GOLDMAN SACHS GROUP INC
Form 424B2
November 02, 2018

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

The information in this preliminary pricing supplement is not complete and may be changed. This preliminary pricing supplement is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated November 1, 2018.
GS Finance Corp.
$
Callable Contingent Coupon Index-Linked Notes due
guaranteed by
The Goldman Sachs Group, Inc.

The notes will not pay a fixed coupon and may pay no coupon on a payment date. The amount that you will be paid on your notes is based on the performances of the Russell 2000® Index and the S&P 500® Index. The notes will mature on December 5, 2023, unless we redeem them.

We may redeem your notes at 100% of their face amount plus any coupon then due on any payment date (expected to be the 5th day of each March, June, September and December, commencing in March 2019 and ending on the stated maturity date) on or after the payment date in December 2019 up to the payment date in September 2023.

If we do <u>not</u> redeem your notes, if the closing level of <u>each</u> index is greater than or equal to 60% of its initial level (set on the trade date, expected to be November 30, 2018) on a coupon observation date (expected to be the tenth scheduled trading day for all indices prior to each payment date), you will receive on the applicable payment date a coupon of between $17.5 and $18.75 (set on the trade date) for each $1,000 face amount of your notes. If the closing level of any index on a coupon observation date is less than 60% of its initial level, you will <u>not</u> receive a coupon on the applicable payment date.

If we do <u>not</u> redeem your notes, the amount that you will be paid on your notes at maturity, in addition to the final coupon, if any, is based on the performance of the lesser performing index (the index with the lowest index return). The index return for each index is the percentage increase or decrease in the final level of such index on the final determination date from its initial level.

At maturity, for each $1,000 face amount of your notes you will receive an amount in cash equal to:

- if the index return of <u>each</u> index is greater than or equal to -40% (the final level of each index is greater than or equal to 60% of its initial level), $1,000 plus the final coupon of between $17.5 and $18.75; or
- if the index return of <u>any</u> index is less than -40% (the final level of <u>any</u> index is less than 60% of its initial level), the sum of (i) $1,000 plus (ii) the product of (a) the lesser performing index return times (b) $1,000. You will receive less than 60% of the face amount of your notes and you will not receive a final coupon.

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

The estimated value of your notes at the time the terms of your notes are set on the trade date is expected to be between $940 and $990 per $1,000 face amount. For a discussion of the estimated value and the price at which Goldman Sachs & Co. LLC would initially buy or sell your notes, if it makes a market in the notes, see the following page.

Original issue date:	expected to be December 5, 2018	Original issue price:	100% of the face amount*
Underwriting discount:	% of the face amount*	Net proceeds to the issuer:	% of the face amount

*The original issue price will be % for certain investors; see "Supplemental Plan of Distribution; Conflicts of Interest" on page PS-25.

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

Goldman Sachs & Co. LLC

Pricing Supplement No. dated , 2018.

Table of Contents

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

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

Estimated Value of Your Notes

The estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to pricing models used by Goldman Sachs & Co. LLC (GS&Co.) and taking into account our credit spreads) is expected to be between $940 and $990 per $1,000 face amount, which is less than the original issue price. The value of your notes at any time will reflect many factors and cannot be predicted; however, the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would initially buy or sell notes (if it makes a market, which it is not obligated to do) and the value that GS&Co. will initially use for account statements and otherwise is equal to approximately the estimated value of your notes at the time of pricing, plus an additional amount (initially equal to $ per $1,000 face amount).

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

About Your Prospectus

The notes are part of the Medium-Term Notes, Series E program of GS Finance Corp. and are fully and unconditionally guaranteed by The Goldman Sachs Group, Inc. This prospectus includes this pricing supplement and the accompanying documents listed below. This pricing supplement constitutes a supplement to the documents listed below, does not set forth all of the terms of your notes and therefore should be read in conjunction with such documents:

- General terms supplement no. 1,734 dated July 10, 2017
- Prospectus supplement dated July 10, 2017
- Prospectus dated July 10, 2017

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

We refer to the notes we are offering by this pricing supplement as the "offered notes" or the "notes". Each of the offered notes has the terms described below. Please note that in this pricing supplement, references to "GS Finance Corp.", "we", "our" and "us" mean only GS Finance Corp. and do not include its subsidiaries or affiliates, references to "The Goldman Sachs Group, Inc.", our parent company, mean only The Goldman Sachs Group, Inc. and do not include its subsidiaries or affiliates and references to "Goldman Sachs" mean The Goldman Sachs Group, Inc. together with its consolidated subsidiaries and affiliates, including us. The notes will be issued under the senior debt indenture, dated as of October 10, 2008, as supplemented by the First Supplemental Indenture, dated as of February 20, 2015, each among us, as issuer, The Goldman Sachs Group, Inc., as guarantor, and The Bank of New York Mellon, as trustee. This indenture, as so supplemented and as further supplemented thereafter, is referred to as the "GSFC 2008 indenture" in the accompanying prospectus supplement. The notes will be issued in book-entry form and represented by a master global note.

Table of Contents

TERMS AND CONDITIONS

(Terms From Pricing Supplement No. Incorporated Into Master Note No. 2)

These terms and conditions relate to pricing supplement no. dated ,2018 of GS Finance Corp. and The Goldman Sachs Group, Inc. with respect to the issuance by GS Finance Corp. of its Callable Contingent Coupon Index-Linked Notes due and the guarantee thereof by The Goldman Sachs Group, Inc.

The provisions below are hereby incorporated into master note no. 2, dated August 22, 2018. References herein to "this note" shall be deemed to refer to "this security" in such master note no. 2, dated August 22, 2018. Certain defined terms may not be capitalized in these terms and conditions even if they are capitalized in master note no. 2, dated August 22, 2018. Defined terms that are not defined in these terms and conditions shall have the meanings indicated in such master note no. 2, dated August 22, 2018, unless the context otherwise requires.

