



GOLDMAN SACHS INTERNATIONAL
(Incorporated with unlimited liability in England)

Series M Programme for the issuance of Warrants, Notes and Certificates

Issue of U.S.\$ 100,000,000* Ten-Year Switchable Fixed-to-Floating Rate Notes, due May 17, 2026
(the "Securities" or the "Notes")

(ISIN: XS1317278361)

Guaranteed by

THE GOLDMAN SACHS GROUP, INC.
(A corporation organised under the laws of the State of Delaware)

Prospectus

This document constitutes a prospectus (this "**Prospectus**") for the purposes of Article 5.3 of Directive 2003/71/EC as amended, including by Directive 2010/73/EU (the "**Prospectus Directive**") relating to the above-referenced Securities issued by Goldman Sachs International (the "**Issuer**" or "**GSI**") and guaranteed by The Goldman Sachs Group, Inc. (the "**Guarantor**" or "**GSG**"). This Prospectus should be read together with any documents incorporated by reference within it.

Programme

The Securities are being issued under the Series M Programme for the issuance of Warrants, Notes and Certificates (the "**Programme**") of the Issuer and the Guarantor.

Status of the Securities

The Securities are unsecured and unsubordinated general obligations of the Issuer and not of any affiliate of the Issuer. The Securities are not bank deposits and are not insured or guaranteed by the United States Federal Deposit Insurance Corporation, the United States Deposit Insurance Fund, the UK Financial Services Compensation Scheme or any other government or governmental or private agency or deposit protection scheme in any jurisdiction.

The Guaranty

The payment obligations of the Issuer in respect of the Securities are guaranteed by GSG as Guarantor pursuant to a guaranty governed by laws of the State of New York dated May 29, 2015 (the "**Guaranty**"). The Guaranty will rank *pari passu* with all other unsecured and unsubordinated indebtedness of GSG.

***Issue Size**

On the Issue Date (being May 17, 2016), an aggregate nominal amount of U.S.\$ 100,000,000 of Securities will be issued to and made available for sale by GSI (in its capacity as Dealer), and as soon as practicable thereafter, listed and admitted to trading on both the Borsa Italiana S.p.A.'s MOT (Electronic bond market) and the regulated market of the Luxembourg Stock Exchange for purchase by investors. However, GSI reserves the right to cancel some or all of the Securities that it holds at any time prior to the Maturity Date (being May 17, 2026), such right to be exercised in accordance with applicable laws, the terms and conditions of the Securities and the applicable rules of Borsa Italiana S.p.A. and the Luxembourg Stock Exchange including as to notification. In particular, at any time following listing and admission to trading on Borsa Italiana S.p.A.'s MOT (Electronic bond market) and the regulated market of the Luxembourg Stock Exchange, GSI may cancel some or all of any Securities which have not been purchased by investors by such time. Accordingly, the aggregate nominal amount of Securities outstanding at any time may be significantly less than U.S.\$ 100,000,000, and this could have a negative impact on an investor's ability to sell the Securities in the secondary market. Notification of any such cancellation of Securities will be made on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it) and in any case according to the rules of Borsa Italiana S.p.A. and on the website of the

Luxembourg Stock Exchange (www.bourse.lu).

Information incorporated by reference

This Prospectus incorporates by reference certain information from the base prospectus in relation to the Programme dated April 14, 2016 (the "**Original Base Prospectus**") and the supplement(s) thereto (and the Original Base Prospectus as supplemented, the "**Base Prospectus**"). See the section entitled "*Documents Incorporated by Reference*" below. You should read this Prospectus together with such information from the Base Prospectus.

Statements in relation to prospects and financial or trading position

In this Prospectus, where GSI and GSG make statements that "there has been no material adverse change in the prospects" and "no significant change in the financial or trading position" of GSI and GSG, respectively, references in these statements to the "prospects" and "financial or trading position" of GSI and GSG are specifically to their respective ability to meet their full payment obligations under the Securities (in the case of GSI) or Guaranty (in the case of GSG) in a timely manner. Such statements are made, for example, in Elements B.12 and B.19 (B.12) of the "Summary". Material information about GSI's and GSG's respective financial condition and prospects is included in each of GSI's and GSG's annual and/or interim reports, which are incorporated by reference into this Prospectus.

Risk warning

You could lose (in the event of a default by the Issuer) up to all, of your investment. Before purchasing Securities, you should consider, in particular, the section entitled "*Risk Factors*" below.

The date of this Prospectus is May 13, 2016.

TABLE OF CONTENTS

	Page
IMPORTANT NOTICES	4
SUMMARY	7
RISK FACTORS	19
DOCUMENTS INCORPORATED BY REFERENCE	29
CONTRACTUAL TERMS	33
OTHER INFORMATION	42
EXAMPLES	44
ANNEX – AMENDMENTS TO THE GENERAL TERMS AND CONDITIONS OF THE NOTES	46
GENERAL INFORMATION	47
INDEX OF DEFINED TERMS	50

IMPORTANT NOTICES

Approval and passporting under the EU Prospectus Directive

Application has been made to the Luxembourg *Commission de Surveillance du Secteur Financier* (the "CSSF"), which is the Luxembourg competent authority for the purpose of the Prospectus Directive for approval of this Prospectus as a prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purpose of giving information with regard to the Securities. This Prospectus constitutes a prospectus for the purposes of Article 5.3 of the Prospectus Directive relating to the Securities, and should be read together with any documents incorporated by reference within it.

An application has been made for the Securities to be listed on the Official List and admitted to trading on the Luxembourg Stock Exchange, a regulated market for the purposes of Directive 2004/39/EC on Markets in Financial Instruments, with effect from as practicable after the Issue Date. No assurances can be given that such application for listing and admission to trading will be granted. Application will also be made for the Securities to be listed on Borsa Italiana S.p.A. and admitted to trading on Borsa Italiana S.p.A.'s MOT (Electronic bond market), a regulated market organised and managed by Borsa Italiana S.p.A, with effect from as practicable after the Issue Date. No assurances can be given that such application for listing and admission to trading will be granted.

This Prospectus will be published on the websites of the Luxembourg Stock Exchange (www.bourse.lu) and the Issuer (www.goldman-sachs.it). On the approval of this Prospectus as a prospectus for the purpose of Article 5.3 of the Prospectus Directive by the CSSF, notification of such approval will be made to the Italian National Stock Exchange and Companies Commission (*Commissione Nazionale per le Società e la Borsa*) ("CONSOB") in its capacity as the competent authority of the Republic of Italy.

CSSF disclaimer

Pursuant to Article 7(7) of the Luxembourg Law on Prospectuses for Securities dated July 10, 2005 (as amended), by approving this Prospectus, the CSSF gives no undertakings as to the economic and financial characteristics of the Securities or the quality or solvency of the Issuer.

Credit ratings

The credit ratings of GSG¹ and GSI² referred to in this Prospectus have been issued by in the case of GSG,

¹ The information for this rating has been extracted from information made available by each rating agency referred to below. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such ratings agencies, no facts have been omitted which would render the reproduced information inaccurate or misleading.

As at the date of this prospectus the ratings for GSG were:

Short-term debt:

Fitch, Inc rating was F1: An 'F1' rating indicates the highest short-term credit quality and the strongest intrinsic capacity for timely payment of financial commitments; may have an added '+' to denote any exceptionally strong credit feature.

Moody's rating was P-2: 'P-2' Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

S&P rating was A-2: A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

DBRS rating was R-1 (middle): This indicates superior credit quality. The capacity for the payment of short-term financial obligations as they fall due is very high. Differs from R-1 (high) by a relatively modest degree. Unlikely to be significantly vulnerable to future events.

Long-term debt:

Fitch, Inc rating was A: An 'A' rating indicates high credit quality and denotes expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

Moody's rating was A3: Obligations rated A are judged to be upper-medium grade and are subject to low credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

DBRS, Inc. ("**DBRS**"), Fitch, Inc. ("**Fitch**"), Moody's Investors Service, Inc. ("**Moody's**"), Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**") and Rating and Investment Information, Inc. ("**R&I**"), and, in the case of GSI, Fitch, Moody's and S&P, none of which entities is established in the European Union or registered under Regulation (EC) No. 1060/2009, as amended by Regulation (EU) No. 513/2011 (the "**CRA Regulation**"), and as further amended. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not either (1) issued or validly endorsed by a credit rating agency established in the European Union and registered with the European Securities and Markets Authority ("**ESMA**") under the CRA Regulation) or (2) issued by a credit rating agency established outside the European Union which is certified under the CRA Regulation.

The EU affiliates of DBRS, Fitch, Moody's and S&P are registered under the CRA Regulation. The ESMA has approved the endorsement by such EU affiliates of credit ratings issued by DBRS, Fitch, Moody's and S&P. Accordingly, credit ratings issued by Fitch, Moody's and S&P may be used for regulatory purposes in the EU. The credit rating issued by R&I is incorporated into this Prospectus for information purposes only.

Credit ratings may be adjusted over time, and there is no assurance that these credit ratings will be effective after the date of this Prospectus. A credit rating is not a recommendation to buy, sell or hold the Securities.

The list of credit rating agencies registered under the CRA Regulation (as updated from time to time) is published on the website of the ESMA (www.esma.europa.eu/page/list-registered-and-certified-CRAs).

Important U.S. Notices

S&P rating was BBB+: An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

DBRS rating was A (high): An A rating indicates good credit quality. The capacity for the payment of financial obligations is substantial, but of lesser credit quality than AA. May be vulnerable to future events, but qualifying negative factors are considered manageable.

² The information for this rating has been extracted from information made available by each rating agency referred to below. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such ratings agencies, no facts have been omitted which would render the reproduced information inaccurate or misleading.

As at the date of this Prospectus the ratings for GSI were:

Short-term debt:

Fitch, Inc. rating was F1: An 'F1' rating indicates the highest short-term credit quality and the strongest intrinsic capacity for timely payment of financial commitments; may have an added '+' to denote any exceptionally strong credit feature.

Moody's rating was P-1: 'P-1' Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

S&P rating was A-1: A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

Long-term debt:

Fitch, Inc. rating was A: An 'A' rating indicates high credit quality and denotes expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

Moody's rating was A1: Obligations rated 'A' are considered upper-medium grade and are subject to low credit risk. Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from 'Aa' through 'Caa'. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

S&P rating was A: An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong. The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

The Securities have not been, nor will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws. Except as provided below, Securities may not be offered, sold or delivered within the United States or to U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")). The Securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission in the United States nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Restrictions and distribution and use of this Prospectus

The distribution of this Prospectus and the offering, sale and delivery of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Guarantor to inform themselves about and to observe any such restrictions. This Prospectus may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action has been taken or will be taken to permit an offering of the Securities or the distribution of this Prospectus in any jurisdiction where any such action is required.

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

SECTION A – INTRODUCTION AND WARNINGS		
A.1	Introduction and warnings	This summary should be read as an introduction to this Prospectus. Any decision to invest in the Securities should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Securities.
A.2	Consents	Not applicable; no consent is given for the use of this Prospectus for subsequent resales of the Securities.
SECTION B – ISSUER AND GUARANTOR		
B.1	Legal and commercial name of the Issuer	Goldman Sachs International ("GSI" or the "Issuer").
B.2	Domicile, legal form, legislation and country of incorporation of the Issuer	GSI is a private unlimited liability company incorporated in England and Wales. GSI mainly operates under English law. The registered office of GSI is Peterborough Court, 133 Fleet Street, London EC4A 2BB, England.
B.4b	Known trends with respect to the Issuer	GSI's prospects will be affected, potentially adversely, by developments in global, regional and national economies, including in the United Kingdom, movements and activity levels, in financial, commodities, currency and other markets, interest rate movements, political and military developments throughout the world, client activity levels and legal and regulatory developments in the United Kingdom and other countries where the Issuer does business.
B.5	The Issuer's group	Goldman Sachs Group UK Limited, a company incorporated under English law has a 100 per cent. shareholding in GSI. Goldman Sachs (UK) L.L.C. is established under the laws of the State of Delaware and has a 97.208 per cent. interest in Goldman Sachs Group UK Limited. Goldman Sachs Ireland Group Limited is established under the laws of Ireland and has a 2.792 per cent. interest in Goldman Sachs Group UK Limited. Goldman Sachs Ireland LLC is established under the laws of the State of Delaware and has a 100 per cent. shareholding in Goldman Sachs Ireland Group Limited. Goldman Sachs Ireland Group Holdings LLC is established under the laws of the State of Delaware and has a 75 per cent. interest in Goldman Sachs Ireland LLC. Goldman Sachs

