

GOLDMAN SACHS GROUP INC

Form 424B2

October 02, 2018

Table of Contents

Filed pursuant to Rule 424(b)(2)  
Registration Statement No. 333-219206

Subject to Completion. Dated October 1, 2018.

## GS Finance Corp.

\$

Basket-Linked Trigger GEARS due

guaranteed by

## The Goldman Sachs Group, Inc.

**The notes will not bear interest.** The amount that you will be paid on your notes on the stated maturity date (expected to be October 31, 2023) is based on the performance of a weighted basket comprised of the EURO STOXX 50® Index (40.00% weighting), the FTSE® 100 Index (20.00% weighting), Nikkei 225 (20.00% weighting), the Swiss Market Index (7.50% weighting), the S&P/ASX 200 Index (7.50% weighting) and the Hang Seng Index (5.00% weighting) as measured from the trade date (expected to be October 29, 2018) to and including the determination date (expected to be October 26, 2023). The initial basket level is 100 and the final basket level will equal the *sum* of the products, as calculated for each basket index, of: (i) the final index level *divided* by (ii) the initial index level (set on the trade date) *multiplied* by (iii) the applicable initial weighted value for each basket index.

If the final basket level on the determination date is greater than the initial basket level, then the return on the notes will be positive and equal the *product* of the basket return (the percentage increase or decrease in the final basket level from the initial basket level) *multiplied* by between 2.29 and 2.39 (set on the trade date).

If the final basket level is equal to or less than the initial basket level but greater than or equal to the downside threshold of 50.00% of the initial basket level, you will receive the face amount of your notes at maturity.

If the final basket level is less than the downside threshold of 50.00% of the initial basket level, then the return on your notes will be negative and will equal the basket return. **If this occurs, you will receive significantly less than the face amount of your notes at maturity and you will lose your entire investment in the notes if the final basket level is zero.**

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

- if the final basket level is *greater than* the initial basket level, the *sum* of (a) \$10 *plus* (b) the *product* of the basket return *times* \$10 *times* between 2.29 and 2.39 (set on the trade date);

Edgar Filing: GOLDMAN SACHS GROUP INC - Form 424B2

- if the final basket level is *equal to or less than* the initial basket level but *greater than or equal to* the downside threshold of 50.00% of the initial basket level, \$10; or
- if the final basket level is *less than* the downside threshold of 50.00% of the initial basket level, the *sum* of (a) \$10 *plus* (b) the *product* of the basket return *times* \$10, resulting in a loss proportionate to the negative basket return.

**Declines in one basket index may offset increases in the other basket indices. Due to the unequal weighting of each basket index, the performances of the EURO STOXX 50® Index, the FTSE® 100 Index and Nikkei 225 will have a significantly larger impact on your return on the notes than the performance of the Swiss Market Index, the S&P/ASX 200 Index or the Hang Seng Index.**

**You should read the disclosure herein to better understand the terms and risks of your investment, including the credit risk of GS Finance Corp. and The Goldman Sachs Group, Inc. See page S-14.**

***The estimated value of your notes at the time the terms of your notes are set on the trade date is expected to be between \$9.25 and \$9.55 per \$10 face amount. For a discussion of the estimated value and the price at which Goldman Sachs & Co. LLC would initially buy or sell your notes, if it makes a market in the notes, see the following page.***

<b>Original issue date:</b>	expected to be October 31, 2018	<b>Original issue price:</b>	100.00% of the face amount
<b>Underwriting discount:</b>	3.85% of the face amount*	<b>Net proceeds to the issuer:</b>	96.15% of the face amount

\* UBS Financial Services Inc., as the selling agent, will receive a selling concession not in excess of 3.5% of the face amount.

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

**Goldman Sachs & Co. LLC**

**UBS Financial Services Inc.**

**Selling Agent**

Prospectus Supplement No.      dated      , 2018.

Table of Contents

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

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

**Estimated Value of Your Notes**

*The estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to pricing models used by Goldman Sachs & Co. LLC (GS&Co.) and taking into account our credit spreads) is expected to be between \$9.25 and \$9.55 per \$10 face amount, which is less than the original issue price. The value of your notes at any time will reflect many factors and cannot be predicted; however, the price (not including GS&Co. s customary bid and ask spreads) at which GS&Co. would initially buy or sell notes (if it makes a market, which it is not obligated to do) and the value that GS&Co. will initially use for account statements and otherwise is equal to approximately the estimated value of your notes at the time of pricing, plus an additional amount (initially equal to \$ per \$10 face amount).*