CUSIP / ISIN: 40056EFY9 / US40056EFY95

Company (Issuer): GS Finance Corp.

Guarantor: The Goldman Sachs Group, Inc.

Underliers (each individually, an underlier): the Russell 2000® Index (current Bloomberg symbol: "RTY Index"), or any successor underlier, and the S&P 500® Index (current Bloomberg symbol: "SPX Index"), or any successor underlier, as each may be modified, replaced or adjusted from time to time as provided herein

Face amount: $ in the aggregate on the original issue date; the aggregate face amount may be increased if the company, at its sole option, decides to sell an additional amount on a date subsequent to the trade date

Authorized denominations: $1,000 or any integral multiple of $1,000 in excess thereof

Principal amount: Subject to redemption by the company as provided under "— Company's redemption right " below, on the stated maturity date, in addition to the final coupon, if any, the company will pay, for each $1,000 of the outstanding face amount, an amount, if any, in cash equal to the cash settlement amount.

Cash settlement amount:

- if the final underlier level of each underlier is greater than or equal to its trigger buffer level, $1,000; or
- if the final underlier level of any underlier is less than its trigger buffer level, the sum of (i) $1,000 plus (ii) the product of (a) the lesser performing underlier return times (b) $1,000.

Company's redemption right: the company may redeem the notes, at its option, in whole but not in part, on each coupon payment date commencing in December 2019 and ending in September 2023 for an amount in cash for each $1,000 of the outstanding face amount on the redemption date equal to 100% of such $1,000 face amount plus any coupon then due.

If the company chooses to exercise the company's redemption right, it will notify the holder of your notes and the trustee by giving at least ten business days' prior notice. The day the company gives the notice, which will be a business day, will be the redemption notice date and the immediately following coupon payment date, which the company will state in the redemption notice, will be the redemption date.

The company will not give a redemption notice that results in a redemption date later than the September 2023 coupon payment date. A redemption notice, once given, shall be irrevocable.

Initial underlier level (set on the trade date): with respect to an underlier, the closing level of such underlier on the trade date

Final underlier level: with respect to an underlier, the closing level of such underlier on the determination date, subject to adjustment as provided in "— Consequences of a market disruption event or non-trading day" and "— Discontinuance or modification of an underlier" below

Underlier return: with respect to an underlier on the determination date, the quotient of (i) its final underlier level minus its initial underlier level divided by (ii) its initial underlier level, expressed as a positive or negative percentage

Table of Contents

Lesser performing underlier return: the underlier return of the lesser performing underlier
Lesser performing underlier: the underlier with the lowest underlier return
Trigger buffer level: for each underlier, 60% of its initial underlier level
Coupon: subject to the company's redemption right, on each coupon payment date, for each $1,000 of the outstanding face amount, the company will pay an amount in cash equal to:

- if the closing level of each underlier on the related coupon observation date is greater than or equal to its coupon trigger level, between $17.5 and $18.75 (set on the trade date); or
- if the closing level of any underlier on the related coupon observation date is less than its coupon trigger level, $0

Coupon trigger level: for each underlier, 60% of its initial underlier level
Trade date: expected to be November 30, 2018
Original issue date (set on the trade date): expected to be December 5, 2018
Determination date: the last coupon observation date, expected to be November 20, 2023, subject to adjustment as described under "— Coupon observation dates" below. If the stated maturity date is postponed due to a non-business day as described under "Stated maturity date" below, such postponement of the stated maturity date will not postpone the determination date.
Stated maturity date (set on the trade date): expected to be December 5, 2023, unless that day is not a business day, in which case the stated maturity date will be postponed to the next following business day. If the determination date is postponed as described under "— Determination date" above, such postponement of the determination date will not postpone the stated maturity date.
Coupon observation dates (set on the trade date): expected to be the tenth scheduled trading day for all underliers prior to each coupon payment date, unless the calculation agent determines that, with respect to any underlier, a market disruption event occurs or is continuing on that day or that day is not otherwise a trading day. If a coupon payment date is postponed due to a non-business day as described under "— Coupon payment dates" below, such postponement of the coupon payment date will not postpone the related coupon observation date.
In the event the originally scheduled coupon observation date is a non-trading day with respect to any underlier, the coupon observation date will be the first day thereafter that is a trading day for all underliers (the "first qualified coupon trading day") provided that no market disruption event occurs or is continuing with respect to an underlier on that day. If a market disruption event with respect to an underlier occurs or is continuing on the originally scheduled coupon observation date or the first qualified coupon trading day, the coupon observation date will be the first following trading day on which the calculation agent determines that each underlier has had at least one trading day (from and including the originally scheduled coupon observation date or the first qualified coupon trading day, as applicable) on which no market disruption event has occurred or is continuing and the closing level of each underlier for that coupon observation date will be determined on or prior to the postponed coupon observation date as set forth under "— Consequences of a market disruption event or a non-trading day" below. (In such case, the coupon observation date may differ from the date on which the level of an underlier is determined for the purpose of the calculations to be performed on the coupon observation date.) In no event, however, will the coupon observation date be postponed by more than three scheduled trading days for all underliers from the originally scheduled coupon observation date either due to the occurrence of serial non-trading days or due to the occurrence of one or more market disruption events. (For the avoidance of doubt, a day that is a scheduled trading day for only one underlier will not count as one of the three scheduled trading days for this purpose.) On such last possible coupon observation date applicable to the relevant coupon payment date, if a market disruption event occurs or is continuing with respect to an underlier that has not yet had such a trading day on which no market disruption event has occurred or is continuing or if such last possible day is not a trading day with respect to such underlier, that day will nevertheless be the coupon observation date.
Coupon payment dates (set on the trade date): expected to be the 5th day of each March, June, September and December, commencing in March 2019 and ending on the stated maturity date, unless, for any such coupon payment date, that day is not a business day, in which case such coupon payment date will be postponed to the next following business day. If a coupon observation date is postponed as described under — "Coupon observation dates" above, such postponement of the coupon observation date will not postpone the related coupon payment date.

