

2-Year USD Outperformance Certificates on an American Stocks Basket

- NON-US INVESTORS ONLY - NON-PRINCIPAL PROTECTED – **Indicative** Terms and Conditions as of January 12, 2012 (Version 1.04)

All material herein is for discussion purposes only and is only a summary. The Final Termsheet shall include the information required for a simplified prospectus pursuant to Article 5 of the Federal Act on Collective Investment Schemes ("CISA"). Reference should always be made to the Programme for the Issuance of Derivatives which shall be read together with this Termsheet and the Offering Circular, which contains the only legally binding terms and conditions of the Certificates and other information related to the Issue. The Programme for the Issuance of Derivatives, the Offering Circular and the Simplified Prospectus are obtainable free of charge from the Issuer/Swiss Programme Agent. Before investing in the Securities you should read the risk factors described under Risk Information below, in the Programme for the Issuance of Derivatives and in the Offering Circular.

No Collective Investment Scheme Units: The Securities are not supervised by the Swiss Financial Market Supervisory Authority (FINMA) and investors do not benefit from the specific investor protection provided under the Federal Act on Collective Investment Schemes (CISA). Investors should be aware, that they are exposed to the credit risk of the Issuer and the Guarantor respectively.

A. PRODUCT DESCRIPTION

PRODUCT		DATES	
Issue Size	200'000 Certificates	Issue Date	January 16, 2012
ISIN	GB00B72GXZ01	Subscription Period	January 16, 2012 - January 24, 2012
Valor	10217030	Strike Date	January 24, 2012
Symbol	USCORP	Settlement Date	January 31, 2012
Exercise Type	European, automatic exercise on Maturity Date	First Trading Date	January 31, 2012
Participation	120% (indicative)	Maturity Date	January 24, 2014
Nominal	USD 100	Repayment Date	January 31, 2014
Issue Price	USD 100		
Trading Size	1 Certificate and multiples of 1 thereafter		
Minimum Exercise/ Minimum Investment	1 Certificate and multiples of 1 thereafter		

UNDERLYING INFORMATION

i	Underlying (i)	ISIN (i)	Bloomberg Ticker (i)	Reuters (i)	Reference Exchange (i)	Reference Price (Initial) (i)	Reference Currency (i)	Weight(i) (indicative)
1	Caterpillar Inc.	US1491231015	CAT UN Equity	CAT.N	New York Stock Exchange	TBD	USD	6%
2	CenturyLink Inc	US1567001060	CTL UN Equity	CTL.N	New York Stock Exchange	TBD	USD	2%
3	Cisco Systems, Inc.	US17275R1023	CSCO UW Equity	CSCO.OQ	NASDAQ Global Select Market	TBD	USD	2%
4	Gilead Sciences, Inc.	US3755581036	GILD UW Equity	GILD.OQ	NASDAQ Global Select Market	TBD	USD	6%
5	International Business Machines Corporation (IBM)	US4592001014	IBM UN Equity	IBM.N	New York Stock Exchange	TBD	USD	2%
6	Microsoft Corporation	US5949181045	MSFT UW Equity	MSFT.OQ	NASDAQ Global Select Market	TBD	USD	8%
7	Monsanto Company	US61166W1018	MON UN Equity	MON.N	New York Stock Exchange	TBD	USD	4%
8	Nike Inc - CL B	US6541061031	NKE UN Equity	NKE.N	New York Stock Exchange	TBD	USD	4%
9	Occidental Petroleum Corporation	US6745991058	OXY UN Equity	OXY.N	New York Stock Exchange	TBD	USD	7%
10	PepsiCo, Inc.	US7134481081	PEP UN Equity	PEP.N	New York Stock Exchange	TBD	USD	4%
11	Pfizer Inc.	US7170811035	PFE UN Equity	PFE.N	New York Stock Exchange	TBD	USD	6%
12	Philip Morris International	US7181721090	PM UN Equity	PM.N	New York Stock Exchange	TBD	USD	4%
13	QUALCOMM Incorporated	US7475251036	QCOM UW Equity	QCOM.OQ	NASDAQ Global Select Market	TBD	USD	8%
14	Ralph Lauren Corp	US7512121010	RL UN Equity	RL.N	New York Stock Exchange	TBD	USD	4%
15	Schlumberger Limited	AN8068571086	SLB UN Equity	SLB.N	New York Stock Exchange	TBD	USD	7%
16	State Street Corp	US8574771031	STT UN Equity	STT.N	New York Stock Exchange	TBD	USD	6%
17	The Boeing Company	US0970231058	BA UN Equity	BA.N	New York Stock Exchange	TBD	USD	6%
18	Wal-Mart Stores, Inc.	US9311421039	WMT UN Equity	WMT.N	New York Stock Exchange	TBD	USD	4%
19	Walgreen Co.	US9314221097	WAG UN Equity	WAG.N	New York Stock Exchange	TBD	USD	4%
20	Wells Fargo & Company	US9497461015	WFC UN Equity	WFC.N	New York Stock Exchange	TBD	USD	6%