		<p>Global Holdings L.L.C. is established under the laws of the State of Delaware and has a 25 per cent. interest in Goldman Sachs Ireland LLC. The Goldman, Sachs & Co. L.L.C. is established under the laws of the State of Delaware and has a one per cent. interest in Goldman Sachs Global Holdings L.L.C. The Goldman Sachs Group, Inc. is established in Delaware and has a 100 per cent. shareholding in Goldman Sachs Ireland Group Holdings LLC, The Goldman, Sachs & Co. L.L.C. and Goldman Sachs (UK) L.L.C. and a 99 per cent. interest in Goldman Sachs Global Holdings L.L.C.</p> <p style="text-align: center;">Holding Company Structure of GSI</p> <pre> graph TD GSGroup[The Goldman Sachs Group, Inc.] GSGroup -- 100% --> GSWC[Goldman, Sachs & Co, Wertpapier GmbH] GSGroup -- 100% --> GSGL[Goldman Sachs Global Holdings L.L.C.] GSGroup -- 100% --> GSIL[Goldman Sachs Ireland Group Holdings LLC] GSGroup -- 100% --> GSUK[Goldman Sachs (UK) L.L.C.] GSGroup -- 99% --> GSGL GSGL -- 1% --> GSIL GSIL -- 25% --> GSILLLC[Goldman Sachs Ireland LLC] GSILLLC -- 100% --> GSILGL[Goldman Sachs Ireland Group Limited] GSILGL -- 2.792% --> GSUKL[Goldman Sachs Group UK Limited] GSUKL -- 100% --> GSInt[Goldman Sachs International] GSUK -- 97.208% --> GSUKL </pre> <p>Note: The percentages given are for direct holdings of ordinary shares or equivalent. Minority shareholdings are held by other entities which are themselves owned, directly or indirectly, by The Goldman Sachs Group, Inc.</p>																								
B.9	Profit forecast or estimate	Not applicable; GSI has not made any profit forecasts or estimates.																								
B.10	Audit report qualifications	Not applicable; there are no qualifications in the audit report of GSI on its historical financial information.																								
B.12	Selected historical key financial information of the Issuer	<p>The following table shows selected key historical financial information in relation to GSI:</p> <table> <thead> <tr> <th></th><th colspan="2">Year ended (audited)</th></tr> <tr> <th></th><th>December 31, 2015 (USD)</th><th>December 31, 2014 (USD)</th></tr> </thead> <tbody> <tr> <td>Operating Profit</td><td>2,939,000,000</td><td>2,275,000,000</td></tr> <tr> <td>Profit on ordinary activities before taxation</td><td>2,661,000,000</td><td>2,060,000,000</td></tr> <tr> <td>Profit for the financial year</td><td>2,308,000,000</td><td>1,608,000,000</td></tr> </tbody> </table> <table> <thead> <tr> <th></th><th colspan="2">As of (audited)</th></tr> <tr> <th></th><th>December 31, 2015 (USD)</th><th>December 31, 2014 (USD)</th></tr> </thead> <tbody> <tr> <td>Fixed Assets</td><td>12,000,000</td><td>14,000,000</td></tr> </tbody> </table>		Year ended (audited)			December 31, 2015 (USD)	December 31, 2014 (USD)	Operating Profit	2,939,000,000	2,275,000,000	Profit on ordinary activities before taxation	2,661,000,000	2,060,000,000	Profit for the financial year	2,308,000,000	1,608,000,000		As of (audited)			December 31, 2015 (USD)	December 31, 2014 (USD)	Fixed Assets	12,000,000	14,000,000
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		Current Assets	850,219,000,000	967,411,000,000
		Total Shareholders' Funds	26,353,000,000	21,997,000,000
	No material adverse change	There has been no material adverse change in the prospects of GSI since December 31, 2015.		
	Significant changes	Not applicable; there has been no significant change in the financial or trading position particular to GSI subsequent to December 31, 2015.		
B.13	Recent events material to the evaluation of the Issuer's solvency	Not applicable; there have been no recent events particular to GSI which are to a material extent relevant to the evaluation of GSI's solvency.		
B.14	Issuer's position in its corporate group	Please refer to Element B.5 above. GSI is part of a group of companies of which The Goldman Sachs Group, Inc. is the holding company (the " Goldman Sachs Group ") and transacts with, and depends on, entities within such group accordingly.		
B.15	Principal activities	The principal activities of GSI consist of securities underwriting and distribution, trading of corporate debt and equity services, non-U.S. sovereign debt and mortgage securities, execution of swaps and derivative instruments, mergers and acquisitions, financial advisory services for restructurings/private placements/lease and project financings, real estate brokerage and finance, merchant banking, stock brokerage and research.		
B.16	Ownership and control of the Issuer	Goldman Sachs Group UK Limited, a company incorporated under English law has a 100 per cent. shareholding in GSI. Goldman Sachs (UK) L.L.C. is established under the laws of the State of Delaware and has a 97.208 per cent. interest in Goldman Sachs Group UK Limited. Goldman Sachs Ireland Group Limited is established under the laws of Ireland and has a 2.792 per cent. interest in Goldman Sachs Group UK Limited. Goldman Sachs Ireland LLC is established under the laws of the State of Delaware and has a 100 per cent. shareholding in Goldman Sachs Ireland Group Limited. Goldman Sachs Ireland Group Holdings LLC is established under the laws of the State of Delaware and has a 75 per cent. interest in Goldman Sachs Ireland LLC. Goldman Sachs Global Holdings L.L.C. is established under the laws of the State of Delaware and has a 25 per cent. interest in Goldman Sachs Ireland LLC. The Goldman, Sachs & Co. L.L.C. is established under the laws of the State of Delaware and has a one per cent. interest in Goldman Sachs Global Holdings L.L.C. The Goldman Sachs Group, Inc. is established in Delaware and has a 100 per cent. shareholding in Goldman Sachs Ireland Group Holdings LLC, The Goldman, Sachs & Co. L.L.C. and Goldman Sachs (UK) L.L.C. and a 99 per cent. interest in Goldman Sachs Global Holdings L.L.C.		
B.17	Rating of the Issuer or the Securities	The long term debt of GSI is rated 'A' by S&P and Fitch and 'A1' by Moody's. The Securities have not been rated.		
B.18	Nature and scope of the Guaranty	The payment obligations of GSI in respect of the Securities are guaranteed by The Goldman Sachs Group, Inc. " GSG " or the " Guarantor ") pursuant to a guaranty governed by laws of the State of New York dated May 29, 2015 (the " Guaranty "). The Guaranty will rank <i>pari passu</i> with all other unsecured and unsubordinated indebtedness of GSG.		
B.19 (B.1)	Name of Guarantor	The Goldman Sachs Group, Inc.		

B.19 (B.2)	Domicile, legal form, legislation and country of incorporation of the Guarantor	GSG is incorporated in the State of Delaware in the United States as a corporation pursuant to the Delaware General Corporation Law. The registered office of GSG is 200 West Street, New York, New York 10282, USA.																									
B.19 (B.4b)	Known trends with respect to the Guarantor	GSG's prospects will be affected, potentially adversely, by developments in global, regional and national economies, including in the U.S. movements and activity levels, in financial, commodities, currency and other markets, interest rate movements, political and military developments throughout the world, client activity levels and legal and regulatory developments in the United States and other countries where GSG does business.																									
B.19 (B.5)	The Guarantor's group	<div><p style="text-align: center;">Holding Company Structure of GSG</p><pre>graph TD A[The Goldman Sachs Group, Inc.] -- 100% --> B[Goldman, Sachs & Co, Wertpapier GmbH] A -- 100% --> C[The Goldman, Sachs & Co. L.L.C.] A -- 100% --> D[Goldman Sachs Global Holdings L.L.C.] A -- 100% --> E[Goldman Sachs Ireland Group Holdings LLC] A -- 99% --> F[Goldman Sachs (UK) L.L.C.] C -- 1% --> D D -- 25% --> G[Goldman Sachs Ireland LLC] E -- 75% --> G G -- 100% --> H[Goldman Sachs Ireland Group Limited] F -- 97.208% --> I[Goldman Sachs Group UK Limited] H -- 2.792% --> I I -- 100% --> J[Goldman Sachs International]</pre></div> <p>Note: The percentages given are for direct holdings of ordinary shares or equivalent. Minority shareholdings are held by other entities which are themselves owned, directly or indirectly, by GSG</p>																									
B.19 (B.9)	Profit forecast or estimate	Not applicable; GSG has not made any profit forecasts or estimates.																									
B.19 (B.10)	Audit report qualifications	Not applicable; there are no qualifications in the audit report of GSG.																									
B.19 (B.12)	Selected historical key financial information of the Guarantor	<div><p>The following table shows selected key historical financial information in relation to GSG:</p><table><tr><th></th><th colspan="2">As and for the three months ended (unaudited)</th><th colspan="2">As and for the Year ended (audited)</th></tr><tr><th>(in USD millions)</th><th>March 31, 2016</th><th>March 31, 2015</th><th>December 2015</th><th>December 2014</th></tr><tr><td>Total non-interest revenues</td><td>5,455</td><td>9,758</td><td>30,756</td><td>30,481</td></tr><tr><td>Net revenues, including net interest income</td><td>6,338</td><td>10,617</td><td>33,820</td><td>34,528</td></tr><tr><td>Pre-tax earnings</td><td>1,576</td><td>3,934</td><td>8,778</td><td>12,357</td></tr></table></div>		As and for the three months ended (unaudited)		As and for the Year ended (audited)		(in USD millions)	March 31, 2016	March 31, 2015	December 2015	December 2014	Total non-interest revenues	5,455	9,758	30,756	30,481	Net revenues, including net interest income	6,338	10,617	33,820	34,528	Pre-tax earnings	1,576	3,934	8,778	12,357
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Pre-tax earnings	1,576	3,934	8,778	12,357																							

			As at three months ended (unaudited)	As at 31 December (audited)	
		(in USD millions)	March 31, 2016	2015	2014
		Total assets	878,036	861,395	855,842
		Total liabilities	791,199	774,667	773,045
		Total shareholders' equity:	86,837	86,728	82,797
		There has been no material adverse change in the prospects of GSG since December 31, 2015.			
		Not applicable; there has been no significant change in GSG's financial or trading position since March 31, 2016.			
B.19 (B.13)	Recent events material to the evaluation of the Guarantor's solvency	Not applicable; there are no recent events particular to GSG which are to a material extent relevant to the evaluation of GSG's solvency.			
B.19 (B.14)	Dependence upon other members of the Guarantor's group	See Element B.19 (B.5). GSG is a holding company and, therefore, depends on dividends, distributions and other payments from its subsidiaries to fund dividend payments and to fund all payments on its obligations, including debt obligations.			
B.19 (B.15)	Principal activities	<p>The activities of GSG, together with its consolidated subsidiaries ("Goldman Sachs") are conducted in the following segments:</p> <p>(1) Investment Banking:</p> <ul style="list-style-type: none"> Financial Advisory, which includes strategic advisory assignments with respect to mergers and acquisitions, divestitures, corporate defense activities, risk management, restructurings and spin-offs, and derivative transactions directly related to these client advisory assignments; and Underwriting, which includes public offerings and private placements, including domestic and cross-border transactions, of a wide range of securities, loans and other financial instruments, and derivative transactions directly related to these client underwriting activities. <p>(2) Institutional Client Services:</p> <ul style="list-style-type: none"> Fixed Income, Currency and Commodities, which includes client execution activities related to making markets in interest rate products, credit products, mortgages, currencies and commodities; and Equities, which includes client execution activities related to making markets in equity products and commissions and fees from executing and clearing institutional client transactions on major stock, options and futures exchanges worldwide, as well as over-the-counter transactions. Equities also includes our securities services business, which provides financing, securities lending and other prime brokerage services to institutional clients, including hedge funds, mutual funds, pension funds and foundations, and generates revenues primarily in the form of interest rate spreads or fees. <p>(3) Investing & Lending, which includes Goldman Sachs' investing activities and the origination of loans to provide financing to clients. These investments, some of which are consolidated, and loans are typically longer-term in nature. The Goldman Sachs makes investments,</p>			

		<div>directly and indirectly through funds that it manages, in debt securities and loans, public and private equity securities, and real estate entities.</div> <div>(4) Investment Management, which provides investment management services and offers investment products (primarily through separately managed accounts and commingled vehicles, such as mutual funds and private investment funds) across all major asset classes to a diverse set of institutional and individual clients. Investment Management also offers wealth advisory services, including portfolio management and financial counselling, and brokerage and other transaction services to high-net-worth individuals and families.</div>																														
B.19 (B.16)	Ownership and control of the Guarantor	<div>Not applicable; GSG is a publicly-held company listed on the New York Stock Exchange and not directly or indirectly owned or controlled by any shareholders or affiliated group of shareholders.</div> <div>See Element B.19 (B.5).</div>																														
B.19 (B.17)	Rating of the Guarantor	<div>The following table sets forth the Guarantor's unsecured credit ratings. A rating is not a recommendation to buy, sell or hold any of the notes. Any or all of these ratings are subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating:</div> <table><tr><th></th><th>Short-Term Debt</th><th>Long-Term Debt</th><th>Subordinated Debt</th><th>Preferred Stock</th></tr><tr><td>Dominion Bond Rating Service Limited</td><td>R-1 (middle)</td><td>A (high)</td><td>A</td><td>BBB (high)</td></tr><tr><td>Fitch, Inc.</td><td>F1</td><td>A</td><td>A-</td><td>BB+</td></tr><tr><td>Moody's Investors Service</td><td>P-2</td><td>A3</td><td>Baa2</td><td>Ba1</td></tr><tr><td>Standard & Poor's</td><td>A-2</td><td>BBB+</td><td>BBB-</td><td>BB</td></tr><tr><td>Rating and Investment Information, Inc.</td><td>a-1</td><td>A</td><td>A-</td><td>N/A</td></tr></table>		Short-Term Debt	Long-Term Debt	Subordinated Debt	Preferred Stock	Dominion Bond Rating Service Limited	R-1 (middle)	A (high)	A	BBB (high)	Fitch, Inc.	F1	A	A-	BB+	Moody's Investors Service	P-2	A3	Baa2	Ba1	Standard & Poor's	A-2	BBB+	BBB-	BB	Rating and Investment Information, Inc.	a-1	A	A-	N/A
	Short-Term Debt	Long-Term Debt	Subordinated Debt	Preferred Stock																												
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Standard & Poor's	A-2	BBB+	BBB-	BB																												
Rating and Investment Information, Inc.	a-1	A	A-	N/A																												
SECTION C – SECURITIES																																
C.1	Type and class of Securities	<div>Switchable Fixed-to-Floating Rate Notes (the "Securities").</div> <div>ISIN: XS1317278361; Common Code: 131727836; Valoren: 31864802.</div>																														
C.2	Currency	<div>The currency of the Securities will be United States Dollar ("USD" or "U.S.\$").</div>																														
C.5	Restrictions on the free transferability	<div>The Securities and the Guaranty may not be offered, sold or delivered within the United States or to U.S. persons as defined in Regulation S under the Securities Act ("Regulation S"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities law.</div> <div>Further, the Securities may not be acquired by, on behalf of, or with the assets of any plans subject to ERISA or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended, other than certain insurance company general accounts.</div>																														