Table of Contents

Closing level: on any trading day, (i) with respect to the Russell 2000® Index, the closing level of such underlier or any successor underlier reported by Bloomberg Financial Services, or any successor reporting service the company may select, on such trading day for that underlier (as of the trade date, whereas the underlier sponsor publishes the official closing level of the Russell 2000® Index to six decimal places, Bloomberg Financial Services reports the closing level to fewer decimal places) and (ii) with respect to the S&P 500® Index, the official closing level of such underlier or any successor underlier published by the underlier sponsor on such trading day for such underlier

Trading day: with respect to an underlier, a day on which the respective principal securities markets for all of the underlier stocks are open for trading, the underlier sponsor is open for business and such underlier is calculated and published by the underlier sponsor. A day is a scheduled trading day with respect to an underlier if, as of the trade date, the respective underlier sponsor is scheduled to be open for business, such underlier is expected to be calculated and published and the respective principal securities markets for all of its underlier stocks are scheduled to be open for trading on such day.

Successor underlier: with respect to an underlier, any substitute underlier approved by the calculation agent as a successor as provided under "— Discontinuance or modification of an underlier" below

Underlier sponsor: with respect to an underlier, at any time, the person or entity, including any successor sponsor, that determines and publishes such underlier as then in effect. The notes are not sponsored, endorsed, sold or promoted by any underlier sponsor or any affiliate thereof and no underlier sponsor or affiliate thereof makes any representation regarding the advisability of investing in the notes.

Underlier stocks: with respect to an underlier, at any time, the stocks that comprise such underlier as then in effect, after giving effect to any additions, deletions or substitutions

Market disruption event: With respect to any given trading day, any of the following will be a market disruption event with respect to an underlier:

a suspension, absence or material limitation of trading in underlier stocks constituting 20% or more, by weight, of the underlier on their respective primary markets, in each case for more than two consecutive hours of trading or during the one-half hour before the close of trading in that market, as determined by the calculation agent in its sole discretion,

a suspension, absence or material limitation of trading in option or futures contracts relating to the underlier or to underlier stocks constituting 20% or more, by weight, of such underlier in the respective primary markets for those contracts, in each case for more than two consecutive hours of trading or during the one-half hour before the close of trading in that market, as determined by the calculation agent in its sole discretion, or

underlier stocks constituting 20% or more, by weight, of the underlier, or option or futures contracts, if available, relating to an underlier or to underlier stocks constituting 20% or more, by weight, of the underlier do not trade on what were the respective primary markets for those underlier stocks or contracts, as determined by the calculation agent in its sole discretion,

and, in the case of any of these events, the calculation agent determines in its sole discretion that such event could materially interfere with the ability of the company or any of its affiliates or a similarly situated person to unwind all or a material portion of a hedge that could be effected with respect to this note.

The following events will not be market disruption events:

a limitation on the hours or numbers of days of trading, but only if the limitation results from an announced change in the regular business hours of the relevant market, and

a decision to permanently discontinue trading in option or futures contracts relating to an underlier or to any underlier stock.

For this purpose, an "absence of trading" in the primary securities market on which an underlier stock, or on which option or futures contracts relating to an underlier or an underlier stock are traded will not include any time when that market is itself closed for trading under ordinary circumstances. In contrast, a suspension or limitation of trading in an underlier stock or in option or futures contracts, if available, relating to an underlier or an underlier stock in the primary market for that stock or those contracts, by reason of:

a price change exceeding limits set by that market,

an imbalance of orders relating to that underlier stock or those contracts, or

a disparity in bid and ask quotes relating to that underlier stock or those contracts, will constitute a suspension or material limitation of trading in that stock or those contracts in that market.

Table of Contents

A market disruption event with respect to one underlier will not, by itself, constitute a market disruption event for the other unaffected underlier.

As is the case throughout this pricing supplement, references to the underlier in this description of market disruption events includes any successor underlier as it may be modified, replaced or adjusted from time to time.

Consequences of a market disruption event or a non-trading day: With respect to any underlier, if a market disruption event occurs or is continuing on a day that would otherwise be a coupon observation date (and the determination date in the case of the last coupon observation date), or such day is not a trading day, then such coupon observation date will be postponed as described under "— Coupon observation dates" above. If any coupon observation date (and the determination date in the case of the last coupon observation date) is postponed to the last possible date due to the occurrence of serial non-trading days, the level of each underlier will be the calculation agent's assessment of such level, in its sole discretion, on such last possible postponed coupon observation date (and the determination date in the case of the last coupon observation date). If any coupon observation date (and the determination date in the case of the last coupon observation date) is postponed due to a market disruption event with respect to any underlier, the closing level of each underlier with respect to such coupon observation date (and the final underlier level with respect to the determination date) will be calculated based on (i) for any underlier that is not affected by a market disruption event on the applicable originally scheduled coupon observation date or the first qualified coupon trading day thereafter (if applicable), the closing level of the underlier on that date, (ii) for any underlier that is affected by a market disruption event on the applicable originally scheduled coupon observation date or the first qualified coupon trading day thereafter (if applicable), the closing level of the underlier on the first following trading day on which no market disruption event exists for such underlier and (iii) the calculation agent's assessment, in its sole discretion, of the level of any underlier on the last possible postponed coupon observation date with respect to such underlier as to which a market disruption event continues through the last possible postponed coupon observation date. As a result, this could result in the closing level on any coupon observation date (or final underlier level on the determination date) of each underlier being determined on different calendar dates. For the avoidance of doubt, once the closing level for an underlier is determined for a coupon observation date (or the determination date in the case of the last coupon observation date), the occurrence of a later market disruption event or non-trading day will not alter such calculation.