*Prior to , the price (not including GS&Co. s customary bid and ask spreads) at which GS&Co. would buy or sell your notes (if it makes a market, which it is not obligated to do) will equal approximately the sum of (a) the then-current estimated value of your notes (as determined by reference to GS&Co. s pricing models) plus (b) any remaining additional amount (the additional amount will decline to zero on a straight-line basis over a 359 day period from the time of pricing). On and after , the price (not including GS&Co. s customary bid and ask spreads) at which GS&Co. would buy or sell your notes (if it makes a market) will equal approximately the then-current estimated value of your notes determined by reference to such pricing models.*

**About Your Prospectus**

Edgar Filing: GOLDMAN SACHS GROUP INC - Form 424B2

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

- Prospectus supplement dated July 10, 2017
- Prospectus dated July 10, 2017

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

Table of Contents

**SUMMARY INFORMATION**

*We refer to the notes we are offering by this prospectus supplement as the offered notes or the notes. Each of the offered notes has the terms described below and under Specific Terms of Your Notes on page S-25. Please note that in this prospectus supplement, references to GS Finance Corp., we, our and us mean only GS Finance Corp. and do not include its subsidiaries or affiliates, references to The Goldman Sachs Group, Inc., our parent company, mean only The Goldman Sachs Group, Inc. and do not include its subsidiaries or affiliates and references to Goldman Sachs mean The Goldman Sachs Group, Inc. together with its consolidated subsidiaries and affiliates, including us. Also, references to the accompanying prospectus mean the accompanying prospectus, dated July 10, 2017, and references to the accompanying prospectus supplement mean the accompanying prospectus supplement, dated July 10, 2017, for Medium-Term Notes, Series E, in each case of GS Finance Corp. and The Goldman Sachs Group, Inc. References to the indenture in this prospectus supplement mean the senior debt indenture, dated as of October 10, 2008, as supplemented by the First Supplemental Indenture, dated as of February 20, 2015, each among us, as issuer, The Goldman Sachs Group, Inc., as guarantor, and The Bank of New York Mellon, as trustee. This indenture, as so supplemented and as further supplemented thereafter, is referred to as the GSFC 2008 indenture in the accompanying prospectus supplement.*

**Key Terms**

**Issuer:** GS Finance Corp.

**Guarantor:** The Goldman Sachs Group, Inc.

**Underlying basket:** a weighted basket comprised of six underlying basket indices

**Underlying basket indices:** the EURO STOXX 50® Index (Bloomberg symbol, SX5E Index), as published by STOXX Limited; the FTSE® 100 Index (Bloomberg symbol, UKX Index), as published by FTSE Russell; the Nikkei 225 (Bloomberg symbol, NKY Index), as published by Nikkei Inc.; the Swiss Market Index (Bloomberg symbol, SMI Index), as published by SIX Group Ltd.; the S&P/ASX 200 Index (Bloomberg symbol, AS51 Index), as published by S&P Dow Jones Indices LLC; and the Hang Seng Index (Bloomberg symbol, HSI Index), as published by The Hang Seng Indexes Company Limited; see The Underlying Basket and the Underlying Basket Indices on page S-32

**Specified currency:** U.S. dollars ( \$ )

**Face amount:** each note will have a face amount of \$10, or an integral multiple of \$10 in excess thereof; \$ in the aggregate for all the offered notes; the aggregate face amount of the offered notes may be increased if the issuer, at its sole option, decides to sell an additional amount of the offered notes on a date subsequent to the date of this prospectus supplement

**Denominations:** \$10 and integral multiples of \$10 in excess thereof

**Minimum purchase amount:** in connection with the initial offering of the notes, the minimum face amount of notes that may be purchased by any investor is \$1,000

**Supplemental plan of distribution:** GS Finance Corp. expects to agree to sell to Goldman Sachs & Co. LLC ( GS&Co. ), and GS&Co. expects to agree to purchase from GS Finance Corp., the aggregate face amount of the offered notes specified on the front cover of this prospectus supplement. GS&Co. proposes initially to offer the notes to the public at the original issue price set forth on the cover page of this prospectus supplement, and to UBS Financial Services Inc. at such price less a concession not in excess of 3.5% of the face amount. See Supplemental Plan of Distribution on page S-73

**Cash settlement amount:** on the stated maturity date, for each \$10 face amount of your notes you will receive an amount in cash equal to:

- if the final underlying basket level is *greater than* the initial underlying basket level, the *sum* of (a) \$10 *plus* (b) the *product* of the underlying basket return *times* \$10 *times* the upside gearing;
- if the final underlying basket level is *equal to* or *less than* the initial underlying basket level but *greater than* or *equal to* the downside threshold, \$10; or

Table of Contents

- if the final underlying basket level is *less than* the downside threshold, the *sum* of (a) \$10 *plus* (b) the *product* of the underlying basket return *times* \$10, resulting in a loss proportionate to the negative underlying basket return.

