

ZKB Tracker Certificate on a Basket "Big 3"

14.09.2012 - 14.09.2017 | Swiss Security Code 10 716 672

New Issue

Product Category / Name

Participation Product / Tracker Certificate (1300, according to the "Swiss Derivative Map" provided by the Swiss Structured Products Association)

CISA Notification

These products constitute Structured Products in Switzerland. They do not constitute collective investment schemes in the meaning of the Swiss Federal Act on Collective Investment Schemes (CISA). They are not subject to an authorisation or supervision by the FINMA and investors do not benefit from protection under the CISA.

Issuer

Zürcher Kantonalbank, Zurich

Lead Manager, Paying Agent, Exercise Agent and Calculation Agent

Zürcher Kantonalbank, Zurich

Rating of the Issuer

For Products issued by Zürcher Kantonalbank: Standard & Poor's AAA, Moody's Aaa, Fitch AAA

Symbol/ Swiss Security Code/ISIN

THREE/
10 716 672 /CH0107166727

Notional Amount/Denomination/Trading Units

CHF 10 000 000.00/CHF 1 000.00/1 Structured Product or multiples thereof

Number of Structured Products

Up to 10 000, with the right to increase

Issue Price

CHF 1 000.00 / 100.00 % of Basket Value on the Initial Fixing Date

Currency

CHF

Underlying

Component	ISIN	Currency	Blooming Code	Initial Fixing Value	Weight in %	No. of Shares
Nestlé SA	CH0038863350	CHF	NESN VX	59.25	45	7.594937
Novartis AG	CH0012005267	CHF	NOVN VX	56.60	35	6.183746
Roche Holding Ltd	CH0012032048	CHF	ROG VX	177.90	20	1.124227

Basket Value

CHF 1 000.00 on Initial Fixing Date

Ratio

1 ZKB Tracker Certificate represents 1 Underlying

Dividend Payments	<p>The Investor will receive a payment as compensation for the dividend payment of the Structured Product.</p> <p>The amount of the dividend payment corresponds to the Bloomberg consensus on the Ex-Date. This procedure will mainly apply to Asian Underlying Components. Bloomberg Dividend Forecasts - also called Bloomberg consensus - provides you with a projection of a company's future dividends by taking into account different factors such as Company Guidance, Regression Analysis, Peer & Market Analysis, Dividend Health Score, Options Market Implied Dividends, Street Analyst Dividend & Earnings Estimates, and Historical Dividend Trend Analysis.</p> <p>The compensation payment takes place annually on 31 May, for the first time retroactively on 31 May 2013, (modified following business day convention). The compensation payment will correspond to 100.00 % of the net dividend payment.</p>		
Initial Fixing Date	07 September 2012		
Settlement Date	14 September 2012		
Last Trading Date	07 September 2017		
Final Fixing Date	07 September 2017		
Redemption Date	14 September 2017		
Initial Fixing Level	Closing prices of the components of the Underlying on Related Exchanges, on 07 September 2012		
Final Fixing Level	Closing prices of the components of the Underlying on Related Exchanges, on 07 September 2017		
Redemption Method	<p>On Redemption Date, investors receive in cash for every certificate 100 % of the Underlying as defined on the Final Fixing Date and according to the following formula:</p> $\sum_{i=1}^N S_{i,T} \times W_{i,T} - \text{Fees}$ <p>where</p> <p>$S_{i,T}$ = Value of the component of the underlying i on Redemption</p> <p>$W_{i,T}$ = Weighting of the component of the underlying i (number of Shares) on Redemption</p> <p>Fees = Annual Fee</p> <p>T = Redemption</p> <p>If capital events that were unknown at the time of issue take place during the life of the ZKB Tracker Certificate, they shall be taken into account by adjusting the weighting of the affected component of the Underlying accordingly.</p>		
Listing	Application to list on the SIX Swiss Exchange will be filed, the first provisory trading day will be 14 September 2012		
Annual Fee	0.48 % p.a. The Annual Fee will be charged based on the value of the Structured Product and is pro rata temporis included in the trading price.		
Clearing House	SIX SIS AG / Euroclear / Clearstream		
Sales: 044 293 66 65	SIX Telekurs: 85,ZKB Internet: www.zkb.ch/strukturierteprodukte	Reuters: ZKBSTRUCT Bloomberg: ZKBY <go>	
Key Elements of the Product	<p>In terms of value, buying a ZKB Tracker Certificate is equivalent to buying the Underlying basket less any Fees. A single, low-cost transaction gives investors the opportunity to participate fully in the performance of the basket. Dividend Payments of Underlyings in the basket are paid out to the investor annually. Redemption is based on the weighted value of the stocks in the basket on the Final Fixing Date.</p>		

