



ZKB Capital Protection with Coupon on a Basket of Swiss stocks with 0.50 % to 3.25 % annual Coupon and 100.00 % Capital protection

15.07.2011 - 15.07.2016

Swiss Security Code 12 552 058

1. Product Description

Product Category / Name	Capital Protected Products / Capital Protection with Coupon (1140, 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 Finance (Guernsey) Limited, Guernsey
Keep-Well Agreement	With Zürcher Kantonalbank (full text in Annex 3 of the Issuance Programme); Zürcher Kantonalbank obtained the following ratings: Standard & Poor's: AAA, Moody's: Aaa, Fitch: AAA
Lead Manager, Paying Agent, Exercise Agent and Calculation Agent	Zürcher Kantonalbank, Zurich
Symbol / Swiss Security Code / ISIN	ZKB1GT / 12 552 058 / CH0125520582
Notional Amount / Denomination / Trading Units	Up to CHF 25 000 000, with the right to increase / Denomination CHF 1 000 each / CHF 1 000 or multiples thereof
Issue Price	100.00 % of Denomination
Currency	CHF

Coupon Calculation

$$N \times \max \left[\text{Min.Coupon}, \frac{1}{n} \times \sum_{i=1}^n \min \left(\text{Cap}, \max \left\{ \text{Floor}, \frac{S_{FF} - S_{IF}}{S_{IF}} \right\} \right) \right]$$

where

Min.Coupon = 0.50 %

N = Denomination

n = Number of components of the Underlying

Cap = Performance Cap per component of the Underlying = 3.25 %

Floor = Performance Floor per component of the Underlying = -10.00 %

 S_{IF} = Initial Fixing Level of component of the Underlying S_{FF} = Level of component of the Underlying on the annual Coupon Fixing Date

Every year, based on closing levels of the components of the Underlying on the Coupon Fixing Dates, the performance since the Initial Fixing Date of each individual component of the Underlying is calculated. Summing up each individual performance (with a Performance Cap of 3.25 % and a Performance Floor of -10.00 % per Underlying) and divided by the number of components of the Underlying in the Underlying results in the Underlying performance. The Underlying performance is multiplied with the Denomination and paid out without applying any day-count convention in the form of annual Coupons with a Minimum Coupon of 0.50 % and a Maximum Coupon of 3.25 %.

Initial Fixing Level	Closing prices of Underlyings on Related Exchanges, on 08 July 2011		
Final Fixing Level	Closing prices of Underlyings on Related Exchanges, on 08 July 2016		
Redemption Method	This amount as defined by the Minimum Redemption in addition to the Coupon will be paid out according to the specifications under Coupon Calculation.		
Listing	Application to list on the SIX Swiss Exchange will be filed, the first provisory trading day will be 15 July 2011		
Clearing House	SIX SIS AG / Euroclear / Clearstream		
Sales: +41 44 293 66 65	SIX Telekurs: 85,ZKB Internet: www.zkb.ch/strukturierteprodukte	Reuters: ZKBSTRUCT Bloomberg: ZKBY <go>	
Key Elements of the Product	ZKB Capital Protection with Coupon are Structured Products, which offer a guaranteed redemption of 100.00 % of the Notional Amount at maturity and an annual Coupon Payment which depends on the performance of the Underlying. The yearly performance of the Underlying represents the average performance of each individual component of the Underlying since the Initial Fixing Date, whereas each individual performance is floored at -10.00 % (Performance Floor) and capped at 3.25 % (Performance Cap). The annual Coupon Payment has a minimum of 0.50 % and a maximum of 3.25 %. During the lifetime, ZKB Capital Protection with Coupon are traded flat accrued interest, i.e. accrued interest is included in the trading price.		
Taxes	<p>The product is considered as transparent and IUP (Intérêt Unique Prédominant). The implied internal rate of return is subject to income tax for private investors with Swiss tax domicile at sale or maturity (IRR 1.28 % p.a., present value of bond part at issue 96.245 %) and is determined in compliance with the „modifizierte Differenzbesteuerung“ tax rule based on the ESTV Bondfloor Pricing method. Any return derived from the option part qualifies as capital gain and is not subject to Swiss income tax for private investors with Swiss tax domicile. The guaranteed annual coupon payments of 0.50 % are subject to income tax at the time of payment. The product is not subject to Swiss withholding tax. The Federal securities transfer stamp tax is levied on secondary market transactions. For Swiss paying agents this product is subject to the EU taxation of savings income. The EU tax retention is charged on the interest part at the time of payment and in the case of secondary transactions on the respective interest part based on the holding period (SIX Telekurs EU-Tax classification code: 1, „in scope“).</p> <p>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.</p>		
Documentation	<p>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 2011 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.</p>		
Information on the Underlying	<p>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.</p>		