CONTACT/INFO

Goldman Sachs Bank AG, Münsterhof 4, 8022 Zurich
 Phone: +41 (0)44 224 1144, Fax: +41 (0)44 224 1020
 Homepage: <http://www.goldman-sachs.ch>, E-mail: swisswarrants@gs.com
 Bloomberg: GSSD

GENERAL INFORMATION

Certificate Right	Each Certificate entitles the Investor, in accordance with the respective Terms and Conditions of the Certificates, to receive an amount in USD on Repayment Date equal to: If Basket Performance is equal to or greater than 0 (Zero): $\text{Nominal} \times [100\% + \text{Participation} \times \text{Basket Performance}]$ otherwise: $\text{Nominal} \times [100\% + \text{Basket Performance}]$
Basket Performance	$\sum_{i=1}^n \left[\text{Weight}(i) \times \frac{\text{ReferencePrice(Final)}(i)}{\text{ReferencePrice(Initial)}(i)} \right] - 1$ whereby n number of Underlyings in the Underlying Basket
Reference Price (i)	The official price of the Underlying (i) at any time as calculated and published by the Reference Exchange (i).
Reference Price (Initial) (i)	An average Reference Price (i) of the Underlying (i) on the Strike Date. The Reference Price (Initial) (i) will not be higher than the highest Reference Price (i) on the Strike Date.
Reference Price (Final) (i)	An average Reference Price (i) of the Underlying (i) on the Valuation Date. The Reference Price (Final) (i) will not be lower than the lowest Reference Price (i) on the Valuation Date.
Trading Day	Such day on which all Reference Exchange(s) (i) is/are scheduled to be open for trading for its/their respective regular trading session(s)
Valuation Date	Maturity Date. If such date is not a Trading Day, the next following Trading Day shall be the Valuation Date.
Business Days	Zurich, New York City
Listing	Application will be made to list the Certificates on the SIX Swiss Exchange AG
Secondary Trading	The Issuer expects to make a market in the Certificates on Reuters and on the Internet page http://www.goldman-sachs.ch Although the Issuer/Calculation Agent intends to provide bid and offer prices on a regular basis under normal market conditions, the Issuer/Calculation Agent does not make a commitment to provide liquidity by means of bid and offer prices and does not have a legal obligation to quote any such prices.
Adjustments	For modifications to the Terms and Conditions during the term of the certificates as a result of corporate actions or similar events and any other notices to Investors, please refer to the SIX Swiss Exchange AG Internet page http://www.six-exchange-regulation.com/publications/notices/debt_securities_de.html In case of unlisted certificates please refer to the Final Termsheet published on the Internet page http://www.goldman-sachs.ch
Issue Size	The Issuer reserves the right to increase the Issue Size at any time.
SVSP product categorisation	Outperformance Certificates (1310)

ISSUER INFORMATION

Issuer	Goldman Sachs International, London, UK
Issuer Rating	A (Standard & Poor's)
Prudential Supervision of the Issuer	The Issuer is regulated by The Financial Services Authority Limited and is an authorized person under The Financial Services and Markets Act 2000 of the United Kingdom and is subject to their rules
Lead Manager	Goldman Sachs International, London, UK
Paying Agent	Goldman Sachs International, London, UK
Swiss Programme Agent	Goldman Sachs Bank AG, Zurich, Switzerland
Calculation Agent	Goldman Sachs International, London, UK
Guarantor	The Goldman Sachs Group, Inc., Delaware, USA
Guarantor Rating	A1 (Moody's)/ A- (Standard & Poor's)
Prudential Supervision of the Guarantor	The Guarantor is a financial holding company regulated by the Federal Reserve
Guarantee	Irrevocable and unconditional; the Guarantee relates to the payment obligations only. The Guarantee is governed by Swiss law.
Form	Dematerialised uncertificated securities in accordance with article 973c of the Swiss Code of Obligations transformed into intermediated securities in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the "Securities")
Custodian / Settlement	SIX SIS AG, Olten, Switzerland
Applicable Law	Swiss Law
Place of Jurisdiction	Zurich