		Subject to the above, the Securities will be freely transferable.
C.8	Rights attached to the securities including ranking and any limitation to those rights	<p>Rights: The Securities give the right to each holder of Securities (a "Holder") to receive a potential return on the Securities (see C.9 below), together with certain ancillary rights such as the right to receive notice of certain determinations and events and to vote on future amendments. The terms and conditions are governed under English law.</p> <p>Ranking: The Securities are direct, unsubordinated and unsecured obligations of the Issuer and rank equally with all other direct, unsubordinated and unsecured obligations of the Issuer. The Guaranty will rank equally with all other unsecured and unsubordinated indebtedness of GSG.</p> <p>Limitations to rights:</p> <ul style="list-style-type: none"> • The terms and conditions of the Securities contain provisions for calling meetings of Holders to consider matters affecting their interests generally and these provisions permit defined majorities to bind all Holders, including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority. Further, in certain circumstances, the Issuer may amend the terms and conditions of the Securities, without the Holders' consent. • The terms and conditions of the Securities permit the Issuer and the Calculation Agent (as the case may be), on the occurrence of certain events and in certain circumstances, without the Holders' consent, to make adjustments to the terms and conditions of the Securities, to redeem the Securities prior to maturity (where applicable), to postpone scheduled payments under the Securities, to change the currency in which the Securities are denominated, to substitute the Issuer with another permitted entity subject to certain conditions, and to take certain other actions with regard to the Securities.
C.9	Rights attached to the securities including interest provisions, yield and representative of the holders	<p>Please refer to C.8 above.</p> <p>The return on the Securities will derive from:</p> <ul style="list-style-type: none"> • The payment on the relevant payment date(s) of an amount on account of Interest; • The potential payment of a Non-scheduled Early Repayment Amount upon an unscheduled early redemption of the Securities (as described below); and • If the Securities are not previously redeemed, or purchased and cancelled, the payment of the Final Redemption Amount on the maturity date of the Securities. <p style="text-align: center;"><u>Interest</u></p> <p>The Securities bear interest from May 17, 2016 ("Interest Commencement Date") at the Rate of Interest.</p> <p>The interest amount payable on each Interest Payment Date in respect of each Security shall be calculated by multiplying the relevant Rate of Interest by the Calculation Amount, and further multiplying the product by the relevant day count fraction applicable to the interest period ending on (but excluding) the date on which such Interest Payment Date is scheduled to fall, and rounding the resultant figure in accordance with the terms and conditions. If an Interest Payment Date is not a payment business day, the interest amount for that Interest Payment Date will be paid on the next succeeding payment business day but the interest period for the determination of the interest amount shall remain unadjusted.</p>

		<p>The Rate of Interest for each interest period shall be 4.65 per cent. (4.65%) per annum (such Rate of Interest being the "Fixed Rate of Interest"), subject to the occurrence of a Switch Event (as described below).</p> <p>The Rate of Interest for each interest period following the Switch Event Notice Date on which a Switch Event has occurred shall be equal to the Reference Rate plus 0.50 per cent. (0.50%) per annum, provided that such Rate of Interest shall be not less than the Minimum Rate of Interest nor greater than the Maximum Rate of Interest (such Rate of Interest being the "Floating Rate of Interest").</p> <p>Defined terms used above:</p> <ul style="list-style-type: none"> • Calculation Amount: U.S.\$ 2,000. • Interest Payment Dates: the 17th day of May in each calendar year from, and including, May 17, 2017 to, and including, the Maturity Date. • Maximum Rate of Interest: 4.65 per cent. (4.65%) per annum. • Minimum Rate of Interest: zero per cent. (0%) per annum. • Reference Rate: a rate equal to the rate for deposits in USD for a period of three months which appears on the Reuters Screen LIBOR01 Page as of 11:00 a.m., London time, on the day that is two London business days preceding the first day of the relevant interest period. • Switch Event: in respect of the interest period ending on (but excluding) May 17, 2019, the Issuer elects, in its sole and absolute discretion, to irrevocably switch the Rate of Interest from the Fixed Rate of Interest to the Floating Rate of Interest for such interest period and each subsequent interest period, and the Issuer shall give notice to the Holders on the fifth business day immediately preceding the first day of such interest period (the "Switch Event Notice Date"). <p style="text-align: center;">_____</p> <p>Indication of Yield: Not applicable.</p> <p style="text-align: center;">_____</p> <p style="text-align: center;"><u>Non-scheduled Early Repayment Amount</u></p> <p>Unscheduled early redemption: The Securities may be redeemed prior to the scheduled maturity (i) at the Issuer's option if the Issuer determines a change in applicable law has the effect that performance by the Issuer or its affiliates under the Securities or hedging transactions relating to the Securities has become (or there is a substantial likelihood in the immediate future that it will become) unlawful or impracticable (in whole or in part), or (ii) upon notice by a Holder declaring such Securities to be immediately repayable due to the occurrence of an event of default which is continuing.</p> <p>In such case, the Non-scheduled Early Repayment Amount payable on such unscheduled early redemption shall be, for each Security, the Specified Denomination of U.S.\$ 2,000.</p> <p style="text-align: center;">_____</p> <p style="text-align: center;"><u>Redemption</u></p> <ul style="list-style-type: none"> • The "Maturity Date" for the Securities shall be May 17, 2026, provided that if such day is not a payment business day, the final redemption amount will be paid on the next succeeding payment business day. • Unless previously redeemed or purchased and cancelled, each Security will be redeemed by the Issuer on the maturity date by payment of a final redemption amount of U.S.\$ 2,000 per Calculation Amount of
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		Securities. Representative of holders of Securities: Not applicable; the Issuer has not appointed any person to be a representative of the holders of Securities.
C.10	Derivative component in the interest payment	Please see C.9 above. Not applicable; there is no derivative component in the interest payments made in respect of the Securities.
C.11	Admission to trading on a regulated market	Application has been made to admit the Securities to trading on the regulated market of the Luxembourg Stock Exchange with effect from as soon as practicable following the Issue Date. No assurances can be given that such application for admission to trading will be granted. Application will be made to admit the Securities to trading on Borsa Italiana S.p.A.'s MOT (Electronic bond market) with effect from as soon as practicable following the Issue Date. No assurances can be given that such application for admission to trading will be granted.
SECTION D – RISKS		
D.2	Key risks that are specific to the Issuer, the Guarantor and Goldman Sachs	<p>The payment of any amount due on the Securities is subject to our credit risk. The Securities are our unsecured obligations. The Securities are not bank deposits and are not insured or guaranteed by the U.S. Federal Deposit Insurance Corporation, the U.S. Deposit Insurance Fund, the UK Financial Services Compensation Scheme or any other government or governmental or private agency or deposit protection scheme in any jurisdiction. The value of and return on your securities will be subject to our credit risk and to changes in the market's view of our creditworthiness.</p> <p>References in B.12 and B.19 (B.12) above to the "prospects" and "financial or trading position" of the Issuer and Guarantor (as applicable), are specifically to their respective ability to meet their full payment obligations under the Securities (in the case of GSI) or Guaranty (in the case of GSG) in a timely manner. Material information about the Issuer's and Guarantor's respective financial condition and prospects is included in each of the Issuer's and Guarantor's annual and/or interim reports. You should be aware, however, that each of the key risks highlighted below could have a material adverse effect on the Issuer's and Guarantor's businesses, operations, financial and trading position and prospects, which, in turn, could have a material adverse effect on the return investors receive on the Securities.</p> <p>The Issuer and the Guarantor are subject to a number of key risks of Goldman Sachs:</p> <ul style="list-style-type: none"> • Goldman Sachs' businesses have been and may continue to be adversely affected by conditions in the global financial markets and economic conditions generally. • Goldman Sachs' businesses and those of its clients are subject to extensive and pervasive regulation around the world. • Goldman Sachs' businesses have been and may be adversely affected by declining asset values. This is particularly true for those businesses in which Goldman Sachs has net "long" positions, receives fees based on the value of assets managed, or receives or posts collateral. • Goldman Sachs' businesses have been and may be adversely affected by disruptions in the credit markets, including reduced access to credit and higher costs of obtaining credit. • Goldman Sachs' market-making activities have been and may be affected by changes in the levels of market volatility. • Goldman Sachs' investment banking, client execution and investment

		<p>management businesses have been adversely affected and may in the future be adversely affected by market uncertainty or lack of confidence among investors and CEOs due to general declines in economic activity and other unfavourable economic, geopolitical or market conditions.</p> <ul style="list-style-type: none"> • Goldman Sachs' investment management business may be affected by the poor investment performance of its investment products. • Goldman Sachs may incur losses as a result of ineffective risk management processes and strategies. • Goldman Sachs' liquidity, profitability and businesses may be adversely affected by an inability to access the debt capital markets or to sell assets or by a reduction in its credit ratings or by an increase in its credit spreads. • A failure to appropriately identify and address potential conflicts of interest could adversely affect Goldman Sachs' businesses. • A failure in Goldman Sachs' operational systems or infrastructure, or those of third parties, as well as human error, could impair Goldman Sachs' liquidity, disrupt Goldman Sachs' businesses, result in the disclosure of confidential information, damage Goldman Sachs' reputation and cause losses. • A failure to protect Goldman Sachs' computer systems, networks and information, and Goldman Sachs' clients' information, against cyber attacks and similar threats could impair Goldman Sachs' ability to conduct Goldman Sachs' businesses, result in the disclosure, theft or destruction of confidential information, damage Goldman Sachs' reputation and cause losses. • The Guarantor is a holding company and is dependent for liquidity on payments from its subsidiaries, many of which are subject to restrictions. • The application of regulatory strategies and requirements in the United States and non-U.S. jurisdictions to facilitate the orderly resolution of large financial institutions could create greater risk of loss for Goldman Sachs' security holders. • The ultimate impact of the recently proposed rules requiring U.S. global systemically important banks to maintain minimum amounts of long-term debt meeting specified eligibility requirements is uncertain. • The application of GSG's proposed resolution strategy could result in greater losses for GSG's security holders, and failure to address shortcomings in Goldman Sachs' resolution plan could subject us to increased regulatory requirements. • Goldman Sachs' businesses, profitability and liquidity may be adversely affected by deterioration in the credit quality of, or defaults by, third parties who owe Goldman Sachs money, securities or other assets or whose securities or obligations Goldman Sachs holds. • Concentration of risk increases the potential for significant losses in Goldman Sachs' market-making, underwriting, investing and lending activities. • The financial services industry is both highly competitive and interrelated. • Goldman Sachs faces enhanced risks as new business initiatives lead it to transact with a broader array of clients and counterparties and exposes it to new asset classes and new markets. • Derivative transactions and delayed settlements may expose Goldman
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		<p>Sachs to unexpected risk and potential losses.</p> <ul style="list-style-type: none"> • Goldman Sachs' businesses may be adversely affected if Goldman Sachs is unable to hire and retain qualified employees. • Goldman Sachs may be adversely affected by increased governmental and regulatory scrutiny or negative publicity. • Substantial legal liability or significant regulatory action against Goldman Sachs could have material adverse financial effects or cause significant reputational harm to Goldman Sachs, which in turn could seriously harm its business prospects. • The growth of electronic trading and the introduction of new trading technology may adversely affect Goldman Sachs' business and may increase competition. • Goldman Sachs' commodities activities, particularly its physical commodities activities, subject Goldman Sachs to extensive regulation and involve certain potential risks, including environmental, reputational and other risks that may expose it to significant liabilities and costs. • In conducting its businesses around the world, Goldman Sachs is subject to political, economic, legal, operational and other risks that are inherent in operating in many countries. • Goldman Sachs may incur losses as a result of unforeseen or catastrophic events, including the emergence of a pandemic, terrorist attacks, extreme weather events or other natural disasters.
D.3	Key risks that are specific to the Securities:	<ul style="list-style-type: none"> • You may lose some or all of your entire investment in the Securities where: <ul style="list-style-type: none"> ○ We (as Issuer and Guarantor) fail or are otherwise unable to meet our payment obligations; ○ You do not hold your Securities to maturity and the secondary sale price you receive is less than the original purchase price; or ○ Your Securities are redeemed early due to an unexpected event and the amount you receive is less than the original purchase price. • The estimated value of your Securities (as determined by reference to pricing models used by us) at the time the terms and conditions of your Securities are set on the trade date, will be less than the original issue price of your Securities. • Your Securities may not have an active trading market, and you may be unable to dispose of them. • In the event that the Guarantor becomes insolvent (but the Issuer does not), you will not be able to declare the Securities to be immediately due and payable. The return on the Securities may be significantly less than what you would have otherwise received had you been able to declare the Securities immediately due and repayable upon the insolvency of the Guarantor. • We give no assurance that application for listing and admission to trading will be granted (or, if granted, will be granted by the issue date) or that an active trading market in the Securities will develop. We may discontinue any such listing at any time. • The initial issue size of U.S.\$ 100,000,000 could be reduced following issuance, and this could have a negative effect on your ability to sell the Securities in the secondary market.