Taxes

The annual compensation payments are subject to Swiss income tax for private investors with Swiss tax domicile at the time of payment. The product is not subject to Swiss withholding tax. The Federal securities transfer stamp tax is not levied on secondary market transactions. For Swiss paying agents this product is not subject to the EU taxation of savings income (SIX Telekurs EU-Tax classification code: 9, „out of scope“).

The information above is a summary only of the Issuer's understanding of current law and practice in Switzerland relating to the taxation of Structured Products. The relevant tax law and practice may change. The Issuer does not assume any liability in connection with the above information. The tax information only provides a general overview and can not substitute the personal tax advice to the investor.

Documentation

This document constitutes the Final Terms in accordance to article 21 of the Additional Rules for the Listing of Derivatives of the SIX Swiss Exchange. These Final Terms supplement the Issuance Programme of the Issuer dated 12 April 2012 and published in German in the currently valid version. These Final Terms and the Issuance Programme constitute the complete Issuance and Listing Prospectus for this issuance (the 'Listing Prospectus'). Except as otherwise defined in these Final Terms, capitalised terms used in these Final Terms have the meaning as defined in the Glossary in the Issuance Programme. In case of discrepancies between information or the provisions in these Final Terms and those in the Issuance Programme, the information and provisions in these Final Terms shall prevail. Structured Products will be issued as uncertified rights (Wertrechte) and registered as book entry securities (Bucheffekten) with SIX SIS AG. Investors have no right to require the issuance of any certificates or proves of evidence for the Structured Products. These Final Terms and the Issuance Programme can be ordered free of charge at Zürcher Kantonalbank, Bahnhofstrasse 9, 8001 Zurich, dept. IFDS or by e-mail at documentation@zkb.ch. This document is not a prospectus in accordance with articles 652a or 1156 of the Swiss Code of Obligations.

Information on the Underlying

Information on the performance of the Underlying / a component of the Underlying is publicly available on www.bloomberg.com. Current annual reports are published on the website of the respective business entity. The transfer of the Underlying / a component of the Underlying is conducted in accordance with their respective statutes.

Notices

Any notice by the Issuer in connection with these Structured Products, in particular any notice in connection with modifications of the terms and conditions will be validly published on the website <http://zkb.is-teledata.ch/html/boersenMaerkte/marktUebersicht/schweiz/index.html> under the relevant Structured Product. The Swiss security code search button will lead you directly to the relevant Structured Product. If the product is listed on SIX Swiss Exchange, the notices will also be published in accordance with the rules issued by SIX Swiss Exchange for IBL (Internet Based Listing) on the website http://www.six-exchange-regulation.com/publications/published_notifications/official_notices_de.html

Governing Law / Jurisdiction

Swiss Law / Zurich 1

2. Profit and Loss Expectations after Year 1

Profit and Loss Expectations after Year 1

ZKB Tracker Certificate

Basket		Redemption	
Value	Percent	ZKB Tracker Certificate	Performance %
CHF 400.00	-60.00 %	CHF 398.08	-60.19 %
CHF 600.00	-40.00 %	CHF 597.12	-40.29 %
CHF 800.00	-20.00 %	CHF 796.16	-20.38 %
CHF 1000.00	+0.00 %	CHF 995.20	-0.48 %
CHF 1200.00	+20.00 %	CHF 1194.24	19.42 %
CHF 1400.00	+40.00 %	CHF 1393.28	39.33 %
CHF 1600.00	+60.00 %	CHF 1592.32	59.23 %

Source: Zürcher Kantonalbank

The performance of the ZKB Tracker Certificate is analog to the performance of the Underlying less any Fees.