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/communiqués/official_notices_d.html.

Governing Law / Jurisdiction

Swiss Law / Zurich 1

2. Profit and Loss Expectations at Maturity

Profit and Loss Expectations at Maturity

ZKB Capital Protection with Coupon				
Underlying		Redemption		
Value	Percent	Product	Coupon	Performance %
CHF 850.00	-15 %	CHF 1 000.00	CHF 5.00	0.50 %
CHF 900.00	-10 %	CHF 1 000.00	CHF 5.00	0.50 %
CHF 950.00	-5 %	CHF 1 000.00	CHF 5.00	0.50 %
CHF 1 000.00	0 %	CHF 1 000.00	CHF 5.00	0.50 %
CHF 1 050.00	+5 %	CHF 1 000.00	CHF 32.50	3.25 %
CHF 1 100.00	+10 %	CHF 1 000.00	CHF 32.50	3.25 %
CHF 1 150.00	+15 %	CHF 1 000.00	CHF 32.50	3.25 %

Source: Zürcher Kantonalbank

ZKB Capital Protection with Coupon have a Capital Protection which guarantees a Minimum Redemption of 100.00 %. In addition, a Coupon is paid out, which results in an annual yield of minimum 0.50 % and maximum 3.25 %, depending on the price of the components of the Underlying.

The table above is valid at maturity only and is by no means meant as a price indication for this Structured Product throughout its lifetime. The price of the Structured Product depends on additional risk factors between the Initial Fixing Date and the Final Fixing Date. The price quoted on the secondary market can therefore deviate substantially from the above table.

3. Material Risks for Investors

Credit Risk Relating to Issuer

Obligations under this Structured Product 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 Products 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. Zürcher Kantonalbank Finance (Guernsey) Limited does not have any rating.

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.

The risk is limited at Maturity to the difference between the purchase price and the minimum redemption. During the lifetime ZKB Capital Protection with Coupon may trade at a lower price than the Minimum Redemption at maturity. The product 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 fulfil 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.
Change of Issuer	The Issuer is entitled at any time and without the approval of the investors to transfer the rights and claims from collective or individual Structured Products in their entirety (but not partially) to a Swiss or foreign subsidiary, branch or holding company of Zürcher Kantonalbank (the "New Issuer"), provided (i) the New Issuer fully assumes all liabilities from the transferred Structured Products owed by the previous Issuer to the investors through these Structured Products, (ii) Zürcher Kantonalbank concludes a Keep-Well Agreement with the New Issuer, with identical content to the one between Zürcher Kantonalbank and Zürcher Kantonalbank Finance (Guernsey) Limited, and (iii) the New Issuer has received all the requisite approvals to issue Structured Products and assume obligations connected to the transferred Structured Products from the national authorities of country in which said New Issuer is based.
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). 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 . Zürcher Kantonalbank Finance (Guernsey) Limited is not subject to any direct prudential supervision neither in Guernsey nor in Switzerland, but is a fully owned and fully consolidated subsidiary of Zürcher Kantonalbank.
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, 08 July 2011

Corporate Actions				
Date	Underlying	Event	Initial Fixing Level old	Initial Fixing Level new
21.03.2013	SGS rs.	Special dividend	1623.00	1603.90
29.04.2013	Meyer Burger Technologies AG	Capital increase	36.75	30.5451