		<ul style="list-style-type: none"> • The Issuer has the right (but not the obligation) to, in respect of the interest period ending on (but excluding) May 17, 2019, irrevocably switch the Rate of Interest from the Fixed Rate of Interest to the Floating Rate of Interest for such interest period and each subsequent interest period. The Issuer is likely to exercise such right if it is of the view that the Floating Rate of Interest for such interest period and all subsequent interest periods are likely to be lower than the Fixed Rate of Interest. If the Issuer does exercise such right, then the interest amounts paid under the Securities may be less than if such right had not been exercised, thus reducing the return to investors. • The performance of interest rates is dependent upon a number of factors, including supply and demand on the international money markets, which are influenced by measures taken by governments and central banks, as well as speculations and other macroeconomic factors. • Indices which are deemed 'benchmarks' are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or have other consequences which cannot be predicted. • Your Securities may be adjusted or redeemed prior to maturity due to a change in law. Any such adjustment may have a negative effect on the value of and return on your Securities; the amount you receive following an early redemption may be less than your initial investment and you could lose some or all of your investment. • The Issuer of your Securities may be substituted with another company. • We may amend the terms and conditions of your Securities in certain circumstances without your consent.
SECTION E – THE OFFER		
E.2b	Reasons for the offer and use of proceeds	The net proceeds of the issue of the Securities will be used in the general business of the Issuer.
E.3	Terms and conditions of the offer	No public offer of the Securities is being made. The Issue Price is 100 per cent. (100%) of the Aggregate Nominal Amount.
E.4	Interests material to the issue/offer, including conflicting interests	So far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the issue, including conflicting interests.
E.7	Estimated expenses charged to the investor by the issuer or the offeror	Not applicable. There are no estimated expenses charged to the investor by the Issuer or the offeror.

RISK FACTORS

An investment in your Securities is subject to the risks described below. You should carefully review (i) the applicable risk factors in the section entitled "Risk Factors" from the Base Prospectus incorporated by reference in this Prospectus (see the section entitled "Documents Incorporated by Reference" below) and (ii) the additional risk factors set out below, as well as the terms and conditions of the Securities described in this Prospectus. You should carefully consider whether the Securities are suited to your particular circumstances, including to consult your own professional advisers as necessary. We do not give to you as a prospective purchaser of Securities any assurance or guarantee as to the merits, performance or suitability of the Securities, and you should be aware that we act as an arm's-length contractual counterparty and not as an advisor or fiduciary.

In these Risk Factors, "we" and "our" means Goldman Sachs.

RISK WARNING OF POTENTIAL LOSS OF SOME OR ALL OF YOUR INVESTMENT

You may lose some or all of your entire investment in the Securities where:

- **The Issuer or Guarantor fails or is otherwise unable to meet its payment obligations:** The Securities are our unsecured obligations. They are not bank deposits and are not insured or guaranteed by the U.S. Federal Deposit Insurance Corporation, the U.S. Deposit Insurance Fund, the UK Financial Services Compensation Scheme or any other government or governmental or private agency or deposit protection scheme in any jurisdiction. Therefore, if the Issuer or Guarantor fails or is otherwise unable to meet its payment obligations under the Securities, you will lose some or all of your investment.
- **The secondary sale price is less than the original purchase price:** The market price of your Securities prior to maturity may be significantly lower than the purchase price you pay for them. Consequently, if you sell your Securities before the stated scheduled redemption date, you may receive far less than your original invested amount.
- **There is an insolvency of the Guarantor but not the Issuer:** The insolvency of the Guarantor will not constitute an event of default in relation to your Securities. In the event that the Guarantor becomes insolvent (but the Issuer does not), you will not be able to declare the Securities to be immediately due and repayable. Instead, you will need to wait until the earlier of the time that (i) the Issuer itself becomes insolvent or otherwise defaults on the terms of the Securities and (ii) the final maturity of the Securities. The return you receive on the Securities may be significantly less than what you would have otherwise received had you been able to declare the Securities immediately due and repayable upon the insolvency of the Guarantor.

These circumstances are more fully described below.

A. FACTORS THAT MAY AFFECT OUR ABILITY TO FULFIL OUR OBLIGATIONS UNDER THE SECURITIES

The payment of any amount due on the Securities is subject to our credit risk. The Securities are our unsecured obligations.

The Securities are not bank deposits and are not insured or guaranteed by the U.S. Federal Deposit Insurance Corporation, the U.S. Deposit Insurance Fund, the UK Financial Services Compensation Scheme or any other government or governmental or private agency or deposit protection scheme in any jurisdiction. Investors are dependent on our ability to pay all amounts due on the Securities, and therefore investors are subject to our credit risk and to changes in the market's view of our creditworthiness.

You should also read "Risk Factors – 2. Risks relating to GSI" in the Base Prospectus incorporated

by reference herein.

You should read Part I, Item 1A (*Risk Factors*) (pages 25 to 43) of GSG's 2015 Form 10-K incorporated by reference herein.

Risks relating to the potential exercise by a UK resolution authority of its resolution powers in relation to GSI

The EU Bank Recovery and Resolution Directive ("**BRRD**") entered into force on July 2, 2014. EU Member states were required to adopt and publish the laws, regulations and administrative provisions necessary to comply with the BRRD by 31 December 2014 and to apply those with effect from January 1, 2015, except in relation to the bail-in provisions, which were to apply from January 1, 2016 at the latest. Its stated aim is to provide national "resolution authorities" with powers and tools to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The majority of the requirements of the BRRD have been implemented in the UK through the UK Banking Act 2009, as amended and related statutory instruments (the "**UK Banking Act**"). The UK Banking Act provides for a "resolution regime" granting substantial powers to the Bank of England (or, in certain circumstances, HM Treasury), to implement resolution measures (in consultation with other UK authorities) with respect to a UK financial institution (for example, such as GSI) where the UK resolution authority considers that the relevant institution is failing or is likely to fail, there is no reasonable prospect of other measures preventing the failure of the institution and action is necessary in the public interest.

The resolution powers available to the UK resolution authority include powers to:

- write down the amount owing or convert the relevant securities into other securities, including ordinary shares of the relevant institution (or a subsidiary) – the so-called "bail-in" tool;
- transfer all or part of the business of the relevant institution to a "bridge bank";
- transfer impaired or problem assets to an asset management vehicle; and
- sell the relevant institution to a commercial purchaser.

In addition, the UK resolution authority is empowered to modify contractual arrangements, suspend enforcement or termination rights that might otherwise be triggered and disapply or modify laws in the UK (with possible retrospective effect) to enable the recovery and resolution powers under the UK Banking Act to be used effectively.

You should be aware that the exercise of any such resolution power or even the suggestion of any such potential exercise in respect of GSI (or any member of the GSI group) could have a material adverse effect on the rights of holders of Securities, and could lead to a loss of some or all of the investment. The resolution regime is designed to be triggered prior to insolvency of the relevant institution, and holders of securities issued by such institution may not be able to anticipate the exercise of any resolution power (including exercise of the "bail-in" tool) by the UK resolution authority. Further, holders of securities issued by an institution which has been taken into a resolution regime will have very limited rights to challenge the exercise of powers by the UK resolution authority, even where such powers have resulted in the write down of the securities or conversion of the securities to equity.

B. FACTORS WHICH ARE MATERIAL FOR THE PURPOSES OF ASSESSING THE MARKET RISKS IN RELATION TO THE SECURITIES

1. Risks associated with the value and liquidity of your Securities

1.1 The estimated value of your Securities (as determined by reference to pricing models used by us) at the time the terms and conditions of your Securities are set on the trade date, will be less than the original issue price of your Securities

The original issue price for your Securities will exceed the estimated value of your Securities as from the trade date, as determined by reference to our pricing models and taking into account our credit spreads. The difference between the estimated value of your Securities as of the time the terms and conditions of your Securities were set on the trade date and the original issue price is a result of many factors, including among others on issuance, the expenses incurred in creating, documenting and marketing the Securities and our own internal funding costs (being an amount based on what we would pay to holders of a non-structured security with a similar maturity). The difference may be greater when the Securities are initially traded on any secondary markets and may gradually decline in value during the term of the Securities.

In estimating the value of your Securities as of the time the terms and conditions of your Securities were set on the trade date, our 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 Securities. 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 Securities in the secondary market, if any, to others may differ, perhaps materially, from the estimated value of your Securities determined by reference to our models due to, among other things, any differences in pricing models or assumptions used by others.

1.2 The value, quoted price and yield of your Securities (if any) at any time will reflect many factors and cannot be predicted

The value, quoted price and yield of your Securities (if any) at any time will reflect many factors and cannot be predicted. The following factors, amongst others, many of which are beyond our control, may influence the market value of your Securities:

- interest rates and yield rates in the market;
- the time remaining until your Securities mature; and
- our creditworthiness, whether actual or perceived, and including actual or anticipated upgrades or downgrades in our credit ratings or changes in other credit measures.

If we make a market in the Securities, the price quoted by us would reflect any changes in market conditions and other relevant factors, including any deterioration in our creditworthiness or perceived creditworthiness. These changes may adversely affect the value of your Securities, including the price you may receive for your Securities in any market making transaction. To the extent that we make a market in the Securities, the quoted price will reflect the estimated value determined by reference to our pricing models at that time, plus or minus its customary bid and ask spread for similar sized trades of structured securities and subject to the declining excess amount described in risk factor 1.1 (*The estimated value of your Securities (as determined by reference to pricing models used by us) at the time the terms and conditions of your Securities are set on the trade date, will be less than the original issue price of your Securities*) above.

Further, if you sell or buy your Securities on the secondary market, you will likely be charged a commission for secondary market transactions, or, in the case of a sale of the Securities the price will likely reflect a dealer discount. This commission or discount will further reduce the proceeds you would

receive for your Securities in a secondary market sale.

If you sell your Securities prior to maturity, you may receive less than the face amount or initial purchase price of your Securities.

There is no assurance that we or any other party will be willing to purchase your Securities at any price and, in this regard, we are not obligated to make a market in the Securities. See risk factor 1.3 ("*Your Securities may not have an active trading market*") below.

In addition, please note that the yield of the Securities will also depend on their purchase and sale price on the secondary market. Such prices may differ significantly from the original issue price of your Securities and from the redemption price at maturity.

1.3 **Your Securities may not have an active trading market**

Unless we expressly tell you otherwise, or to the extent that the rules of any stock exchange on which the Securities are listed and admitted to trading require us to provide liquidity in respect of the Securities, there may be little or no secondary market for your Securities and you may be unable to sell them.

If we do make a market for the Securities, we may cease to do so at any time without notice to you and we are not obligated to provide any quotation of bid or offer price(s) of the Securities which is favourable to you.

Application (i) has been made by the Issuer (or on its behalf) for the Securities to be listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange; and (ii) will be made by the Issuer (or on its behalf) for the Securities to be listed on Borsa Italiana S.p.A. and admitted to trading on Borsa Italiana S.p.A.'s MOT (Electronic bond market), a regulated market organised and managed by Borsa Italiana S.p.A., however, we give no assurance that such applications will be accepted, that any particular Securities will be so admitted, or that an active trading market in the Securities will develop. We may discontinue any such listing at any time.

Even if a secondary market for your Securities develops, it may not provide significant liquidity and transaction costs in any secondary market could be high. As a result, the difference between bid and asked prices for your Securities in any secondary market could be substantial. See also risk factor 1.2 ("*The value, quoted price and yield of your Securities (if any) at any time will reflect many factors and cannot be predicted*") above. There may be less liquidity in the secondary market for the Securities also if they are exclusively offered to retail investors without any offer to institutional investors.

On the Issue Date (being May 17, 2016), U.S.\$ 100,000,000 of Securities will be issued to and made available for sale by GSI (in its capacity as Dealer), and as soon as practicable thereafter, listed and admitted to trading on both the Borsa Italiana S.p.A.'s MOT (Electronic bond market) and the regulated market of the Luxembourg Stock Exchange for purchase by investors. However, GSI (in its capacity as Dealer) reserves its right to cancel some or all of the Securities that it holds at any time prior to the Maturity Date (being May 17, 2026), such right to be exercised in accordance with applicable laws, the terms and conditions of the Securities and the applicable rules of Borsa Italiana S.p.A. and the Luxembourg Stock Exchange including as to notification. In particular, at any time following listing and admission to trading on Borsa Italiana S.p.A.'s MOT (Electronic bond market) and the regulated market of the Luxembourg Stock Exchange, GSI (in its capacity as Dealer) may cancel some or all of any Securities which have not been purchased by investors by such time. Accordingly, the total amount of Securities outstanding at any time may be significantly less than U.S.\$ 100,000,000, and this could have a negative impact on an investor's ability to sell the Securities in the secondary market. Notification of any such cancellation of Securities will be made on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it) and in any case according to the rules of Borsa Italiana S.p.A. and on the website

of the Luxembourg Stock Exchange (www.bourse.lu).