The figures in the table above are valid after Year 1 only and cannot be considered as a price indication for the present Structured Product during its lifetime. The price quoted in the secondary market can differ substantially from the table above.

3. Material Risks for Investors

Credit Risk Relating to Issuer

Obligations under these Structured Products constitute direct, unconditional and unsecured obligations of the Issuer and rank pari passu with other direct, unconditional and unsecured obligations of the Issuer. The value of the Structured Product does not only depend on the performance of the Underlying and other developments in the financial markets, but also on the solvency of the Issuer, which may change during the term of this Structured Product.

Specific Product Risks

Structured products are complex financial instruments, which entail considerable risks and, accordingly, are only suitable for investors who have the requisite knowledge and experience and understand thoroughly the risks connected with an investment in these structured products and are capable of bearing the economic risks.

ZKB Tracker Certificate is an investment product whose price fluctuates to the same degree as the Underlying less any Fees. Depending on price trends, the price of a ZKB Tracker Certificate could fall below the Issue Price. The risk profile of the ZKB Tracker Certificate corresponds exactly to that of the Underlying. The ZKB Tracker Certificate is denominated in CHF. If the investor's reference currency differs from the CHF, the investor bears the risk between the CHF and his reference currency.

4. Additional Terms

Modifications

If an Extraordinary Event as described in Section IV of the Issuance Programme occurs in relation to the Underlying / a component of the Underlying or if any other extraordinary event (force majeure) occurs, which makes it impossible or particularly cumbersome for the Issuer, to fulfill its obligations under the Structured Products or to calculate the value of the Structured Products, the Issuer shall at its own discretion take all the necessary actions and, if necessary may modify the terms and conditions of these Structured Products at its own discretion in such way, that the economic value of the Structured Products after occurrence of the extraordinary event corresponds, to the extent possible, to the economic value of the Structured Products prior to the occurrence of the extraordinary event. Specific modification rules for certain types of Underlyings stated in Section IV of the Issuance Programme shall prevail. If the Issuer determines, for whatever reason, that an adequate modification is not possible, the Issuer has the right to redeem the Structured Products early.

Market Disruptions

Compare specific provisions in the Issuance Programme.

Selling Restrictions

The selling restrictions contained in the Issuance Programme are applicable (EEA, U.S.A. / U.S. persons, Guernsey).

In particular must this publication and the information contained within not be distributed and / or redistributed, used or relied upon, by any person (whether individual or entity) who may be a US person under Regulation S under the US Securities Act of 1933. US persons include any US resident; any corporation, company, partnership or other entity organized under any law of the United States; and other categories set out in Regulation S.

The Issuer has not undertaken any actions to permit the public offering of the Structured Products or the possession or the distribution of any document produced in connection with the issuance of the Structured Products in any jurisdiction other than Switzerland. The distribution of these Final Terms or other documents produced in connection with the issuance of the Structured Products and the offering, sale and delivery of the Structured Products in certain jurisdictions may be restricted by law. Persons, which have received these Final Terms or any other documents produced in connection with the issuance of the Structured Products, such as the Issuance Programme, Termsheets, marketing or other selling material, are required by the Issuer to inform themselves about and to observe any such restrictions.

Prudential Supervision

Zürcher Kantonalbank is a bank according to the Swiss Federal Act on Banks and Saving Institutions (BankG; SR 952.0) and a securities dealer according to the Swiss Federal Act on Securities Exchanges and Securities Trading (BEHG; SR 954.1) and subject to the prudential supervision of the FINMA, Einsteinstrasse 2, CH-3003 Bern, <http://www.finma.ch>.

Recording of Telephone Conversations

Investors are reminded, that telephone conversations with trading or sales units of the Zürcher Kantonalbank are recorded. Investors, who have telephone conversations with these units consent tacitly to the recording.

Zurich, 07 September 2012