Fees payable by GS:

A selling commission may have been paid by Goldman Sachs International or any of its affiliates (collectively, "GS") in relation to this transaction. Please refer to the Pricing Supplement or contact the Swiss Programme Agent for further details.

CONTACT/INFO

Goldman Sachs Bank AG, Münsterhof 4, 8022 Zurich
Phone: +41 (0)44 224 1144, Fax: +41 (0)44 224 1020
Homepage: <http://www.goldman-sachs.ch>, E-mail: swisswarrants@gs.com
Bloomberg: GSSD

OFFERING INFORMATION

These Securities do qualify for public offering and distribution in and from Switzerland.

You understand that no action has been taken by GS to permit a public offering of the Securities in any jurisdiction other than the ones stated above.

You agree that: (i) you will not offer, sell or deliver any of the Securities described in this material in any jurisdiction, except in compliance with all applicable laws, and (ii) you will take, at your own expense, whatever action is required to permit your purchase and resale of the Securities.

B. PROFIT / LOSS PROSPECTS

PRODUCT DESCRIPTION

Market expectation	The Investor holds a positive view on the price development of the Underlying basket. The Investors' overall risk tolerance level is medium to high, as all capital invested could be lost.
Characteristics	At Maturity, the payout is determined by whether the Underlying basket performance is equal to or higher than 0. The Investor receives either (i) leveraged exposure to the performance of the Underlying basket if the Underlying basket performance is positive, otherwise the Investor receives (ii) the performance of the Underlying basket only.
Maximum Profit at Maturity/ Maximum Loss at Maturity	Maximum Loss: The minimum repayment of the Certificate is the Nominal multiplied with the performance of the Underlying basket. The Certificate will fall to zero when the prices of all constituents of the Underlying basket are zero. Investors would lose their entire capital invested. Maximum Profit: The maximum payout to the Investor is leveraged to the positive Underlying basket performance and is theoretically unlimited.
Certificate specific risks	The value of the Certificate in the secondary market will not necessarily track the performance of the Underlying basket. Instead it will be influenced by changes in the volatility of the Underlying basket and the interest rate. Due to the structure of the Certificate it is not primarily designed to give direct exposure to the performance of the Underlying during the life of the Certificate.

C. SIGNIFICANT RISKS FOR INVESTORS

Such information is also contained in sub-section "Certificate specific risks" of section "B PROFIT / LOSS PROSPECTS"

RISK INFORMATION

THESE SECURITIES ARE NOT PRINCIPAL PROTECTED. THERE IS A RISK THAT YOU COULD LOSE ALL OF YOUR INVESTMENT.

Volatility: These Securities are volatile instruments. Volatility refers to the degree of unpredictable change over time of a certain variable in this case the price, performance or investment return of a financial asset. Volatility does not imply direction of the price or investment returns. An instrument that is volatile is likely to increase or decrease in value more often and/or to a greater extent than one that is not volatile.

Leverage: These Securities are subject to leverage. Where an investment is subject to leverage, the effective exposure to the underlying asset or payment reference is increased. Leverage may expose investors to increased losses where the value of underlying asset falls. Leverage can be embedded in derivative components of complex financial instruments.

Combining investment types: These Securities may have some or all of the characteristics of debt and derivatives instruments. These elements could interact to produce both an enhanced possibility of loss of the initial investment or an enhanced return.