You should therefore not assume that the Securities can be sold at a specific time or at a specific price during their life, and you should assume that you may need to hold them until they mature.

2. Risks associated with certain terms of the Securities, including adjustment, substitution and amendments

2.1 Your Securities may be redeemed prior to maturity due to a change in law event, and you may lose some or all of your investment

Where, due to a change in law event, our performance under the Securities or hedging transactions relating to the Securities has become (or there is a substantial likelihood in the immediate future that it will become) illegal or impractical, we may, in our discretion, redeem the Securities.

Following any such early redemption of the Securities, you may not be able to reinvest the proceeds from such redemption at a comparable return and/or with a comparable interest rate for a similar level of risk. You should consider such reinvestment risk in light of other available investments when you purchase the Securities.

2.2 The Issuer of your Securities may be substituted with another company

The Issuer may be substituted as principal obligor under the Securities by any company from the Goldman Sachs Group of companies. Whilst the new issuer will provide an indemnity in your favour in relation to any additional tax or duties that become payable solely as a result of such substitution, you will not have the right to consent to such substitution.

2.3 We may amend the terms and conditions of your Securities in certain circumstances without your consent; amendments to the Securities will bind all holders thereof

The terms and conditions of the Securities may be amended by us without your consent as a holder of the Securities in any of the following circumstances:

- to correct a manifest or proven error or omission;
- where the amendment is of a formal, minor or technical nature; or
- where such amendment will not materially and adversely affect the interests of holders.

In certain other circumstances, the consent of a defined majority of holders is required to make amendments. The terms and conditions of the Securities contain provisions for holders of Securities to call and attend meetings to vote upon such matters or to pass a written resolution in the absence of such a meeting. Resolutions passed at such a meeting, or passed in writing, can bind all holders of Securities, including investors that did not attend or vote, or who do not consent to the amendments.

2.4 We may elect to switch the Rate of Interest from the Fixed Rate of Interest to the Floating Rate of Interest

We have the right (but not the obligation) to, in respect of the Interest Period ending on (but excluding) May 17, 2019, irrevocably switch the Rate of Interest from the Fixed Rate of Interest to the Floating Rate of Interest for such interest period and each subsequent interest period. We are likely to exercise such right if we are of the view that the Floating Rate of Interest for such Interest Period and all subsequent Interest Periods are likely to be lower than the Fixed Rate of Interest. If we do exercise such right, then the interest amounts paid under the Securities may be less than if such right had not been exercised, thus

reducing the return to investors.

3. Risks associated with foreign exchange rates

3.1 You may be exposed to foreign exchange risk on your Securities

Foreign exchange fluctuations between your home currency and the currency in which payments under the Securities is denominated may affect you if you intend to convert gains or losses from the sale of Securities into your home currency.

Foreign exchange rates are, and have been, highly volatile and determined by supply and demand for currencies in the international foreign exchange markets; such fluctuations in rates are subject to economic factors, including, among others, inflation rates in the countries concerned, interest rate differences between the respective countries, economic forecasts, international political factors, currency convertibility and safety of making financial investments in the currency concerned, speculation and measures taken by governments and central banks.

Foreign currency exchange rates can either float or be fixed by sovereign governments. From time to time, governments use a variety of techniques, such as intervention by a country's central bank or imposition of regulatory controls or taxes, to affect the exchange rate of their currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or exchange characteristics by devaluation or revaluation of a currency. Thus, a particular concern in purchasing Securities with foreign exchange risks as described above is that their yields or payouts could be significantly and unpredictably affected by governmental actions. Even in the absence of governmental action directly affecting currency exchange rates, political or economic developments in the country of the relevant currency or elsewhere could lead to significant and sudden changes in the exchange rate of that currency and others. These changes could negatively (or positively) affect the value of and return on the Securities as participants in the global currency markets move to buy or sell the relevant currency in reaction to these developments.

Governments have imposed from time to time and may in the future impose exchange controls or other conditions, including taxes, with respect to the exchange or transfer of a currency that could affect exchange rates as well as the availability of the currency for a Security at its maturity or on any other payment date. In addition, your ability to move currency freely out of the country in which payment in the currency is received or to convert the currency at a freely determined market rate could be limited by governmental actions.

4. Risks associated with Interest Rates

4.1 Various unpredictable factors may affect the performance of interest rates

The performance of interest rates is dependent upon a number of factors, including supply and demand on the international money markets, which are influenced by measures taken by governments and central banks, as well as speculations and other macroeconomic factors.

4.2 Regulation and reform of "benchmarks", including LIBOR, EURIBOR and other interest rate, equity, commodity, foreign exchange rate and other types of benchmarks

The London Inter-Bank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other interest rate, equity, commodity, foreign exchange rate and other types of indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, or to

disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Securities linked to such a "benchmark".

Key international proposals for reform of "benchmarks" include IOSCO's *Principles for Financial Market Benchmarks* (July 2013) (the "**IOSCO Benchmark Principles**") and the proposed *EU Regulation on indices used as benchmarks in certain financial instruments and financial contracts* (the "**Proposed Benchmark Regulation**").

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability as well as the quality and transparency of benchmark design and methodologies. A review published by IOSCO in February 2015 of the status of the voluntary market adoption of the IOSCO Benchmark Principles noted that, as the benchmarks industry is in a state of change, further steps may need to be taken by IOSCO in the future, but that it is too early to determine what those steps should be. The review noted that there has been a significant market reaction to the publication of the IOSCO Benchmark Principles, with widespread efforts being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed.

On December 9, 2015, the European Council approved the final compromise text of the Proposed Benchmark Regulation. The text of the Proposed Benchmark Regulation is subject to EU Parliamentary approval and publication in the Official Journal, expected by mid-2016. While still unclear, it appears that the Proposed Benchmark Regulation is unlikely to be implemented before the first quarter of 2018.

Assuming that the current text is passed without change (as appears likely), the Proposed Benchmark Regulation would apply to "contributors", "administrators" and "users" of "benchmarks" in the EU, and would, among other things, (i) require benchmark administrators to be authorised (or, if non-EU-based, to have satisfied certain "equivalence" conditions in its local jurisdiction, to be "recognised" by the authorities of a Member State pending an equivalence decision or to be "endorsed" for such purpose by an EU competent authority) and to comply with requirements in relation to the administration of "benchmarks" and (ii) ban the use of "benchmarks" of unauthorised administrators. The scope of the Proposed Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices such as LIBOR and EURIBOR, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in certain financial instruments (securities or OTC derivatives listed on an EU regulated market, EU multilateral trading facility (MTF), EU organised trading facility (OTF) or "systematic internaliser"), certain financial contracts and investment funds. Different types of "benchmark" are subject to more or less stringent requirements, and in particular a lighter touch regime may apply where a "benchmark" is not based on interest rates or commodities and the value of financial instruments, financial contracts or investment funds referring to a benchmark is less than €50bn, subject to further conditions.

The Proposed Benchmark Regulation could have a material impact on Securities linked to a "benchmark" rate or index, including in any of the following circumstances:

- a rate or index which is a "benchmark" could not be used as such if its administrator does not obtain authorisation or is based in a non-EU jurisdiction which (subject to applicable transitional provisions) does not satisfy the "equivalence" conditions, is not "recognised" pending such a decision and is not "endorsed" for such purpose. In such event, depending on the particular "benchmark" and the applicable terms of the Securities, the Securities could be de-listed, adjusted, redeemed prior to maturity or otherwise impacted; and
- the methodology or other terms of the "benchmark" could be changed in order to comply with the

terms of the Proposed Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the Securities, including Calculation Agent determination of the rate or level in its discretion.

Any of the international, national or other proposals for reform or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". The disappearance of a "benchmark" or changes in the manner of administration of a "benchmark" could result in adjustment to the terms and conditions, early redemption, discretionary valuation by the Calculation Agent, delisting or other consequence in relation to Securities linked to such "benchmark". Any such consequence could have a material adverse effect on the value of and return on any such Securities.

4.3 A negative floating rate may reduce any positive margin otherwise payable on your Securities

It is possible that floating rates of interest (e.g., LIBOR and EURIBOR, etc.) could turn negative. If the interest rate of your Securities is based on a floating rate, plus a specified Margin, and if the Contractual Terms specify "Reference Rate 0% Floor" or "ISDA Rate 0% Floor" to be not applicable, a negative floating rate will reduce the Margin, potentially to zero. In such case, the interest rate that you receive on your Securities will be lower than the Margin, and may even reduce it to zero, so that you receive no interest on your Securities.

4.4 An interest rate may be floored at the minimum interest rate of zero per cent.

If the interest rate of your Securities is based on a floating rate (e.g., LIBOR and EURIBOR, etc.), plus or minus a specified Margin, it is possible that the interest rate could become negative. In such case, if the applicable Contractual Terms specify "Minimum Rate of Interest" to be zero per cent., the minimum interest rate that you receive on your Securities will be zero, so that you receive no interest on your Securities.

5. Risks associated with discretionary powers of the Issuer and the Calculation Agent including in relation to our hedging arrangements

As described elsewhere in these risk factors, the occurrence of certain events – relating to the Issuer, our hedging arrangements, taxation, the relevant currency or other matters – the occurrence of which may give rise to discretionary powers on our part (as Issuer or as Calculation Agent) under the terms and conditions of the Securities.

In relation to our hedging arrangements, we (including through one or more affiliates of the Issuer and the Guarantor) may enter into one or more arrangements to cover our exposure to the relevant cash amounts to be paid or assets to be delivered under the Securities as these fall due. We describe some of the potential types of arrangements in risk factor 7.1 (*Our hedging, trading, issuance and underwriting activities may create conflicts of interest between you and us*) below. The particular hedging arrangements (if any) undertaken by us, and their cost, will likely be a significant determinant of the price and the economic terms and conditions of your Securities. Accordingly, if an event occurs which negatively impacts our hedging arrangements, we may have discretionary powers under the terms and conditions of your Securities as described in the paragraph immediately above to account for such impact on our hedging arrangements. The exercise by us of such discretionary powers may have a negative impact on the value of and return on your Securities.

6. **Risks associated with taxation**

Tax laws may change and this may have a negative impact on your Securities

Tax law and practice is subject to change, possibly with retrospective effect and this could adversely affect the value of your Securities to you and/or their market value generally. Any such change may (i) cause the tax treatment of the Securities to change from what you understood the position to be at the time of purchase; (ii) render the statements in this Prospectus concerning relevant tax law and practice in relation to the Securities inaccurate or inapplicable in some or all respects to certain Securities or have the effect that this Prospectus does not include material tax considerations in relation to certain Securities; or (iii) give us the right to redeem the Securities early, if such change has the effect that our performance under the Securities or hedging transaction relating to the Securities is unlawful or impracticable (see risk factor 2.1 (*Your Securities may be redeemed prior to maturity due to a change in law event, and you may lose some or all of your investment*)). **You should consult your own tax advisers about the tax implications of holding any Security and of any transaction involving any Security.**

7. **Risks associated with conflicts of interest between Goldman Sachs Group and purchasers of Securities**

The various roles and trading activities of Goldman Sachs could create conflicts of interest between you and us.

7.1 **Our hedging, trading, issuance and underwriting activities may create conflicts of interest between you and us**

In anticipation of the sale of the Securities, we and/or our affiliates may (but are not obligated to) enter into hedging transactions involving purchase of indices designed to track the performance of the relevant markets or components of such markets or other transactions on or before the trade date. In addition, from time to time after we issue the Securities, we and/or our affiliates expect to enter into additional hedging transactions and to unwind those we have entered into, in connection with the Securities and perhaps in connection with other Securities we issue, some of which may have returns linked to commodities or foreign currencies or other assets. Consequently, with regard to your Securities, from time to time, we may acquire or dispose of the specified currency of the Securities in foreign exchange transactions involving other currencies.

We and/or our affiliates may acquire a long or short position in securities similar to your Securities from time to time and may, in our or their sole discretion, hold or resell those securities.

In the future, we and/or our affiliates expect to close out hedge positions relating to the Securities and perhaps relating to other Securities with returns linked to foreign currencies. We expect these steps to involve sales of instruments linked to the foreign currencies on or shortly before the trade date. These steps also may involve sales and/or purchases of listed or over-the-counter options, futures or other instruments linked to the foreign currencies, constituent indices or indices designed to track the performance of the exchange or other markets or other components of such markets, as applicable.

7.2 **As Calculation Agent, we will have the authority to make determinations that could affect the market value and return on your Securities**

The Calculation Agent is GSI. The Calculation Agent has the authority (i) to determine whether certain specified events and/or matters so specified in the conditions relating to the Securities have occurred, and (ii) to determine the consequence of such event, including potentially, revised calculations, adjustments, postponements or early redemption of the Securities. See risk factor 5 (*Risks associated with*

discretionary powers of the Issuer and the Calculation Agent including in relation to our hedging arrangements) above. Any such determination made by the Calculation Agent (in the absence of manifest or proven error) shall be binding on the Issuer and all purchasers of the Securities. Any such determinations may have an adverse impact on the value of and return on the Securities.

8. **Risks associated with an insolvency of the Guarantor but not the Issuer**

The insolvency of the Guarantor will not constitute an event of default in relation to the Securities. In the event that the Guarantor becomes insolvent (but the Issuer does not), you will not be able to declare the Securities to be immediately due and repayable. Instead, you will need to wait until the earlier of the time that (i) the Issuer itself becomes insolvent or otherwise defaults on the terms of the Securities and (ii) the final maturity of the Securities. The return you receive on the Securities may be significantly less than what you would have otherwise received had you been able to declare the Securities immediately due and repayable upon the insolvency of the Guarantor.

