than the underlier barrier level, the interest rate with respect to the next interest payment date will be reduced. Therefore, if the closing level of the underlier is less than the underlier barrier level for an entire interest period, you will receive no interest on the related interest payment date. In such case, even if you receive some interest payments on some or all of the interest payment dates, the overall return you earn on your notes may be less than you would have earned by investing in a non-indexed debt security of comparable maturity that bears interest at a prevailing market rate.

Risks Relating to the Use of the 30/360 (ISDA) Day Count Convention

The notes follow a "30/360 (ISDA)" day count convention as described under "Summary Information — Key Terms — Day count convention" above. For certain interest payment dates, specifically those that fall in February and March, application of the 30/360 (ISDA) day count convention may result in interest accrual periods of less than or greater than 30 days out of a year of 360 days.

While the actual interest payment, if any, on an interest payment date will depend upon, among other things, the number of reference dates during the applicable interest period and the number of reference dates in such period when the closing level of the underlier is greater than or equal to the underlier barrier level, the accrued interest factor (reflecting the amount of days for which interest will be paid) may be based on a period of less than or greater than 30 days.

Further, because an interest accrual period may have less than or greater than 30 days, if you purchase or sell notes in the secondary market, if any, during an interest accrual period with less than or greater than 30 days, the price of the notes may not reflect the exact number of days in the applicable interest accrual period as determined by the 30/360 (ISDA) day count convention. See "Summary Information — Key Terms — Accrued interest factor" above for more information.

If You Purchase Your Notes at a Premium to Face Amount, the Return on Your Investment Will Be Lower Than the Return on Notes Purchased at Face Amount and the Impact of Certain Key Terms of the Notes Will be Negatively Affected

The cash settlement amount you will be paid for your notes on the stated maturity date or the amount we will pay you upon any early redemption of your notes will not be adjusted based on the issue price you pay for the notes. If you purchase your notes at a premium to face amount and hold them to the stated maturity date, the return on your investment in the notes will be lower than it would have been had you purchased the notes at face amount or a discount to face amount. In addition, the impact of the buffer level on the return on your investment will depend upon the price you pay for your notes relative to face amount. For example, the buffer level, while still providing some protection for the return on the notes, will allow a greater percentage decrease in your investment in the notes than would have been the case for notes purchased at face amount or a discount to face amount.

You Have No Shareholder Rights or Rights to Receive Any Underlier Stock

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

We May Sell an Additional Aggregate Face Amount of the Notes at a Different Issue Price

At our sole option, we may decide to sell an additional aggregate face amount of the notes subsequent to the date of this pricing supplement. The issue price of the notes in the subsequent sale may differ substantially (higher or lower) from the original issue price you paid as provided on the cover of this pricing supplement.

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The Tax Consequences of an Investment in Your Notes Are Uncertain

The tax consequences of an investment in your notes are uncertain, both as to the timing and character of any inclusion in income in respect of your notes.

The Internal Revenue Service announced on December 7, 2007 that it is considering issuing guidance regarding the tax treatment of an instrument such as your notes, and any such guidance could adversely affect the value and tax treatment of your notes. 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 notes after the bill was enacted to accrue interest income 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 notes. We describe these developments in more detail under “Supplemental Discussion of Federal Income Tax Consequences” on page S-31 of the accompanying product supplement no. 1,754. 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 notes for U.S. federal income tax purposes in accordance with the treatment described under “Supplemental Discussion of Federal Income Tax Consequences” on page S-31 of the accompanying product supplement no. 1,754 unless and until such time as Congress, the Treasury Department or the Internal Revenue Service determine that some other treatment is more appropriate. Please also consult your tax advisor concerning the U.S. federal income tax and any other applicable tax consequences to you of owning your notes in your particular circumstances.

United States Alien Holders Should Consider the Withholding Tax Implications of Owning the Notes

The Treasury Department has issued regulations under which amounts paid or deemed paid on certain financial instruments (“871(m) financial instruments”) that are treated as attributable to U.S.-source dividends could be treated, in whole or in part depending on the circumstances, as a “dividend equivalent” payment that is subject to tax at a rate of 30% (or a lower rate under an applicable treaty), which in the case of any interest payments and any amounts a United States alien holder receives upon the sale, exchange, redemption or maturity of the notes, could be collected via withholding. If these regulations were to apply to the notes, we may be required to withhold such taxes if any U.S.-source dividends are paid on the stocks included in the underlier during the term of the notes. We could also require a United States alien holder to make certifications (e.g., an applicable Internal Revenue Service Form W-8) prior to any interest payment or the maturity of the notes 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 notes, your notes 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 notes for U.S. federal income tax purposes.