Discontinuance or modification of an underlier: If an underlier sponsor discontinues publication of an underlier and such underlier sponsor or anyone else publishes a substitute underlier that the calculation agent determines is comparable to such underlier and approves as a successor underlier, or if the calculation agent designates a substitute underlier, then the calculation agent will determine the coupon payable, if any, on the relevant coupon payment date or the cash settlement amount on the stated maturity date, as applicable, by reference to such successor underlier.

If the calculation agent determines on a coupon observation date or the determination date, as applicable, that the publication of an underlier is discontinued and there is no successor underlier, the calculation agent will determine the coupon or the cash settlement amount, as applicable, on the related coupon payment date or the stated maturity date, as applicable, by a computation methodology that the calculation agent determines will as closely as reasonably possible replicate such underlier.

If the calculation agent determines that an underlier, the underlier stocks comprising that underlier or the method of calculating that underlier is changed at any time in any respect — including any split or reverse-split and any addition, deletion or substitution and any reweighting or rebalancing of the underlier or of the underlier stocks and whether the change is made by the underlier sponsor under its existing policies or following a modification of those policies, is due to the publication of a successor underlier, is due to events affecting one or more of the underlier stocks or their issuers or is due to any other reason — and is not otherwise reflected in the level of the underlier by the underlier sponsor pursuant to the then-current underlier methodology of the underlier, then the calculation agent will be permitted (but not required) to make such adjustments in such underlier or the method of its calculation as it believes are appropriate to ensure that the levels of such underlier used to determine the coupon or cash settlement amount, as applicable, on the related coupon payment date or the stated maturity date, as applicable, is equitable.

All determinations and adjustments to be made by the calculation agent with respect to an underlier may be made by the calculation agent in its sole discretion. The calculation agent is not obligated to make any such adjustments.

Regular record dates: the scheduled business day immediately preceding the day on which payment is to be made (as such payment date may be adjusted)

Calculation agent: Goldman Sachs & Co. LLC (“GS&Co.”)

Table of Contents

Tax characterization: The holder, on behalf of itself and any other person having a beneficial interest in this note, hereby agrees with the company (in the absence of a change in law, an administrative determination or a judicial ruling to the contrary) to characterize this note for all U.S. federal income tax purposes as an income-bearing pre-paid derivative contract in respect of the underliers.

Overdue principal rate and overdue coupon rate: the effective Federal Funds rate

Table of Contents

HYPOTHETICAL EXAMPLES

The following examples are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate (i) the impact that various hypothetical closing levels of the underliers on a coupon observation date could have on the coupon payable, if any, on the related coupon payment date and (ii) the impact that various hypothetical closing levels of the lesser performing underlier on the determination date could have on the cash settlement amount at maturity assuming all other variables remain constant.

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

The information in the following examples reflects hypothetical rates of return on the offered notes assuming that they are purchased on the original issue date at the face amount and held to the stated maturity date or date of early redemption. If you sell your notes in a secondary market prior to the stated maturity date or date of early redemption, as the case may be, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the examples below such as interest rates, the volatility of the underliers, the creditworthiness of GS Finance Corp., as issuer, and the creditworthiness of The Goldman Sachs Group, Inc., as guarantor. In addition, the estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to pricing models used by GS&Co.) is less than the original issue price of your notes. For more information on the estimated value of your notes, see "Additional Risk Factors Specific to Your Notes — The Estimated Value of Your Notes At the Time the Terms of Your Notes Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your Notes" on page PS-12 of this pricing supplement. The information in the examples also reflects the key terms and assumptions in the box below.

Key Terms and Assumptions	
Face amount	$1,000
Coupon	$17.5
Trigger buffer level	with respect to each underlier, 60% of its initial underlier level
Coupon trigger level	with respect to each underlier, 60% of its initial underlier level
Neither a market disruption event nor a non-trading day occurs on any originally scheduled coupon observation date or the originally scheduled determination date	
No change in or affecting any of the underlier stocks or the method by which the applicable underlier sponsor calculates any underlier	
Notes purchased on original issue date at the face amount and held to the stated maturity date or date of early redemption	

Moreover, we have not yet set the initial underlier levels that will serve as the baseline for determining the coupon payable on each coupon payment date, if any, if the notes will be redeemed, the underlier returns and the amount that we will pay on your notes, if any, at maturity. We will not do so until the trade date. As a result, the actual initial underlier levels may differ substantially from the underlier levels prior to the trade date. They may also differ substantially from the underlier levels at the time you purchase your notes.

For these reasons, the actual performance of the underliers over the life of your notes, the actual underlier levels on any coupon observation date, as well as the coupon payable, if any, on each coupon payment date, may bear little relation to the hypothetical examples shown below or to the historical underlier levels shown elsewhere in this pricing supplement. For information about the underlier levels during recent periods, see "The Underliers — Historical Closing Levels of the Underliers" on page PS-18. Before investing in the notes, you should consult publicly available information to determine the underlier levels between the date of this pricing supplement and the date of your purchase of the notes.

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

Table of Contents

Hypothetical Coupon Payments

The examples below show hypothetical performances of each underlier as well as the hypothetical coupons, if any, that we would pay on each coupon payment date with respect to each $1,000 face amount of the notes if the hypothetical closing level of each underlier on the applicable coupon observation date was the percentage of its initial underlier level shown.