9. **Risks associated with potential 'bail-in' of Securities**

See "*Risks relating to the potential exercise by a UK resolution authority of its resolution powers in relation to GSI*" above.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the documents incorporated by reference into this Prospectus. The information contained in the following documents (other than any documents which are incorporated by reference into such following documents) is hereby incorporated by reference into this Prospectus and deemed to form a part of this Prospectus:

- (i) the base prospectus dated April 14, 2016 relating to issues of non-equity securities under the Programme by Goldman Sachs International and Goldman Sachs & Co. Wertpapier GmbH (the "**Original Base Prospectus**");
- (ii) Supplement No. 1 to the Original Base Prospectus dated April 21, 2016 ("**Base Prospectus Supplement No. 1**") and the Original Base Prospectus as supplemented by Base Prospectus Supplement No. 1, the "**Base Prospectus**";
- (iii) the Annual Report for the fiscal year ended December 31, 2015 of GSI (the "**GSI's 2015 Annual Report**"), containing, in Part 2, the Directors' Report and Financial Statements of GSI for the period ended December 31, 2015 (the "**GSI's 2015 Financial Statements**");
- (iv) the Annual Report for the fiscal year ended December 31, 2014 of GSI (the "**GSI's 2014 Annual Report**"), containing, in Part 2, the Directors' Report and Financial Statements of GSI for the period ended December 31, 2014 (the "**GSI's 2014 Financial Statements**");
- (v) the Annual Report on Form 10-K of GSG for the fiscal year ended December 31, 2015 (the "**GSG's 2015 Form 10-K**"), containing financial statements relating to the fiscal years ended December 31, 2015 and December 31, 2014;
- (vi) the Proxy Statement relating to the 2016 Annual Meeting of Shareholders on May 20, 2016 (the "**GSG's 2016 Proxy Statement**"); and
- (vii) the Quarterly Report on Form 10-Q dated May 5, 2016 of The Goldman Sachs Group, Inc. (the "**GSG's 2016 First Quarter Form 10-Q**"), as filed with the SEC on May 5, 2016.

The table below sets out the relevant page references for the information incorporated into this Prospectus by reference. The information incorporated by reference that is not included in the cross-reference list is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No. 809/2004 (as amended). Information not incorporated by reference are not relevant for the investor or are covered in other parts of this Prospectus.

The Luxembourg Stock Exchange will publish such documents on its website at www.bourse.lu.

Information incorporated by reference	Page reference
<i>From the Base Prospectus</i>	
Risk Factors	
2. <i>Risks relating to GSI</i>	Pages 48-62
Commonly Asked Questions about the Programme	Pages 106-117
General Terms and Conditions of the Notes	Pages 171-218
Coupon Payout Conditions	Pages 219-227
Form of Guaranty	Page 541-542
Forms of the Notes	Pages 554-555
Book-Entry Clearing Systems	Pages 556-558
Use of Proceeds	Page 559
Goldman Sachs International	Page 560-563
<i>General Information on Goldman Sachs International</i>	Page 560

<i>Capitalisation</i>	Pages 560-561
<i>Corporate Governance</i>	Page 561
<i>Management of GSI</i>	Page 561
<i>EMEA Conduct Risk Committee</i>	Pages 561-563
The Goldman Sachs Group, Inc.	Page 567
The proposed financial transactions tax	Pages 568
United Kingdom Tax Considerations	Pages 568-572
Luxembourg Tax Considerations	Pages 572-573
Italian Tax Considerations	Pages 592-599
Selling Restrictions	Pages 615-636
Offers and Sales and Distribution Arrangements	Page 637
Index of Defined Terms	Pages 646-654

From Base Prospectus Supplement No. 1

Amendments to the Base Prospectus	Page 2
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From GSI's 2015 Annual Report

Strategic Report	Pages 2-48
Directors' Report	Pages 49-50
Balance Sheet	Page 54
Profit and Loss Account	Page 53
Statements of Cash Flows	Page 56
Notes to the Financial Statements	Pages 57-94
Independent Auditors' Report	Pages 51-52

From GSI's 2014 Annual Report

Strategic Report	Pages 2-54
Directors' Report	Pages 56-58
Balance Sheet	Page 62
Profit and Loss Account	Page 61
Statement of Cash Flows	Page 63
Notes to the Financial Statements	Pages 64-103
Independent Auditors' Report	Pages 59-60

From GSG's 2016 First Quarter Form 10-Q

Condensed Consolidated Statements of Earnings (Unaudited)	Page 2
Condensed Consolidated Statements of Comprehensive Income (Unaudited)	Page 3
Condensed Consolidated Statements of Financial Condition (Unaudited)	Page 4
Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)	Page 5
Condensed Consolidated Statements of Cash Flows (Unaudited)	Page 6
Notes to Condensed Consolidated Financial Statements	Pages 7-89

From GSG's 2015 Form 10-K and GSG's 2016 Proxy Statement

Information required by the Prospectus Regulation	Document/Location
Risk factors relating to GSG (Annex IV, Section 4 of the Prospectus Regulation)	GSG's 2015 Form 10-K (pp. 25-43)
Information about GSG	
History and development of the company (Annex IV, Section 5.1 of the Prospectus Regulation)	GSG's 2015 Form 10-K (p. 1)
Business overview	

GSG's principal activities (Annex IV, Section 6.1 of the Prospectus Regulation)	GSG's 2015 Form 10-K (pp. 1-6, 8-23, 121)
GSG's principal markets (Annex IV, Section 6.2 of the Prospectus Regulation)	GSG's 2015 Form 10-K (pp. 1, 46, 50-51, 195-196)
Organizational Structure (Annex IV, Section 7 of the Prospectus Regulation)	GSG's 2015 Form 10-K (pp. 34-35, Exhibit 21.1)
Trend information (Annex IV, Section 8 of the Prospectus Regulation)	GSG's 2015 Form 10-K (pp. 47-112)
Administrative, management and supervisory bodies, including conflicts of interest (Annex IV, Section 10 of the Prospectus Regulation)	GSG's 2015 Form 10-K (p. 45)
	GSG's 2016 Proxy Statement (pp. 1, 4, 7-8, 11-32, 72-74)
Audit committee (Annex IV, Section 11.1 of the Prospectus Regulation)	GSG's 2016 Proxy Statement (pp. 21, 64-65)
Beneficial owners of more than five per cent. (Annex IV, Section 12 of the Prospectus Regulation)	GSG's 2016 Proxy Statement (p. 77)

Financial information

Audited historical financial information for the fiscal years ended 31 December 2015 and 31 December 2014 (Annex IV, Section 13.1-13.4 of the Prospectus Regulation)	GSG's 2015 Form 10-K (pp. 116-208)
Audit report (Annex IV, Section 13.1 of the Prospectus Regulation)	GSG's 2015 Form 10-K (p. 115)
Balance sheet (Annex IV, Section 13.1 of the Prospectus Regulation)	GSG's 2015 Form 10-K (p. 118)
Shareholder's equity statement (Annex IV, Section 13.1 of the Prospectus Regulation)	GSG's 2015 Form 10-K (pp. 118-119, 180-182)
Income statement (Annex IV, Section 13.1 of the Prospectus Regulation)	GSG's 2015 Form 10-K (pp. 116)
Cash flow statement (Annex IV, Section 13.1 of the Prospectus Regulation)	GSG's 2015 Form 10-K (p. 120)
Accounting policies and explanatory notes (Annex IV, Section 13.1 of the Prospectus Regulation)	GSG's 2015 Form 10-K (pp. 51-54, 121-208)
Legal and arbitration proceedings (Annex IV, Section 13.6 of the Prospectus Regulation)	GSG's 2015 Form 10-K (pp. 44, 198-205)
Financial or trading position (Annex IV, Section 13.7 of the Prospectus Regulation)	GSG's 2015 Form 10-K (pp. 116-208)

Additional information

Share capital (Annex IV, Section 14.1 of the Prospectus Regulation)	GSG's 2015 Form 10-K (pp. 118, 180-182)
Credit ratings (Annex V, Section 7.5 of the Prospectus Regulation)	GSG's 2015 Form 10-K (pp. 96-97)

GSI will provide without charge to each person to whom this Prospectus is delivered, upon his or her written or

oral request, a copy of the documents referred to above which has been incorporated by reference into this Prospectus, excluding exhibits to the documents unless they are specifically incorporated by reference into the documents. Investors can request the documents from Investor Relations, 200 West Street, New York, New York 10282, USA, telephone +1 (212) 902-0300. This Prospectus has been filed with the Commission de Surveillance du Secteur Financier, and will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

CONTRACTUAL TERMS

ISIN: XS1317278361

Common Code: 131727836

Valoren: 31864802

PIPG Tranche Number: 66072

The terms and conditions ("**Conditions**") of the Securities shall comprise (i) the General Terms and Conditions of the Notes (the "**Original General Note Conditions**") as amended by (ii) the terms of the Coupon Payout Conditions specified to be applicable by these Contractual Terms, (iii) the Annex below (and subsequent to such amendments, the "**General Note Conditions**") as completed and/or amended by (iv) these Contractual Terms. In the event of any inconsistency between the General Note Conditions and these Contractual Terms, these Contractual Terms shall prevail.

All references in the General Note Conditions to "Final Terms" shall be deemed to be references to these Contractual Terms.

The Original General Note Conditions are incorporated by reference herein: see the section entitled "Documents Incorporated by Reference" above.

Terms used herein shall be deemed to be defined as such for the purposes of the General Note Conditions set forth in the Base Prospectus.

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| 1. | Tranche Number: | One. |
| 2. | Specified Currency or Currencies: | United States Dollar ("USD" or "U.S.\$"). |
| 3. | Aggregate Nominal Amount: | |
| | (i) Series: | U.S.\$ 100,000,000. |
| | (ii) Tranche: | U.S.\$ 100,000,000. |

On the Issue Date (being May 17, 2016), an aggregate nominal amount of U.S.\$ 100,000,000 of Securities will be issued to and made available for sale by Goldman Sachs International (in its capacity as Dealer) ("GSI"), and as soon as practicable thereafter, listed and admitted to trading on both the Borsa Italiana S.p.A.'s MOT (Electronic bond market) and the regulated market of the Luxembourg Stock Exchange for purchase by investors. However, GSI reserves its right to cancel some or all of the Securities that it holds at any time prior to the Maturity Date (being May 17, 2026), such right to be exercised in accordance with applicable laws, the terms and conditions of the Securities and the applicable rules of Borsa Italiana S.p.A. and the Luxembourg Stock Exchange including as to notification. In particular, at any time following listing and admission to trading on Borsa Italiana S.p.A.'s MOT (Electronic bond market) and the regulated market of the Luxembourg Stock

Exchange, GSI may cancel some or all of any Securities which have not been purchased by investors by such time. Accordingly, the aggregate nominal amount of Securities outstanding at any time may be significantly less than U.S.\$ 100,000,000, and this could have a negative impact on an investor's ability to sell the Securities in the secondary market. Notification of any such cancellation of Securities will be made on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it) and in any case according to the rules of Borsa Italiana S.p.A. and on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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| 4. | Issue Price: | 100 per cent. (100%) of the Aggregate Nominal Amount. |
| 5. | Specified Denomination: | U.S.\$ 2,000. |
| 6. | Calculation Amount: | U.S.\$ 2,000. |
| 7. | Issue Date: | May 17, 2016. |
| 8. | Maturity Date: | Scheduled Maturity Date is the Interest Payment Date scheduled to fall on May 17, 2026. The Maturity Date shall not be subject to any adjustment. |
| | (i) Strike Date: | Not Applicable. |
| | (ii) Relevant Determination Date (General Note Condition 2(a)): | Not Applicable. |
| | (iii) Scheduled Determination Date: | Not Applicable. |
| | (iv) First Maturity Date Specific Adjustment: | Not Applicable. |
| | (v) Second Maturity Date Specific Adjustment: | Not Applicable. |
| | (vi) Business Day Adjustment: | Not Applicable. |
| | (vii) Maturity Date Business Day Convention: | No Adjustment. |
| | | For the avoidance of doubt, General Note Condition 11(i) (<i>Payments on Business Days</i>) shall apply to the Maturity Date. |
| 9. | Underlying Asset(s): | Not Applicable. |

VALUATION PROVISIONS

- | | | |
|-----|--------------------------------|-----------------|
| 10. | Valuation Date(s): | Not Applicable. |
| 11. | Initial Valuation Date: | Not Applicable. |

- | | |
|---|-----------------|
| 12. Averaging: | Not Applicable. |
| 13. Asset Initial Price: | Not Applicable. |
| 14. Adjusted Asset Final Reference Date: | Not Applicable. |
| 15. Adjusted Asset Initial Reference Date: | Not Applicable. |
| 16. FX (Final) Valuation Date: | Not Applicable. |
| 17. FX (Initial) Valuation Date: | Not Applicable. |
| 18. Final FX Valuation Date: | Not Applicable. |
| 19. Initial FX Valuation Date: | Not Applicable. |

COUPON PAYOUT CONDITIONS

- | | |
|--------------------------------------|--|
| 20. Coupon Payout Conditions: | Applicable. |
| 21. Interest Basis: | <p>In respect of:</p> <ul style="list-style-type: none"> (i) each Interest Period ending on (but excluding) May 17, 2017 and May 17, 2018 and each other Interest Period if a Switch Event has not occurred, Fixed Coupon; and (ii) each Interest Period following the Switch Event Notice Date (if applicable) on which a Switch Event has occurred, Floating Coupon. |

In respect of each Security (of the Specified Denomination) and each Interest Payment Date, the Interest Amount payable on such Interest Payment Date will be calculated by *multiplying* the Rate of Interest for the Interest Period ending on (but excluding) the date on which such Interest Payment Date is scheduled to fall by the Calculation Amount, and further *multiplying* the product by the Day Count Fraction applicable to such Interest Period.