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

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THE UNDERLIER

The Russell 2000® Index measures the composite price performance of stocks of 2,000 companies incorporated in the U.S., its territories and certain "benefit-driven incorporation countries."

As of December 7, 2018, the 2,000 companies included in the Russell 2000® Index were divided into nine Russell Global Sectors. The Russell Global Sectors include (with the approximate percentage currently included in such sectors indicated in parentheses):Consumer Discretionary (14.54%), Consumer Staples (2.33%), Financial Services (23.80%), Health Care (14.27%), Materials & Processing (5.95%), Other Energy (3.82%), Producer Durables (13.04%), Technology (12.20%) and Utilities (4.73%). (Sector designations are determined by the underlier sponsor using criteria it has selected or developed. Index sponsors 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 sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices.)

In addition to the exclusions discussed under "Exclusions from the Russell 2000® Index" on page S-62 of the accompanying general terms supplement no. 1,734, a company with 5% or less of its voting rights in the hands of unrestricted shareholders is no longer eligible for inclusion in the Russell 2000® Index. Existing constituents of the Russell 2000® Index that do not currently have more than 5% of the company's voting rights in the hands of unrestricted shareholders have until the September 2022 review to meet this requirement.

The above information supplements the description of the underlier found in the accompanying general terms supplement no. 1,734. This information was derived from information prepared by the underlier sponsor, however, the percentages we have listed above are approximate and may not match the information available on the underlier sponsor's website due to subsequent corporate actions or other activity relating to a particular stock. For more details about the underlier, the underlier sponsor and license agreement between the underlier sponsor and the issuer, see "The Underliers - Russell 2000® Index" on page S-61 of the accompanying general terms supplement no. 1,734.

The Russell 2000® Index is a trademark of FTSE Russell ("Russell") and has been licensed for use by GS Finance Corp. The securities are not sponsored, endorsed, sold or promoted by Russell, and Russell makes no representation regarding the advisability of investing in the securities.

Historical Closing Levels of the Underlier

The closing level of the underlier has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing level of the underlier during the period shown below is not an indication that the underlier is more or less likely to increase or decrease at any time during the life of your notes.

You should not take the historical levels of the underlier as an indication of the future performance of the underlier. We cannot give you any assurance that the future performance of the underlier or the underlier stocks will result in your receiving any interest payment on any interest payment date.

Neither we nor any of our affiliates make any representation to you as to the performance of the underlier. Before investing in the offered notes, you should consult publicly available information to determine the underlier level between the date of this pricing supplement and the date of your purchase of the offered notes. The actual performance of the underlier over the life of the offered notes, as well as the cash settlement amount, may bear little relation to the historical levels shown below.

The graph below shows the daily historical closing levels of the underlier from December 24, 2008 through December 24, 2018. We obtained the closing levels in the graph below from Bloomberg Financial Services, without independent verification. Although the official closing levels of the Russell 2000® Index are published to six decimal places by the underlier sponsor, Bloomberg Financial Services reports the levels of the Russell 2000® Index to fewer decimal places.

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Historical Performance of the Russell 2000® Index

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We have not authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this pricing supplement, the accompanying product supplement no. 1,754, the accompanying general terms supplement no. 1,734, 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 pricing supplement, the accompanying product supplement no. 1,754, the accompanying general terms supplement no. 1,734, the accompanying prospectus supplement and the accompanying prospectus is an offer to sell only the notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this pricing supplement, the accompanying product supplement no. 1,754, the accompanying general terms supplement no. 1,734, the accompanying prospectus supplement and the accompanying prospectus is current only as of the respective dates of such documents.

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GS Finance Corp.

Callable Buffered Monthly Russell 2000® Index-Linked Range Accrual Notes due

guaranteed by

The Goldman Sachs Group, Inc.

Goldman Sachs & Co. LLC