Investment return: The price of these Securities and the income generated, if any, may go down or up. You may realize losses on any investment made and you may get back nothing at all. You should read the Programme for the Issuance of Derivatives (www.goldman-sachs.ch/Programm) together with this Termsheet and the Offering Circular (Programme for the Issuance of Derivatives together with the relevant Pricing Supplement) for the legally binding terms and conditions and for a description of related risks. In addition, you should read the Swiss Bankers Association's "Special Risks in Securities Trading" risk disclosure brochure which is available on <http://www.swissbanking.org/en/home/shop.htm>. Risks include, but are not limited to, the following:

- The market price of the Securities may be influenced by many unpredictable factors, including economic conditions, the creditworthiness of GS, the value of any underlyers and certain actions taken by GS (see **Conflict of Interests** below). Accordingly, if you sell your Securities prior to maturity you may receive less than the issue price of the Securities.
- In the case of Securities referencing one or more indices or other underlying assets (collectively, the "Underlyings"), changes in the price of the Securities may not correlate to changes in the value of the Underlyings; any declines or gains in the value of one Underlying may be more than offset by movements in the value of other Underlyings.
- The price of these Securities may be adversely affected by trading and other transactions by GS relating to the Securities and/or any Underlyings
- The price of these Securities could be significantly impacted by determinations that GS may make in its sole discretion from time to time as calculation agent and/or index sponsor, as the case may be.

Relevant Information: GS may, by virtue of its status as an underwriter, advisor or otherwise, possess or have access to information relating to these Securities, and/or any Underlyings and any derivative instruments referencing them (together "Relevant Instruments"). GS will not be obliged to disclose any such Relevant Information to you.

No Exchange Guarantee nor Contract Ownership: These Securities are not guaranteed by an exchange nor does it result in the ownership of any futures contracts.

No Liquidity: There may be no market for these Securities. An investor must be prepared to hold them until the Maturity Date. GS may, but is not obliged to, make a market. If it does, it may cease at any time without notice.

CONTACT/INFO

Goldman Sachs Bank AG, Münsterhof 4, 8022 Zurich
Phone: +41 (0)44 224 1144, Fax: +41 (0)44 224 1020
Homepage: <http://www.goldman-sachs.ch>, E-mail: swisswarrants@gs.com
Bloomberg: GSSD

GSQuartixSM

Valuation: Assuming no change in market conditions or other factors, the value of these Securities on the Repayment Date may be significantly less than the execution price on the trade date. If you unwind your investment early, you may receive less than the stated redemption amount.

Price Discrepancy: Any price quoted for these Securities by GS may differ significantly from (i) the Securities' value determined by reference to GS pricing models and (ii) any price quoted by a third party.

Foreign Exchange: Foreign currency denominated Securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment.

TAX INFORMATION

The Investors will be liable for all current and future taxes and duties. The income tax treatment as described below is only applicable to private Investors with tax residence in Switzerland holding the products as private assets. The following tax treatment is applicable on the Issue Date. The relevant tax laws or the regulation of the tax authorities are subject to change, possibly with retroactive effect.

For private Investors with tax residence in Switzerland, any profits or losses that are realized during the lifetime of the product or at maturity are in principle not subject to the Federal Direct Tax (Direkte Bundessteuer) as they are considered as tax exempt capital gains or losses. The consequences in relation to the cantonal and communal income taxes for these Investors can differ from the tax consequences regarding the Federal Direct Tax.

No Swiss withholding tax.

No Swiss stamp duty on secondary market transactions.

EU Savings Tax: For Swiss paying agents, the product is not subject to the EU Savings Tax [Telekurs-Code].

Goldman Sachs expressly excludes all liability in respect of any tax implications.

DISCLAIMER

Conflict of Interests: GS may from time to time be an active participant on both sides of the market for the Relevant Instruments at any time and have long or short positions in, or buy and sell Relevant Instruments (on a principal basis or otherwise) identical or related to those mentioned herein. GS' hedging and trading activities with respect to the Securities may affect the value of other Relevant Instruments and vice versa. GS may be calculation agent or sponsor of Underlyings and as such may make determinations affecting the value of the Securities.

No Offer: This term sheet is not final. It has been prepared for discussion purposes only. It is not an offer to buy the Securities described within or enter into any agreement. Neither GS, nor any of their officers or employees is soliciting any action based upon it. Finalised terms and conditions are subject to further discussion and negotiation and also to GS internal legal, compliance and credit approval.