Scenario 1

Hypothetical Coupon Observation Date	Hypothetical Closing Level of the Russell 2000® Index (as Percentage of Initial Underlier Level)	Hypothetical Closing Level of the S&P 500® Index (as Percentage of Initial Underlier Level)	Hypothetical Coupon
First	110%	40%	$0
Second	50%	50%	$0
Third	60%	55%	$0
Fourth	70%	85%	$17.5
Fifth	55%	50%	$0
Sixth	50%	55%	$0
Seventh	80%	95%	$17.5
Eighth	60%	50%	$0
Ninth	60%	50%	$0
Tenth	70%	45%	$0
Eleventh	50%	110%	$0
Twelfth – Twentieth	55%	50%	$0
		Total Hypothetical Coupons	$35

In Scenario 1, the hypothetical closing level of each underlier increases and decreases by varying amounts on each hypothetical coupon observation date. Because the hypothetical closing level of each underlier on the fourth and seventh hypothetical coupon observation dates is greater than or equal to its hypothetical coupon trigger level, the total of the hypothetical coupons in Scenario 1 is $35. Because the hypothetical closing level of at least one underlier on all other hypothetical coupon observation dates is less than its hypothetical coupon trigger level, no further coupons will be paid, including at maturity.

Scenario 2

Hypothetical Coupon Observation Date	Hypothetical Closing Level of the Russell 2000® Index (as Percentage of Initial Underlier Level)	Hypothetical Closing Level of the S&P 500® Index (as Percentage of Initial Underlier Level)	Hypothetical Coupon
First	50%	60%	$0
Second	55%	65%	$0
Third	40%	55%	$0
Fourth	45%	60%	$0
Fifth	50%	65%	$0
Sixth	110%	55%	$0
Seventh	35%	45%	$0
Eighth	45%	40%	$0
Ninth	55%	55%	$0

Tenth	50%	50%	$0
Eleventh	55%	110%	$0
Twelfth – Twentieth	55%	60%	$0
		Total Hypothetical Coupons	$0

In Scenario 2, the hypothetical closing level of each underlier increases and decreases by varying amounts on each hypothetical coupon observation date. Because in each case the hypothetical closing level of at least one underlier on the related coupon observation date is less than its hypothetical coupon trigger level, you will not receive a coupon payment on the applicable hypothetical coupon payment date. Since this occurs on every hypothetical coupon observation date, the overall return you earn on your notes will be less than zero. Therefore, the total of the hypothetical coupons in Scenario 2 is $0.

Table of Contents

Scenario 3

Hypothetical Coupon Observation Date	Hypothetical Closing Level of the Russell 2000® Index (as Percentage of Initial Underlier Level)	Hypothetical Closing Level of the S&P 500® Index (as Percentage of Initial Underlier Level)	Hypothetic Coupon
First	50%	45%	

A change in control under our employment agreement with Mr. McEnany includes:

- the sale, transfer, assignment or other disposition (including by merger or consolidation, but excluding any sales by stockholders made as part of an underwritten public offering of the common stock of the company), in one transaction or a series of related transactions, of more than fifty percent (50%) of the voting power represented by the then-outstanding capital stock of the Company to one or more Persons (other than to the executive officer or a group (as defined under the Securities Exchange Act of 1934) in which the executive officer is a member);
- the sale of substantially all of the assets of the Company (other than a transfer of financial assets made in the ordinary course of business for the purpose of securitization); or
- the liquidation or dissolution of the Company

Under any of those circumstances, the executive s severance package includes:

- the payment of any accrued but unpaid annual bonus at the time of termination;
- the payment of the executive s base salary for a period of at least twelve (12) months; and
- continuation of the executive s medical benefits (in case of disability), including to his family (in case of death or disability).

Our employment agreement with Jack Weinstein, our Chief Financial Officer, expired on November 8, 2008. On December 23, 2008 (effective November 12, 2008), we entered into a letter agreement with Mr. Weinstein regarding his continued employment with the Company. Under such letter agreement, if Mr. Weinstein is terminated without cause (such term is defined in the same manner as set forth above in the description of Mr. McEnany s employment agreement), he will receive twelve (12) months of base salary. Mr. Weinstein will also receive twelve (12) months of base salary if he resigns from his employment for good reason. Good reason is defined as any material alteration by the Company of positions, functions, duties, or responsibilities, or a material decrease in base salary not agreed to by Mr. Weinstein.

The amounts payable to each executive officer with an agreement, in the event of termination, death, disability, or retirement, are set forth in the following chart assuming the event occurred on December 31, 2008:

Name	Payment Due Upon Termination either by Company without Cause or Officer for Good Reason (1)	Payment Due Upon the Death or Permanent Disability of Officer (1)	Payment Due Upon a Termination by Company with Cause or Resignation or Retirement by Officer (1)	Payment Due upon a Change of Control
Patrick J. McEnany	$ 648,900	$ 374,751		$ 648,900
Jack Weinstein	$ 206,000			$ 206,000
M. Douglas Winship				
Steven R. Miller				

(1) Under our employment agreement with Mr. McEnany and our letter agreement with Mr. Weinstein, these amounts would have been payable to Messrs. McEnany and Weinstein had their employment agreements been terminated on December 31, 2008.