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

**Supplemental discussion of U.S. federal income tax consequences:** you will be obligated pursuant to the terms of the notes in the absence of a change in law, an administrative determination or a judicial ruling to the contrary to characterize each note for all tax purposes as a pre-paid derivative contract in respect of the underlying basket indices, as described under **Supplemental Discussion of U.S. Federal Income Tax Consequences** herein. Pursuant to this approach, it is the opinion of Sidley Austin LLP that upon the sale, exchange or maturity of your notes, it would be reasonable for you to recognize capital gain or loss equal to the difference, if any, between the amount of cash you receive at such time and your tax basis in your notes. No statutory, judicial or administrative authority directly discusses how your notes should be treated for U.S. federal income tax purposes. As a result, the U.S. federal income tax consequences of your investment in the notes are uncertain and alternative characterizations are possible. The Internal Revenue Service might assert that a treatment other than that described above is more appropriate (including on a retroactive basis) and the timing and character of income in respect of the notes might differ from the treatment described above.

**Trade date:** expected to be October 29, 2018

**Original issue date (settlement date) (to be set on the trade date):** expected to be October 31, 2018

**Initial underlying basket level:** 100

**Initial weighted value:** the initial weighted value for each of the underlying basket indices is expected to equal the *product* of the initial weight of such underlying basket index *times* the initial underlying basket level. The initial weight of each underlying basket index is shown in the table below:

<b>Underlying Basket Index</b>	<b>Initial Weight in Underlying Basket</b>
EURO STOXX 50® Index	40.00%
FTSE® 100 Index	20.00%
Nikkei 225	20.00%
Swiss Market Index	7.50%
S&P/ASX 200 Index	7.50%
Hang Seng Index	5.00%

**Initial EURO STOXX 50® Index level (to be set on the trade date):**

**Initial FTSE® 100 Index level (to be set on the trade date):**

**Initial Nikkei 225 level (to be set on the trade date):**

**Initial Swiss Market Index level (to be set on the trade date):**

**Initial S&P/ASX 200 Index level (to be set on the trade date):**

**Initial Hang Seng Index level (to be set on the trade date):**



Table of Contents

**Final EURO STOXX 50® Index level:** the closing level of such underlying basket index on the determination date, except in the limited circumstances described under Specific Terms of Your Notes Consequences of a Market Disruption Event or a Non-Trading Day on page S-26 and subject to adjustment as provided under Specific Terms of Your Notes Discontinuance or Modification of an Underlying Basket Index on page S-27

**Final FTSE® 100 Index level:** the closing level of such underlying basket index on the determination date, except in the limited circumstances described under Specific Terms of Your Notes Consequences of a Market Disruption Event or a Non-Trading Day on page S-26 and subject to adjustment as provided under Specific Terms of Your Notes Discontinuance or Modification of an Underlying Basket Index on page S-27

**Final Nikkei 225 level:** the closing level of such underlying basket index on the determination date, except in the limited circumstances described under Specific Terms of Your Notes Consequences of a Market Disruption Event or a Non-Trading Day on page S-26 and subject to adjustment as provided under Specific Terms of Your Notes Discontinuance or Modification of an Underlying Basket Index on page S-27

**Final Swiss Market Index level:** the closing level of such underlying basket index on the determination date, except in the limited circumstances described under Specific Terms of Your Notes Consequences of a Market Disruption Event or a Non-Trading Day on page S-26 and subject to adjustment as provided under Specific Terms of Your Notes Discontinuance or Modification of an Underlying Basket Index on page S-27

**Final S&P/ASX 200 Index level:** the closing level of such underlying basket index on the determination date, except in the limited circumstances described under Specific Terms of Your Notes Consequences of a Market Disruption Event or a Non-Trading Day on page S-26 and subject to adjustment as provided under Specific Terms of Your Notes Discontinuance or Modification of an Underlying Basket Index on page S-27

**Final Hang Seng Index level:** the closing level of such underlying basket index on the determination date, except in the limited circumstances described under Specific Terms of Your Notes Consequences of a Market Disruption Event or a Non-Trading Day on page S-26 and subject to adjustment as provided under Specific Terms of Your Notes Discontinuance or Modification of an Underlying Basket Index on page S-27

