



## Information Circular: GS Finance Corp. Index-Linked Notes

**To:** Head Traders, Technical Contacts, Compliance Officers, Heads of ETF Trading, Structured Products Traders

**From:** BX Listing Qualifications Department

**DATE:** January 15, 2009

### Index-Linked Notes

### Symbol CUSIP Number

GS Finance Corp. Claymore CEF Index-Linked  
GS Connect Exchange-Traded Notes

GCE 362273104

### Information on the Notes

GS Finance Corp. (the "Issuer") has issued GS Connect Exchange-Traded Notes ("Notes") linked to the Claymore CEF Index (the "Index"). The Notes were priced at \$25 each and mature in 2037. The Notes are not principal protected.

The amount that investors will receive at maturity will be based on the performance of the Index, as measured during the period beginning on the first trade date through the determination date (three trading days prior to maturity), less any applicable index adjustment amount shortfall (as defined below).

Unless the Notes have been redeemed earlier, at maturity the Issuer will pay investors an amount in cash calculated as follows:

First, the Issuer will add (i) the outstanding face amount of the Notes plus (ii) the outstanding face amount multiplied by the index return. The "index return" will equal the quotient of (i) the final index level minus the reference distribution amount as of the determination date minus the initial index level divided by (ii) the initial index level, expressed as a percentage. If the closing level of the index on the determination date declines from the initial index level, the index return will be negative.

Second, the Issuer will subtract from the result calculated above any applicable index adjustment amount shortfall calculated on the determination date. The amount payable on the Notes at maturity will never be less than zero.

The Notes may pay interest. For each Note investors hold on the regular record date, you will be paid on each quarterly interest payment date an amount equal to the difference between (i) the reference distribution amount minus (ii) the index adjustment amount accrued from the previous interest valuation date to the applicable interest valuation date (and including any index adjustment amount shortfall).

The "index adjustment amount" will be calculated on a daily basis and will equal (i) 0.95% per year times (ii) the outstanding face amount of the Notes times (iii) the index factor (as defined below) for the applicable date. The index adjustment amount will accumulate quarterly from the last interest valuation

date (the last index business day in March, June, September and December) to the next index valuation date, and will include any accumulated index adjustment amount shortfall. The index adjustment amount that will reduce any interest payment will inure to the Issuer's benefit and enable the Issuer to profit from the Notes.

An "index adjustment amount shortfall" will occur if the index adjustment amount exceeds the reference distribution amount on any interest valuation date and will equal the amount by which the index adjustment amount exceeds the reference distribution amount. If an index adjustment amount shortfall occurs, investors will not be paid any interest on the corresponding interest payment date and the index adjustment amount shortfall will be added to the index adjustment amount to be deducted from the reference distribution amount in respect of the next interest payment date. Any index adjustment amount shortfall will continue to accumulate until (i) it is satisfied in full or (ii) the determination date (when it will be subtracted from the payment at maturity), whichever is earlier.

The "reference distribution amount" will equal the sum of the cash dividends or other distributions paid by the funds underlying the Index, calculated on a quarterly basis (except on the determination date), as described in the prospectus supplement for the Notes.

Investors may elect to redeem the Notes in whole or in part on any weekly redemption date, but only if they elect to redeem a minimum of 100,000 notes and follow the procedures set forth in the prospectus supplement for the Notes. Investors should review the prospectus supplement in detail for information regarding redemption of the Notes and the calculation of the "early redemption amount."

It is expected that the market value of the Notes will depend substantially on the value of the Index and may be affected by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of the Index, the time remaining to maturity, the dividend yield of the stocks comprising the Index, and the credit ratings of the Issuer.

Trading in the Notes on BX is on a UTP basis and is subject to BX equity trading rules. The Notes will trade from 8:00 a.m. until 7:00 p.m. Eastern Time. Additional risks may exist with respect to trading the Notes during BX's Pre-Market and Post-Market sessions, when the Index's value may not be disseminated.

Trading of the Notes on BX is subject to the provisions of BX Rule 2310. Members recommending transactions in the Notes to customers should make a determination that the recommendation is suitable for the customer. In addition, members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in the BX Conduct Rules.

Members also should review [NASD Notice to Members 03-71](#) for guidance on trading these products. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

**This Information Circular is not a statutory prospectus. BX members should consult the registration statement or prospectus for the Notes for additional information.**

Inquiries regarding this Information Circular should be directed to:

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- BX Market Sales at 800.846.0477