Where "**Switch Event**" means, in respect of the Interest Period ending on (but excluding) May 17, 2019, the Issuer elects, in its sole and absolute discretion, to irrevocably switch the Interest Basis from Fixed Coupon to Floating Coupon for such Interest Period and each subsequent Interest Period, by giving notice to Holders of the Securities in accordance with General Note Condition 20 (*Notices*) of its election to so switch the Interest Basis from Fixed Coupon to Floating Coupon on the fifth Business Day immediately preceding the first day of such Interest Period (the "**Switch Event Notice Date**"). For the avoidance of doubt, the Interest Basis for each Interest Period following the Switch

Event Notice Date shall be Floating Coupon.

22. **Interest Commencement Date:**

The Interest Commencement Date shall be:

- (i) in respect of the Interest Payment Dates scheduled to fall on May 17, 2017 and May 17, 2018 and each other Interest Payment Date if a Switch Event has not occurred, the Issue Date; and
- (ii) in respect of each Switched Interest Payment Date (if applicable), the Final Fixed Rate Scheduled Interest Payment Date.

Where:

"Final Fixed Rate Scheduled Interest Payment Date" means, if a Switch Event has occurred, May 17, 2018.

"Fixed Rate Interest Payment Dates" mean (i) if no Switch Event has occurred, each Interest Payment Date, or (ii) if a Switch Event has occurred, the Interest Payment Dates scheduled to fall on May 17, 2017 and May 17, 2018.

"Interest Payment Dates" means the 17th day of May in each calendar year from, and including, May 17, 2017 to, and including, May 17, 2026, in each case subject to adjustment in accordance with the Following Business Day Convention.

"Switched Interest Payment Date" means each Interest Payment Date following the Switch Event Notice Date (other than the Interest Payment Date scheduled to fall on the Final Fixed Rate Scheduled Interest Payment Date).

23. **Fixed Rate Note Conditions (General Note Condition 7):**

Applicable.

- (i) Rate(s) of Interest:

4.65 per cent. (4.65%) per annum payable annually in arrear.

- (ii) Interest Payment Date(s):

Each Fixed Rate Interest Payment Date.

For the avoidance of doubt, General Note Condition 11(i) (*Payments on Business Days*) shall apply to the Interest Payment Dates.

The Interest Periods shall be "Unadjusted".

- (iii) Fixed Coupon Amount(s):

Not Applicable.

- (iv) Broken Amount(s): Not Applicable.
- (v) Day Count Fraction: 30/360.
- (vi) Step Up Fixed Rate Note Conditions (General Note Condition 7(e)): Not Applicable.
- 24. **BRL FX Conditions (Coupon Payout Condition 1.1(c)):** Not Applicable.
- 25. **FX Security Conditions (Coupon Payout Condition 1.1(d)):** Not Applicable.
- 26. **Floating Rate Note Conditions (General Note Condition 8):** Applicable.
 - (i) Interest Period(s): Unadjusted.
 - (ii) Interest Payment Dates: Each Switched Interest Payment Date (if applicable).

For the avoidance of doubt, if a Switch Event has not occurred, the Floating Rate Note Conditions shall not apply to the Securities.
 - (iii) Business Day Convention: Following Business Day Convention.
 - (iv) Manner in which the Rate(s) of Interest is/are to be determined: Screen Rate Determination.
 - (v) Screen Rate Determination (General Note Condition 8(c)): Applicable.
 - (a) Reference Rate: Reuters Screen shall prevail
 - (b) Reference Rate Currency: USD.
 - (c) Interest Determination Date(s): In respect of each Switched Interest Payment Date, two Rate Business Days prior to the first day of the Interest Period ending on (but excluding) the day on which such Switched Interest Payment Date is scheduled to fall.
 - (d) Relevant Screen Page(s): Reuters Screen: LIBOR01.
 - (e) Relevant Maturity: Three months.
 - (f) Relevant Time: 11:00 a.m., London time.
 - (g) Relevant Financial Centre: London.
 - (h) Specified Time for the purposes of General Note Condition 8(c)(iii): The Specified Time shall be 11:00 a.m., New York City time.
 - (i) Reference Rate 0% Floor: Not Applicable.
 - (vi) ISDA Determination (General Note Condition 8(d)): Not Applicable.

- | | | |
|--------|---|---|
| (vii) | Steepener Floating Rate Conditions (General Note Condition 8(e)): | Not Applicable. |
| (viii) | Margin(s): | + 0.50 per cent. (0.50%) per annum. |
| (ix) | Participation Rate: | Not Applicable. |
| (x) | Minimum Rate of Interest: | Zero per cent. (0%) per annum. |
| (xi) | Maximum Rate of Interest: | 4.65 per cent. (4.65%) per annum. |
| (xii) | Day Count Fraction: | 30/360. |
| (xiii) | Specified Period: | Not Applicable. |
| (xiv) | Capped Floored Floating Rate Note Conditions (General Note Condition 8(g)): | Not Applicable. General Note Condition 8(f) shall apply to the Notes. |
| (xv) | Substitute or Successor Rate of Interest (General Note Condition 8(h)): | Applicable. |
27. **Change of Interest Basis (General Note Condition 9):** Not Applicable – see paragraph 21 above.
28. **Conditional Coupon (Coupon Payout Condition 1.3)** Not Applicable.

AUTOCALL PAYOUT CONDITIONS

29. **Automatic Early Redemption (General Note Condition 10(i)):** Not Applicable.
30. **Autocall Payout Conditions:** Not Applicable.

REDEMPTION PROVISIONS

31. **Redemption/Payment Basis:** Redemption at par.
32. **Redemption at the option of the Issuer (General Note Condition 10(b)):** Not Applicable.
33. **Redemption at the option of Noteholders (General Note Condition 10(c)):** Not Applicable.
34. **Zero Coupon Note Conditions:** Not Applicable.
35. **Final Redemption Amount of each Note (General Note Condition 10(a)):** U.S.\$ 2,000 per Calculation Amount of the Securities.

FINAL REDEMPTION AMOUNT PAYOUT CONDITIONS

36. **Single Limb Payout (Payout Condition 1.1):** Not Applicable.
37. **Multiple Limb Payout (Payout Condition 1.2):** Not Applicable.

38. **Downside Physical Settlement (Payout Condition 1.2(c)(ii):** Not Applicable.
39. **Barrier Event Conditions (Payout Condition 2):** Not Applicable.
40. **Trigger Event Conditions (Payout Condition 3):** Not Applicable.
41. **Currency Conversion:** Not Applicable.
42. **Physical Settlement (General Note Condition 12(a)):** Not Applicable.
43. **Non-scheduled Early Repayment Amount:** Par.

SHARE LINKED NOTE / INDEX LINKED NOTE / COMMODITY LINKED NOTE / FX LINKED NOTE / INFLATION LINKED NOTE

44. **Type of Notes:** The Notes are Fixed Rate Notes and Floating Rate Notes – the Fixed Rate Note Conditions and the Floating Rate Note Conditions are applicable.
45. **Share Linked Notes:** Not Applicable.
46. **Index Linked Notes:** Not Applicable.
47. **Commodity Linked Notes (Single Commodity or Commodity Basket):** Not Applicable.
48. **Commodity Linked Notes (Commodity Index or Commodity Index Basket):** Not Applicable.
49. **FX Linked Notes:** Not Applicable.
50. **Inflation Linked Notes:** Not Applicable.
51. **EIS Notes:** Not Applicable.
52. **Multi-Asset Basket Linked Notes:** Not Applicable.

GENERAL PROVISIONS APPLICABLE TO THE NOTES

53. **FX Disruption Event/CNY FX Disruption Event/Currency Conversion Disruption Event (General Note Condition 13):** Not Applicable.
54. **Rounding (General Note Condition 22):**
- (i) Non-Default Rounding – calculation values and percentages: Not Applicable.
 - (ii) Non-Default Rounding – amounts due and payable: Not Applicable.

- (iii) Other Rounding Convention: Not Applicable.
55. **Additional Business Centre(s):** London and TARGET.
- Non-Default Business Day: Not Applicable.
56. **Form of Notes:** Registered Notes.
- Global Registered Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg exchangeable for Individual Note Certificates in the limited circumstances described in the Global Registered Note.
57. **Additional Financial Centre(s) relating to Payment Business Days:** London and TARGET.
- Non-Default Payment Business Day: Not Applicable.
58. **Principal Financial Centre:** The Principal Financial Centre in relation to USD is the State of New York.
- Non-Default Principal Financial Centre: Applicable.
59. **Instalment Notes (General Note Condition 10(p)):** Not Applicable.
60. **Minimum Trading Number (General Note Condition 5(f)):** The minimum trading lot indicated by Borsa Italiana S.p.A. in the first trading day notice.
61. **Permitted Trading Multiple (General Note Condition 5(f)):** An integral multiple of the minimum trading lot indicated in paragraph 60 in accordance with Article 4.3.2, paragraph 9 of the Rules of the Markets organised and managed by Borsa Italiana S.p.A.
62. **Record Date (General Note Condition 11):** Not Applicable.
63. **Calculation Agent (General Note Condition 18):** Goldman Sachs International.

DISTRIBUTION

64. **Method of distribution:** Non-syndicated.
- (i) If syndicated, names and addresses of Managers/placers and underwriting commitments: Not Applicable.
- (ii) Date of Subscription Agreement: Not Applicable.
- (iii) If non-syndicated, name and address of Dealer: Not Applicable.
65. **Non-exempt Offer:** Not Applicable.

Signed on behalf of Goldman Sachs International:

A handwritten signature in blue ink, appearing to read "Adam Fazel", is written over a horizontal line.

By:

Duly authorised

OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**
- (i) Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from as soon as practicable after the Issue Date. No assurances can be given that such application for listing and admission to trading will be granted; and
 - (ii) Application will be made by the Issuer (or on its behalf) for the Notes to be listed on Borsa Italiana S.p.A. and admitted to trading on Borsa Italiana S.p.A.'s MOT (Electronic bond market), a regulated market organised and managed by Borsa Italiana S.p.A, with effect from as soon as practicable after the Issue Date. No assurances can be given that such application for listing and admission to trading will be granted.

The Issuer has no duty to maintain the listing (if any) of the Notes on the relevant stock exchange(s) over their entire lifetime. The Notes may be suspended from trading and/or de-listed at any time in accordance with applicable rules and regulations of the relevant stock exchange(s).

2. **ESTIMATED TOTAL EXPENSES RELATED TO THE ADMISSION TO TRADING** Not Applicable.

3. **LIQUIDITY ENHANCEMENT AGREEMENTS** Not Applicable.

4. **RATINGS** Not Applicable.

5. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

Save as discussed in risk factor 7, "*Risks associated with conflicts of interest between Goldman Sachs Group and purchasers of Securities*" on page 27 of this Prospectus, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.

6. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

- (i) Reasons for the offer: Not Applicable.
- (ii) Estimated net proceeds: Not Applicable.
- (iii) Estimated total expenses: Not Applicable.

7. **YIELD**

Indication of yield: Not Applicable.

8. **PERFORMANCE AND VOLATILITY OF THE UNDERLYING ASSET**

Not Applicable.

9. **OPERATIONAL INFORMATION**

Any Clearing System(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, Not Applicable.

société anonyme and the relevant identification number(s): For the avoidance of doubt, and to the extent applicable in the event of listing on Borsa Italiana S.p.A., Italian investors may participate via an account with, or have an account with a participant of, Monte Titoli S.p.A. Monte Titoli S.p.A. will, in turn, have an account ("bridge") with Euroclear or Clearstream, Luxembourg

Delivery: Delivery against payment.

Names and addresses of additional Paying Agent(s) (if any): Not Applicable.

Operational contact(s) for Fiscal Agent: eq-sd-operations@gs.com.

Intended to be held in a manner which would allow Eurosystem eligibility: No.

EXAMPLES

THE EXAMPLES PRESENTED BELOW ARE FOR ILLUSTRATIVE PURPOSES ONLY.

For the purposes of each Example:

- (i) the Issue Price is 100 per cent. (100%) of the Aggregate Nominal Amount, the Aggregate Nominal Amount is U.S.\$ 100,000,000 and the Calculation Amount is U.S.\$ 2,000;
- (ii) in respect of any Interest Amount payable pursuant to General Note Condition 7 (*Fixed Rate Note Conditions*), the Interest Payment Dates are the 17th day of May in each calendar year from, and including, May 17, 2017 to, and including, the Maturity Date, in each case subject to the occurrence of a Switch Event; and
- (iii) in respect of any Interest Amount payable pursuant to General Note Condition 8 (*Floating Rate Note Conditions*), the Interest Payment Dates are each Switched Interest Payment Date.

FINAL REDEMPTION

The Notes will be redeemed on the Maturity Date and the Final Redemption Amount payable in respect of each Calculation Amount of the Notes will be U.S.\$ 2,000.