Table of Contents

EQUITY COMPENSATION PLAN INFORMATION

Securities Authorized for Issuance Under Equity Compensation Plans

The following table gives information about our common stock that may be issued upon the exercise of options under all of our existing equity compensation plans as of December 31, 2008:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for equity compensation plans
	Equity Compensation Plan Information		
Securities issued under the 2006 Plan	2,188,828	$ 3,67	1,714,451
Securities issued outside the 2006 Plan	2,352,254	$ 1.15	

2006 Stock Incentive Plan

In July 2006, we adopted the 2006 Plan. We have reserved 2,188,828 shares for issuance under the 2006 Plan. To date, options to purchase 419,888 shares of our common stock and 54,489 restricted shares of our common stock have been granted under the 2006 Plan. The purpose of the 2006 Plan is to continue to advance our interests by allowing us to attract, retain, reward, and motivate individuals eligible under the 2006 Plan to strive for our continued success by giving them additional opportunities to purchase further equity stakes in our company.

Administration. The Compensation Committee of our board of directors administers the 2006 Plan and determines which persons will receive grants of awards and the type of award to be granted to such persons. The Compensation Committee also interprets the provisions of the 2006 Plan and makes all other determinations that it deems necessary or advisable for the administration of the 2006 Plan.

Eligibility. All eligible individuals will be able to participate in the 2006 Plan. Eligible individuals include our directors, officers, employees, scientific advisors, independent contractors and consultants, as well as individuals who have accepted an offer of employment with us.

Transferability of awards. Awards are non-transferable other than by will or by the laws of descent and distribution or as otherwise expressly allowed by the Compensation Committee pursuant to a gift to members of an eligible person s immediate family. The gift may be directly or indirectly transferred, by means of a trust, partnership, or otherwise. Stock options and stock appreciation rights may be exercised only by the optionee, any such permitted transferee or a guardian, legal representative or beneficiary.

Change of control. If there is a change in control of Catalyst Pharmaceutical Partners, Inc., any award that is not exercisable and vested may become immediately exercisable and vested in the sole and absolute discretion of the Compensation Committee. Vested awards will be deemed earned and payable in full. The Compensation Committee may also terminate the awards, entitling participants to a cash payment. If we are liquidated or dissolved, awards may also be converted into the right to receive liquidation proceeds. In the event that the Compensation Committee does not terminate or convert an award upon a change of control, then the award will be assumed, or substantially equivalent awards will be substituted, by the acquiring or succeeding corporation.

Amendments, modifications and termination. Our board of directors may, at any time, suspend or terminate the 2006 Plan, but the board may not impair the rights of holders of outstanding awards without the holder s consent. No amendment to the 2006 Plan may be made without consent of our stockholders. In the event that an award is granted to a person residing outside of the United States, the board may, at its discretion, modify the terms of the agreement to comply with the laws of the country of which the eligible individual is a resident. The 2006 Plan will terminate 10 years after its effective date.

Table of Contents

Outstanding Equity Awards at Fiscal Year End

The following table sets forth certain information regarding equity-based awards held by our Named Executive Officers as of December 31, 2008.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2008

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units of Stock that Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested
Patrick J. McEnany	15,000			2.49	11/12/13				
	364,804			0.69	07/01/12				
	364,804			0.69	03/04/15				
Jack Weinstein	15,000			2.49	11/12/13				
	145,921			1.37	10/01/09				
	72,961			2.98	10/01/09				
	145,921			1.37	03/04/10				
	72,961			2.98	03/04/10				
M. Douglas Winship	15,000			2.49	11/12/13				
	36,480			2.98	07/10/12				
	36,480			2.98	07/10/13				
		36,480		2.98	07/10/14				
		36,481		2.98	07/10/15				
Steven R. Miller	15,000			2.49	11/12/13				
	33,333			3.60	04/04/12				
	33,333			3.60	04/04/13				

33,334	3.60	04/04/14

Option Exercises

No options have been exercised by any of our Named Executive Officers.

Table of Contents

COMPENSATION OF DIRECTORS

Fiscal 2008 Director Compensation

The following table provides information regarding compensation earned by our non-employee Directors for the year ended December 31, 2008.

Name	Fees Earned or Paid in Cash ($)	Stock Awards (1) (2) ($)	Total ($)
Philip Coelho	16,000	9,455	25,455
Hubert Huckel	20,000	9,455	29,455
Charles O Keeffe	17,500	9,455	26,955
David Tierney (3)	25,500	13,237	38,737
Milton J. Wallace (4)	29,000	13,237	42,237

(1) All figures represent the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year ended December 31, 2008, which for all grants was equal to the fair value, computed in accordance with SFAS 123R. Non-employee directors receive options in January of each year. These options vest immediately upon grant.

(2) The aggregate number of stock options outstanding for each non-employee director as of December 31, 2008 is indicated in the table below:

Name	Number of Options
Philip Coelho	10,000
Hubert Huckel	739,608
Charles O Keeffe	301,843
David Tierney	14,000
Milton J. Wallace	14,000

(3) Dr. Tierney serves as chairman of the Compensation Committee of the Board. Dr. Tierney received additional compensation for his services as chairman of the Compensation Committee as described in the narrative below.

(4) Mr. Wallace serves as chairman of the Audit Committee of the Board. Mr. Wallace received additional compensation for his services as chairman of the Audit Committee as described in the narrative below.

Compensation of Directors

Non-employee directors receive an annual retainer of $12,000, plus meeting fees of $1,000 for Board meetings and $500 for committee meetings. Further, the Chair of the Audit Committee receives an additional annual retainer of $10,000 and the Chair of the Compensation Committee receives an additional annual retainer of $5,000. Non-employee directors also receive annual grants of five-year stock options to purchase 5,000 shares of the Company s common stock (7,000 shares for the Chair of the Audit Committee and the Chair of the Compensation Committee) at an exercise price equal to the closing price of the common stock on January 17 of each year.

The compensation to be paid to non-employee directors was approved by the Board in January 2007. Prior to January 2007, no compensation was paid to our non-employee directors for their services.