**Final underlying basket level:** the *sum* of the following: (1) the final EURO STOXX 50® Index level *divided* by the initial EURO STOXX 50® Index level, *multiplied* by the initial weighted value of the EURO STOXX 50® Index *plus* (2) the final FTSE® 100 Index level *divided* by the initial FTSE® 100 Index level, *multiplied* by the initial weighted value of the FTSE® 100 Index *plus* (3) the final Nikkei 225 level *divided* by the initial

Nikkei 225 level, *multiplied* by the initial weighted value of the Nikkei 225 *plus* (4) the final Swiss Market Index level *divided* by the initial Swiss Market Index level, *multiplied* by the initial weighted value of the Swiss Market Index *plus* (5) the final S&P/ASX 200 Index level *divided* by the initial S&P/ASX 200 Index level, *multiplied* by the initial weighted value of the S&P/ASX 200 Index *plus* (6) the final Hang Seng Index level *divided* by the initial Hang Seng Index level, *multiplied* by the initial weighted value of the Hang Seng Index

**Underlying basket return:** the *quotient* of (i) the final underlying basket level *minus* the initial underlying basket level *divided* by (ii) the initial underlying basket level, expressed as a positive or negative percentage

**Closing level:** as described under Specific Terms of Your Notes Special Calculation Provisions Closing Level on page S-28

**Upside gearing (to be set on the trade date):** expected to be between 2.29 and 2.39

**Downside threshold:** 50.00% of the initial underlying basket level

Table of Contents

**Trigger event:** the final underlying basket level is less than the downside threshold

**Stated maturity date (to be set on the trade date):** expected to be October 31, 2023, subject to adjustment as described under Specific Terms of Your Notes Stated Maturity Date on page S-26

**Determination date (to be set on the trade date):** expected to be October 26, 2023, subject to adjustment as described under Specific Terms of Your Notes Determination Date on page S-26

**No interest:** the notes will not bear interest

**No redemption:** the notes will not be subject to redemption right or price dependent redemption right

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

**Calculation agent:** GS&Co.

**Business day:** as described under Specific Terms of Your Notes Special Calculation Provisions Business Day on page S-28

**Trading day:** as described under Specific Terms of Your Notes Special Calculation Provisions Trading Day on page S-28

**CUSIP no.:** 36256M205

**ISIN no.:** US36256M2052

**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

S-6

Table of Contents

**HYPOTHETICAL EXAMPLES**

**(Hypothetical terms only. Actual terms may vary.)**

The following examples are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate the impact that the various hypothetical final underlying basket levels or hypothetical closing levels of the underlying basket indices, as applicable, 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 final underlying basket levels and closing levels of the underlying basket indices that are entirely hypothetical; no one can predict what the level of the underlying basket will be on any day throughout the life of your notes, and no one can predict what the final underlying basket level will be on the determination date. The underlying basket indices have been highly volatile in the past meaning that the levels of the underlying basket indices have changed considerably in relatively short periods and their performance cannot be predicted for any future period.

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

<b>Key Terms and Assumptions</b>	
Face amount	\$10
Upside gearing	2.29
	50.00% of the initial underlying basket level

Downside threshold

Neither a market disruption event nor a non-trading day occurs with respect to any underlying basket index on the originally scheduled determination date

No change in or affecting any of the underlying basket indices or the methods by which any of the underlying basket index sponsors calculates the EURO STOXX 50® Index, the FTSE® 100 Index, Nikkei 225, the Swiss Market Index, the S&P/ASX 200 Index or the Hang Seng Index, respectively

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 EURO STOXX 50® Index level, the initial FTSE® 100 Index level, the initial Nikkei 225 level, the initial Swiss Market Index level, the initial S&P/ASX 200 Index level or the initial Hang Seng Index level that will serve as the baselines for determining the underlying basket return and the amount that we will pay on your notes, if any, at maturity. We will not do so until the trade date. As a result, the actual initial EURO STOXX 50® Index level, the initial FTSE® 100 Index level, the initial Nikkei 225 level, the initial Swiss Market Index level, the initial S&P/ASX 200 Index level and the initial Hang Seng Index level may differ substantially from the level of such underlying basket index prior to the trade date.