No Representation: GS makes no representations as to (a) the suitability of the Securities for any particular investor (b) the appropriate accounting treatment or possible tax consequences of investing in the Securities or (c) the future performance of the Securities either in absolute terms or relative to competing investments. Changes in the creditworthiness or performance of the Securities or any Underlyer may affect the value of the Securities and could result in it redeeming or being valued at zero.

Not Complete Information: This term sheet does not completely describe the merits and risks of the Securities and will, if a transaction results, be superseded by final legal documentation which may contain deemed representations by investors regarding, among other things, offer, resale and hedging of the Securities.

No Advice: This material should not be construed as investment, financial, strategic, legal, regulatory, accounting or tax advice. It does not take into account the particular investment objectives, financial situation or needs of individual clients. Certain transactions, including those involving futures, options and high yield securities, give rise to substantial risk and are not suitable for all investors. Accordingly clients should consider whether the Securities described herein are suitable for their particular circumstances and should consult their own accounting, tax, investment and legal advisors before investing. GS is acting as an arm's-length contractual counterparty and not as an advisor or fiduciary. GS does not accept any responsibility to update any opinions or other information contained in this material.

Representation: If a transaction arises as a result of this term sheet you agree that you will not offer, sell or deliver the Securities in any jurisdiction except under circumstances that will result in compliance with the applicable laws thereof, and that you will take at your own expense whatever action is required to permit your purchase and resale of the Securities. EEA standard selling restrictions apply.

European Distribution: This material has been prepared for the recipient by the Equity Derivatives Division of Goldman Sachs International ("GSI") and is not the product of the research department. GSI is authorized and regulated by the Financial Services Authority.

No prospectus: This document is not, and under no circumstances is to be construed as a prospectus or advertisement.

Disclosure of Information: No part of this material may be (i) copied, photocopied, or duplicated in any form, by any means or (ii) redistributed without GS prior written consent. However, GS agrees that, subject to applicable law, any and all aspects of the Securities that are necessary to support any U.S. federal income tax benefits, may be disclosed without GS imposing any limitation of any kind.

No bank deposits: The Securities are not bank deposits insured or guaranteed by the United States Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other governmental agency or deposit protection fund run by public, private or community banks. The Securities are guaranteed by the Guarantor and the Guarantee will rank pari passu with all other unsecured and unsubordinated indebtedness of the Guarantor.

SELLING RESTRICTION

United States: THIS PRODUCT HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OF AMERICA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY UNITED STATES PERSONS (AS SUCH TERMS ARE DEFINED IN THE SECURITIES ACT), UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE. THIS DOCUMENT MAY NOT BE DISTRIBUTED IN THE UNITED STATES.

United Kingdom: This term sheet is for information purposes only and does not constitute an invitation or offer to underwrite, subscribe for or

CONTACT/INFO

Goldman Sachs Bank AG, Münsterhof 4, 8022 Zurich
Phone: +41 (0)44 224 1144, Fax: +41 (0)44 224 1020
Homepage: <http://www.goldman-sachs.ch>, E-mail: swisswarrants@gs.com
Bloomberg: GSSD

GSQuartix™

otherwise acquire or dispose of any securities in any jurisdiction. This term sheet is only addressed to and directed at persons outside the United Kingdom and persons in the United Kingdom who have professional experience in matters related to investments or who are high net worth persons within article 12(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "Relevant Persons") and must not be acted on or relied on by other persons in the United Kingdom. Any investment or investment activity to which this document relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. This term sheet is not a prospectus for the purposes of the prospectus rules of the United Kingdom Financial Services Authority but is an advertisement.

Distribution to other European Economic Area ("EEA") Countries: In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each purchaser of the Securities represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of the Securities to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities to the public in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive);
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities shall require GS to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the provision above, the expression an "offer of Securities to the public" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EC.

In connection with its distribution in the United Kingdom and the European Economic Area, this material has been issued and approved by Goldman Sachs International which is authorized and regulated by the Financial Services Authority; it is not a research report and not a product of the Goldman Sachs research department.

CONTACT/INFO

Goldman Sachs Bank AG, Münsterhof 4, 8022 Zurich
Phone: +41 (0)44 224 1144, Fax: +41 (0)44 224 1020
Homepage: <http://www.goldman-sachs.ch>, E-mail: swisswarrants@gs.com
Bloomberg: GSSD

GSQuartixSM