Table of Contents

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of the Record Date for this Proxy Statement, we had 14,165,385 shares of our common stock outstanding. The following table sets forth, as of the date of this proxy statement, certain information regarding the shares of common stock owned of record or beneficially by (i) each person who owns beneficially more than 5% of our outstanding common stock; (ii) each of our directors and Named Executive Officers; and (iii) all directors and executive officers as a group.

	Shares Beneficially Owned (1)	
Name	**Number**	**Percentage**
Patrick J. McEnany (2)(3)	4,017,767	29.9
Hubert E. Huckel, M.D. (4)	1,923,742	12.9
Henderson Global Investors Limited (5)	904,582	6.4
Federated Investors, Inc. (6)	861,131	6.1
Philip H. Coelho (7)	276,182	1.9
Charles B. O Keeffe (8)	370,719	2.6
David S. Tierney (9)	206,401	1.5
Milton J. Wallace (9)(10)	355,184	2.5
Jack Weinstein (11)	464,757	3.2
M. Douglas Winship (12)	92,754	*
Alicia Grande (13)	63,178	*
Steven R. Miller (14)	174,754	1.2
All officers and directors as a group (11 persons)	7,960,438	47.6

* Less than one percent

(1) Unless otherwise indicated, each person named in the table has the sole voting and investment power with respect to the shares beneficially owned. Further, unless otherwise noted, the address for each person named in this table is c/o Catalyst Pharmaceutical Partners, Inc.

(2) Includes 145,922 shares owned by Mr. McEnany s wife.

(3) Includes options to purchase 729,608 shares of our common stock at a price of $0.69 per share and 15,000 shares at $2.49 per share.

(4) Includes options to purchase 729,608 shares of our common stock at a price of $0.69 per share, 5,000 shares of our common stock at a price of $3.99 per share, 5,000 shares of our common stock at a price of $3.15 per share, and 5,000 shares of our common stock at a price of $2.55 per share.

(5) Reported in a Schedule 13G filed by Henderson on February 17, 2009. Henderson s address is 4 Broadgate, London EC2M 2DA, United Kingdom.

(6) Reported in a Schedule 13G filed by Federated on February 17, 2009. Federated s address is Federated Investors Tower, Pittsburgh, PA 15222-3779.

(7) Includes options to purchase 15,000 shares of our common stock, of which 5,000 shares are exercisable at a price of $3.99 per share, 5,000 shares are exercisable at a price of $3.15 per share, and 5,000 shares are exercisable at a price of $2.55 per share.

(8) Includes options to purchase 306,843 shares of our common stock, of which 291,843 shares are exercisable at a price of $1.37 per share, 5,000 shares are exercisable at a price of $3.99 per share, 5,000 shares are exercisable at $3.15 per share, and 5,000 shares are exercisable at $2.55 per share.

(9) Includes options to purchase 21,000 shares of our common stock, of which 7,000 shares are exercisable at a price of $3.99 per share, 7,000 shares are exercisable at a price of $3.15 per share, and 7,000 shares are exercisable at a price of $2.55 per share.

(10) Shares are owned jointly by Mr. Wallace and his wife, Patricia Wallace. Also includes 29,184 shares owned by Biscayne National Corp., of which Mr. Wallace is the President.

Table of Contents

(11) Includes options to purchase 452,764 shares of our common stock, of which options to purchase 291,842 shares are exercisable at a price of $1.37 per share, options to purchase 145,922 shares are exercisable at a price of $2.98 per share, and options to purchase 15,000 shares are exercisable at a price of $2.49 per share.

(12) Includes options to purchase 72,960 shares of our common stock at a price of $2.98 per share and 15,000 shares of our common stock at a price of $2.49 per share. Excludes unvested stock options to purchase 72,961 shares of our common stock at an exercise price of $2.98 per share. These options will vest as follows: (i) 7/10/09 36,480; and (ii) 7/10/2010 36,481.

(13) Includes options to purchase 48,332 shares of our common stock, of which options to purchase 6,666 shares are exercisable at $4.00 per share, options to purchase 26,666 shares are exercisable at $6.00 per share, and options to purchase 15,000 shares are exercisable at $2.49 per share. Excludes unvested options to purchase 3,334 shares of our common stock at a price of $4.00 per share, which will vest on January 1, 2010 and excludes options to purchase 13,334 shares of our common stock at a price of $6.00 per share, which will vest on January 1, 2010. Also, excludes 5,000 restricted shares that will vest on 1/1/2010.

(14) Includes options to purchase 115,000 shares of our common stock, of which options to purchase 100,000 are exercisable at a price of $3.60 per share and options to purchase 15,000 shares are exercisable at $2.49 per share.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Prior to our IPO, we had a consulting agreement with Jack Weinstein, our Chief Financial Officer that required a bonus payment upon the successful completion of a U.S. initial public offering raising proceeds of at least $10 million. We paid the required bonus in the amount of $140,575 upon the successful completion of our IPO.

PROPOSAL ONE

ELECTION OF DIRECTORS

Our certificate of incorporation and bylaws provide for a board of directors elected annually for one-year terms. The Board of Directors has no reason to believe that any of the persons named will be unable to serve if elected. If any nominee is unable to serve as a director, the enclosed proxy will be voted for a substitute nominee selected by the Board of Directors.

Nominees for Director

The nominees for director are as follows:

Name	Age	Director Since
Patrick J. McEnany	61	January 2002
Philip H. Coelho	64	October 2002
Hubert E. Huckel, M.D.	77	January 2002
Charles B. O Keeffe	69	December 2004
David S. Tierney, M.D.	45	October 2002
Milton J. Wallace	73	October 2002

Biographical information about each candidate for election to the Board of Directors is contained above in Our Board of Directors.