Table of Contents

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

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

The levels in the left column of the table below represent hypothetical final underlying basket levels and are expressed as percentages of the initial underlying basket level. The amounts in the middle column represent the hypothetical cash settlement amounts, based on the corresponding hypothetical final underlying basket level (expressed as a percentage of the initial underlying basket level), assuming that a **trigger event does not occur** (i.e., the final underlying basket level is greater than or equal to the downside threshold), and are expressed as percentages of the face amount of a note (rounded to the nearest one-thousandth of a percent). The amounts in the right column represent the hypothetical cash settlement amounts, based on the corresponding hypothetical final underlying basket level (expressed as a percentage of the initial underlying basket level), assuming that a **trigger event occurs** (i.e., the final underlying basket level is less than the downside threshold), 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 \$10 of the outstanding face amount of the offered notes on the stated maturity date would equal 100.000% of the face amount of a note, based on the corresponding hypothetical final underlying basket level (expressed as a percentage of the initial underlying basket level) and the assumptions noted above.

Hypothetical Final Underlying Basket Level (as Percentage of Initial Underlying Basket Level)	Hypothetical Cash Settlement Amount (as Percentage of Face Amount)	
	Trigger Event Has Not Occurred	Trigger Event Has Occurred
150.000%	214.500%	N/A
125.000%	157.250%	N/A
120.000%	145.800%	N/A
115.000%	134.350%	N/A
110.000%	122.900%	N/A
<b>100.000%</b>	<b>100.000%</b>	<b>N/A</b>
90.000%	100.000%	N/A
80.000%	100.000%	N/A
<b>50.000%</b>	<b>100.000%</b>	<b>N/A</b>
49.999%	N/A	49.999%
25.000%	N/A	25.000%
<b>0.000%</b>	<b>N/A</b>	<b>0.000%</b>

If, for example, a trigger event has occurred and the final underlying basket level were determined to be 25.000% of the initial underlying basket level, the cash settlement amount that we would deliver on your notes at maturity would be 25.000% 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 75.000% of your investment, which is proportionate to the

decline in the underlying basket from the trade date to the determination date (if you purchased your notes at a premium to face amount you would lose a correspondingly higher percentage of your investment).

S-8



Table of Contents

If, for example, **a trigger event has not occurred** and the final underlying basket level were determined to be 90.000% of the initial underlying basket level, the cash settlement amount that we would deliver on your notes at maturity would be 100.000% of the face amount of your notes, as shown in the table above. Because a trigger event has not occurred (i.e., the hypothetical final underlying basket level is greater than or equal to the downside threshold), the cash settlement amount that we would deliver on your notes at maturity would be 100.000% of the face amount of your notes, as shown in the table above.

If, however, the final underlying basket level were determined to be 150.000% of the initial underlying basket level, the cash settlement amount that we would deliver on your notes at maturity would be 214.500% of the face amount of your notes, as shown in the table above. Since the hypothetical final underlying basket level is greater than the initial underlying basket level, the underlying basket return is enhanced by the upside gearing and the cash settlement amount that we would deliver on your notes at maturity would be 214.500% of the face amount of your notes, as shown in the table above.

The following examples illustrate the hypothetical cash settlement amount at maturity for each note based on hypothetical final levels of the underlying basket indices, calculated based on the key terms and assumptions above. The levels in Column A represent hypothetical initial levels for each underlying basket index, and the levels in Column B represent hypothetical final levels for each underlying basket index. The percentages in Column C represent hypothetical final levels for each underlying basket index in Column B expressed as percentages of the corresponding hypothetical initial levels in Column A. The amounts in Column D represent the applicable initial weighted value for each underlying basket index, and the amounts in Column E represent the products of the percentages in Column C times the corresponding amounts in Column D. The final underlying basket level for each example is shown beneath each example, and equals the sum of the products shown in Column E. The underlying basket return for each example is shown beneath the final underlying basket level for such example, and equals the quotient of (i) the final underlying basket level for such example minus the initial underlying basket level divided by (ii) the initial underlying basket level, expressed as a percentage. The values below have been rounded for ease of analysis.

Table of Contents

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

	<b>Column A</b>	<b>Column B</b>	<b>Column C</b>	<b>Column D</b>	<b>Column E</b>
<b>Underlying Basket Index</b>	<b>Hypothetical Initial Level</b>	<b>Hypothetical Final Level</b>	<b>Column B / Column A</b>	<b>Initial Weighted Value</b>	<b>Column C x Column D</b>
EURO STOXX 50® Index	3,400.00	4,080.00	120.00%	40.00	48.00
FTSE® 100 Index	7,500.00	9,000.00	120.00%	20.00	24.00
Nikkei 225	24,000.00	28,800.00	120.00%	20.00	24.00
Swiss Market Index	9,000.00	10,800.00	120.00%	7.50	9.00
S&P/ASX 200 Index	6,200.00	7,440.00	120.00%	7.50	9.00
Hang Seng Index	27,700.000				