FIXED COUPON

An Interest Amount of U.S.\$ 93.00 will be payable on the Interest Payment Dates scheduled to fall on May 17, 2017 and May 17, 2018, and, if a Switch Event has not occurred, an Interest Amount of U.S.\$ 93.00 will be payable on each other Interest Payment Date.

FLOATING COUPON

For the purpose of the following examples only, a Switch Event is deemed to have occurred.

Example 1 – Negative floating rate: *The 3-Month-USD-LIBOR is -0.50 per cent. (-0.50%) or less for the Interest Period ending on (but excluding) the date on which any Switched Interest Payment Date is scheduled to fall.*

An Interest Amount of zero will be payable on such Switched Interest Payment Date.

Example 2 – Negative floating rate: *The 3-Month-USD-LIBOR is -0.25 per cent. (-0.25%) for the Interest Period ending on (but excluding) the date on which any Switched Interest Payment Date is scheduled to fall.*

An Interest Amount of U.S.\$ 5.00 will be payable on such Switched Interest Payment Date.

Example 3 – Zero floating rate: *The 3-Month-USD-LIBOR is zero for the Interest Period ending on (but excluding) the date on which any Switched Interest Payment Date is scheduled to fall.*

An Interest Amount of U.S.\$ 10.00 will be payable on such Switched Interest Payment Date.

Example 4 – Positive floating rate: *The 3-Month-USD-LIBOR is 3.00 per cent. (3.00%) for the Interest Period ending on (but excluding) the date on which any Switched Interest Payment Date is scheduled to fall.*

An Interest Amount of U.S.\$ 70.00 will be payable on such Switched Interest Payment Date.

Example 5 – Positive floating rate: *The 3-Month-USD-LIBOR is 4.15 per cent. (4.15%) or more for the Interest Period ending on (but excluding) the date on which any Switched Interest Payment Date is scheduled to fall.*

An Interest Amount of U.S.\$ 93.00 will be payable on such Switched Interest Payment Date.

ANNEX

AMENDMENTS TO THE GENERAL TERMS AND CONDITIONS OF THE NOTES

The General Terms and Conditions of the Notes are amended as described below for the purposes of this Prospectus only.

1. **General Note Condition 17 (*Change in law*)**

General Note Condition 17 (*Change in law*) shall be deleted in its entirety and replaced with the following:

"Upon a Change in Law Event, the Issuer shall have the right to redeem the Notes on such day as shall be notified to the Holders in accordance with General Note Condition 20 (Notices) and will, if and to the extent permitted by applicable law, pay to the Holder in respect of each Note the Non-scheduled Early Repayment Amount (which may be determined taking into account the change of applicable law) on such day. A "Change in Law Event" shall be deemed to have occurred upon the Issuer becoming aware that, due to (a) the adoption of, or any change in, any applicable law, rule, regulation, judgment, order, sanction, or directive of any governmental, administrative, legislative or judicial authority or power ("applicable law"), or (b) the promulgation of, or any change in, the formal or informal interpretation of any applicable law by a court, tribunal or regulatory authority with competent jurisdiction, which has the effect (as determined by the Issuer in its discretion, acting in good faith and in a commercially reasonable manner, according to generally accepted practices or methodologies) that:

- (a) its performance under the Notes or its performance or that of any of its affiliates under any related Hedge Positions (whether with respect to the Underlying Asset(s) or any constituent thereof); or*
- (b) the performance of any of its affiliates under the Notes had such affiliate been an issuer of the Notes or under any related Hedge Positions (whether with respect to the Underlying Asset(s) or any constituent thereof) had such affiliate been a party to any such hedging arrangement,*

has or will become unlawful or impractical in whole or in part or there is a substantial likelihood of the same in the immediate future."

2. **General Note Condition 18 (*Agents*)**

The last paragraph of General Note Condition 18 (*Agents*) shall be deleted in its entirety and replaced with the following:

"The Calculation Agent shall not act as an agent for the Holders but shall be the agent of the Issuer and all its calculations, determinations and adjustments hereunder shall be made in good faith and in a commercially reasonable manner, according to generally accepted practices or methodologies, and (save in the case of manifest or proven error) shall be final and binding on the Issuer and the Holders. All calculation functions required of the Calculation Agent under these General Note Conditions may be delegated to any such person as the Calculation Agent, in its discretion, acting in good faith and in a commercially reasonable manner, according to generally accepted practices or methodologies, may decide."

GENERAL INFORMATION

1. **Authorisations**

The Programme has been authorised pursuant to a written resolution of the Executive Committee of the Board of Directors of GSI passed on September 28, 1998.

2. **Financial Statements**

The statutory financial statements of GSI for the periods ended December 31, 2015 and December 31, 2014 have been audited without qualification by PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, 7 More London Riverside, London, SE1 2RT in accordance with the laws of England. PricewaterhouseCoopers LLP is a registered member of the Institute of Chartered Accountants in England and Wales.

PricewaterhouseCoopers LLP, which is a member of the American Institute of Certified Public Accountants and regulated as an independent registered public accounting firm under the rules of the Public Company Accounting Oversight Board, of 300 Madison Avenue, New York, New York 10017, USA, audited GSG's consolidated statements of financial condition as of December 31, 2015 and December 31, 2014 and the related consolidated statements of earnings, cash flows and changes in shareholders' equity for the fiscal years ended December 31, 2015 and December 31, 2014 and issued unqualified audit opinions thereon.

The consolidated statements of GSG incorporated by reference in this Prospectus by reference from the GSG's 2015 Form 10-K for the fiscal year ended December 31, 2015 and management's assessment of the effectiveness of internal control over financial reporting (which is included in management's report on internal control over financial reporting) have been incorporated in reliance on the report of PricewaterhouseCoopers LLP included therein given on the authority of said firm as experts in auditing and accounting.

3. **No significant change and no material adverse change**

There has been no significant change in the financial or trading position of GSI since December 31, 2015 and there has been no significant change in the financial or trading position of GSG since March 31, 2016.

There has been no material adverse change in the prospects of GSI or GSG since December 31, 2015.

In this Prospectus, references to the "prospects" and "financial or trading position" of GSI and GSG are specifically to the ability of GSI and GSG to meet its full payment obligations under the Securities (in the case of GSI) or Guaranty (in the case of GSG) in a timely manner. In addition, all such statements should be read in conjunction with and are qualified by the information contained in the documents incorporated by reference into this Prospectus.

4. **Litigation**

Save as disclosed in (i) "Legal Proceedings" of Note 25 to GSI's 2015 Financial Statements (pages 77 and 78) of GSI's 2015 Annual Report, (ii) "Legal Proceedings" in Part 1, Item 3 (page 44) and Note 27 to the Consolidated Financial Statements (pages 198 to 205) of GSG's 2015 Form 10-K, and (iii) "Legal Proceedings" of Note 27 to Condensed Consolidated Financial Statements (pages 82 to 89) of GSG's 2016 First Quarter Form 10-Q, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which GSG or GSI is aware) during the 12 months before the date of this Prospectus which may have, or have had in the recent past, significant effects on GSG's or GSI's financial position or profitability.

5. Availability of Documents

For so long as any Securities shall be outstanding, copies of the following documents may be obtained free of charge upon request during normal business hours from the specified office of the Issuer and the office of the Paying Agent in Luxembourg and each of the Paying Agents:

- (a) the certificate of incorporation of GSG;
- (b) the constitutional documents of GSI;
- (c) the Guaranty;
- (d) the programme agency agreement in relation to the Securities dated May 29, 2015;
- (e) the deed of covenant made by the Issuer dated May 29, 2015;
- (f) a copy of this Prospectus and any document incorporated by reference herein; and
- (g) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus.

6. Responsibility statement

The Issuer and the Guarantor accept responsibility for the information contained in this Prospectus. To the best of the knowledge of GSI and GSG (which have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Where information contained in this Prospectus has been sourced from a third party, this information has been accurately reproduced and, so far as GSI and GSG is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

7. Content of websites does not form part of this Prospectus

No content of any website, cited or referred to in this Prospectus, shall be deemed to form part of, or be incorporated by reference into this Prospectus.

8. De-listing

Although no assurance is made as to the liquidity of the Securities as a result of their listing on the Official List of the Luxembourg Stock Exchange or Borsa Italiana S.p.A., as the case may be, delisting the Securities from the Luxembourg Stock Exchange or Borsa Italiana S.p.A., as the case may be, may have a material adverse effect on a purchaser's ability to resell its Securities in the secondary market.

9. Non-equity securities

The Securities will not constitute "equity securities" for the purposes of Article 2(1)(b) of the Prospectus Directive and Article 2(1)(v) of the Luxembourg Law dated July 10, 2005 as amended on July 3, 2012 on prospectuses for securities (the "**Luxembourg Prospectus Law**").

10. Selected Financial Information

The selected financial information set out below has been extracted from (as applicable) (i) GSI's 2014 Financial Statements, and (ii) GSI's 2015 Financial Statements, which have, in each case, been audited by PricewaterhouseCoopers LLP and on which PricewaterhouseCoopers LLP issued an unqualified audit report.

GSI's 2014 Financial Statements have been prepared in accordance with UK GAAP, which differs in certain respects from International Accounting Standards. GSI's 2015 Financial Statements have been prepared in accordance with FRS 101. GSI's 2014 Financial Statements and GSI's 2015 Financial

Statements are incorporated by reference into this Prospectus. The financial information presented below should be read in conjunction with the financial statements included in such document, the notes thereto and report thereon.

The following table shows selected key historical financial information in relation to GSI:

	Year ended (audited)	
	December 31, 2015 (USD)	December 31, 2014 (USD)
Operating Profit	2,939,000,000	2,275,000,000
Profit on ordinary activities before taxation	2,661,000,000	2,060,000,000
Profit for the financial year	2,308,000,000	1,608,000,000
	As of December (audited)	
	2015 (USD)	2014 (USD)
Fixed Assets	12,000,000	14,000,000
Current Assets	850,219,000,000	967,411,000,000
Total Shareholders' Funds	26,353,000,000	21,997,000,000

The following table shows selected key historical financial information in relation to GSG:

	As and for the three months ended (unaudited)		As and for the Year ended (audited)	
<i>(in USD millions)</i>	March 31, 2016	March 31, 2015	December 2015	December 2014
Total non-interest revenues	5,455	9,758	30,756	30,481
Net revenues, including net interest income	6,338	10,617	33,820	34,528
Pre-tax earnings	1,576	3,934	8,778	12,357

	As at three months ended (unaudited)	As at 31 December (audited)	
<i>(in USD millions)</i>	March 31, 2016	2015	2014
Total assets	878,036	861,395	855,842
Total liabilities	791,199	774,667	773,045
Total shareholders' equity:	86,837	86,728	82,797

INDEX OF DEFINED TERMS

	Page		Page
applicable law	46	Guaranty	1, 9
Base Prospectus	2, 29	Holder	13
Base Prospectus Supplement No. 1	29	Interest Commencement Date	13
BRRD	20	Interest Payment Dates	36
Change in Law Event	46	IOSCO Benchmark Principles	25
Conditions	33	Issuer	1, 7
CONSOB	4	LIBOR	24
CRA Regulation	5	Luxembourg Prospectus Law	48
CSSF	4	Moody's	5
DBRS	5	Notes	1
ESMA	5	Original Base Prospectus	2, 29
EURIBOR	24	Original General Note Conditions	33
Final Fixed Rate Interest Payment Date	36	Programme	1
Fitch	5	Proposed Benchmark Regulation	25
Fixed Rate Switched Interest Payment Dates	36	Prospectus	1
General Note Conditions	33	Prospectus Directive	1
Goldman Sachs Group	9	R&I	5
GSG	1, 9	Regulation S	6, 12
GSG's 2015 Form 10-K	29	S&P	5
GSG's 2016 First Quarter Form 10-Q	29	Securities	1, 12
GSG's 2016 Proxy Statement	29	Securities Act	6
GSI	1, 7, 33	Switch Event	35
GSI's 2014 Annual Report	29	Switch Event Notice Date	35
GSI's 2014 Financial Statements	29	Switched Interest Payment Date	36
GSI's 2015 Annual Report	29	U.S.\$	12, 33
GSI's 2015 Financial Statements	29	UK Banking Act	20
Guarantor	1, 9	USD	12, 33

Registered Office of GSI

Goldman Sachs International

Peterborough Court
133 Fleet Street
London EC4A 2BB
England

Registered Office of GSG

The Goldman Sachs Group, Inc.

200 West Street
New York, New York 10282
USA

Principal Programme Agent and Registrar (Notes)

Citigroup Global Markets Deutschland AG

Reuterweg 16
60323 Frankfurt am Main
Federal Republic of Germany

Transfer Agents

Banque Internationale à Luxembourg, société

anonyme
69 route d'Esch
L-2953 Luxembourg
Grand Duché de Luxembourg

Citibank, N.A., London Branch

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
England

Fiscal Agent and Paying Agent

Citibank, N.A., London Branch

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
England

Calculation Agent

Goldman Sachs International

Peterborough Court
133 Fleet Street
London EC4A 2BB
England

Auditors

To GSI

PricewaterhouseCoopers LLP

1 Embankment Place
London WC2N 6RH
England

Independent Accountants of the Guarantor

PricewaterhouseCoopers LLP
300 Madison Avenue

New York, New York 10017
USA

Legal Advisers to the Issuer

as to English law
Ashurst LLP
Broadwalk House
5 Appold Street
London EC2A 2HA
England

as to Italian securities law
White & Case LLP
Piazza Diaz 2
20123 Milan
Italy