Consideration of Future Nominees

The Nominating and Corporate Governance committee of our Board will consider director candidates recommended by our stockholders. Any stockholder wishing to submit a recommendation with respect to the

2010 Annual Meeting of Stockholders should send a signed letter of recommendation to Catalyst Pharmaceutical Partners, Inc., 355 Alhambra Circle, Suite 1370, Coral Gables, Florida 33134, Attention: Corporate Secretary. To be considered, recommendation letters must be received between February 12, 2010 and March 14, 2010, and must include: (i) all information about the nominee required to be disclosed in solicitations of proxies in an election contest; (ii) the written consent of the nominee to the nomination and such nominee s willingness to serve if elected; and (iii) the name and address of the stockholder making such recommendation, the class and number of shares of capital stock the stockholder owns, and a representation by the stockholder that such stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear, in person or by proxy, to propose such nomination.

Vote Required

The election of directors requires a plurality of the votes cast by the holders of our common stock. A plurality means the individuals who receive the largest number of votes cast are elected as directors up to the maximum number of directors to be chosen at the meeting. Consequently, any shares not voted (whether by abstention, broker non-vote or otherwise) have no impact on the election of directors.

The Board of Directors recommends a vote in favor of those persons nominated for election to the Board of Directors.

OTHER MATTERS

The Board is not aware of any other business that may come before the meeting. However, if additional matters properly come before the meeting, proxies will be voted at the discretion of proxy holders.

CONTACTING THE BOARD OF DIRECTORS

Stockholders may communicate with the board of directors by directing their communications in a hard copy (i.e. non-electronic) written form to the attention of one or more members of the Board of Directors, or to the Board of Directors collectively, at our principal executive office located at 355 Alhambra Circle, Suite 1370, Coral Gables, Florida 33134, Attention: Corporate Secretary. A stockholder communication must include a statement that the author of such communication is a beneficial or record owner of shares of our common stock. Our corporate secretary will review all communications meeting the requirements discussed above and will remove any communications relating to (i) the purchase or sale of our products or services; (ii) communications from suppliers or vendors relating to our obligations to such supplier or vendor; (iii) communications from pending or threatened opposing parties in legal or administrative proceedings regarding matters not related to securities law matters or fiduciary duty matters, and (iv) any other communications that the corporate secretary deems, in his reasonable discretion, to be unrelated to our business. The corporate secretary will compile all communications not removed in accordance with the procedure described above and will distribute such qualifying communications to the intended recipient(s). A copy of any qualifying communications that relate to our accounting and auditing practices will also be automatically sent directly to the Chairman of the Audit Committee, whether or not it was directed to such person.

STOCKHOLDER PROPOSALS

Stockholder proposals intended to be presented at the 2010 Annual Meeting of Stockholders must be received by our corporate secretary not later than March 1, 2010 at our principal executive offices, 355 Alhambra Circle, Suite 1370, Coral Gables, Florida 33134, Attention: Corporate Secretary, for inclusion in the proxy statement and proxy relating to the 2010 Annual Meeting of Stockholders. Additionally, we must receive notice

Table of Contents

of any stockholder proposal to be submitted at the 2010 Annual Meeting of Stockholders (but not required to be in our proxy statement) by December 27, 2009, or such proposal will be considered untimely pursuant to Rule 14a-5(e) and 14a-8 under the Exchange Act. The persons named in the proxies solicited by management may exercise discretionary voting authority with respect to such proposal.

ADDITIONAL INFORMATION

The Company is delivering its Annual Report to its stockholders with this proxy statement. The Company will furnish without charge to any stockholder submitting a written request, the Company s 2008 Annual Report on Form 10-K as filed with the Securities and Exchange Commission, including the financial statements and schedules thereto. Such written requests should be directed to the Company, Attention: Corporate Secretary, at the address set forth above.

BY ORDER OF THE BOARD OF DIRECTORS

Patrick J. McEnany

Chairman of the Board

Coral Gables, Florida

April 30, 2009

Table of Contents

CATALYST PHARMACEUTICAL PARTNERS, INC.

355 Alhambra Circle, Suite 1370

Coral Gables, Florida 33134

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Patrick J. McEnany and Jack Weinstein, and each of them, with full power of substitution, proxies of the undersigned, to attend and vote all the shares of common stock, $0.001 par value per share, of Catalyst Pharmaceutical Partners, Inc., a Delaware corporation (the Company) which the undersigned would be entitled to vote at the 2009 Annual Meeting of Stockholders to be held at 10:00 a.m. local time, on June 9, 2009 or any adjournment thereof, according to the number of votes the undersigned would be entitled to vote if personally present upon the matters referred to in this proxy.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE PROPOSALS.

1. PROPOSAL ONE Election of Directors
To elect the following persons as Directors of the Company:

For a one year term

Patrick J. McEnany

Philip H. Coelho

Hubert E. Huckel, M.D.

Charles B. O Keeffe

David S. Tierney, M.D.

Milton J. Wallace

¨ FOR ALL NOMINEES except as indicated

¨ WITHHOLD AUTHORITY to vote for all nominees (INSTRUCTION: To withhold authority for an individual nominee, strike a line through that nominee s name in the list above.)

2. PROPOSAL TWO To transact such other business as may properly come before the meeting

¨ FOR ¨ AGAINST ¨ ABSTAIN

This Proxy when properly executed will be voted in the manner directed herein by the undersigned stockholder. If no direction is made, this proxy will be voted FOR the proposals as set forth herein.

Table of Contents

The undersigned acknowledges receipt of Notice of Annual Meeting of Stockholders dated April 30, 2009, and the accompanying Proxy Statement.

Date: __________, 2009.

Signature

Name(s) (typed or printed)

Address(es)

Please sign exactly as name appears on this Proxy. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by the President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE. NO POSTAGE IS REQUIRED.