NEW ISSUE

5.80 % (11.29 % p.a.)
ZKB Reverse Convertible
ABB Ltd registered share

05.07.2011 - 10.01.2012 Swiss Security Code 12 552 171

Zürcher Kantonalbank

1. Product Description

Product Category / Name	Yield Enhancement / Reverse Convertible (1220, according to the Swiss Derivative Map provided by the Swiss Structured Products Association)
CISA Notification	**These Structured Products constitute structured products in Switzerland according to Art. 5 CISA. 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
Swiss Security Code / ISIN	12 552 171 (not listed) / CH0125521713
Notional Amount / Denomination / Trading Units	Up to CHF 12 000 000, with the right to increase / Denomination CHF 1 000 each / CHF 1 000 or multiples thereof
Issue Price	100.00 % of Denomination
Currency	CHF
Underlying	**ABB Ltd** / CH0012221716 / SIX Swiss Exchange / Bloomberg: ABBN VX
Cap / Cap Level	**CHF 20.71 / 100.00 % of the Initial Fixing Level**
Ratio	1 Structured Product equals 48.2859 Underlyings
Coupon	**5.80 % (CHF 58.00)** per Denomination CHF 1 000, interest payment 0.123 % (CHF 1.23), premium payment 5.677 % (CHF 56.77)
Coupon Payment Date(s)	10 January 2012
Coupon Calculation Method	30/360, modified following
Initial Fixing Date	28 June 2011
Settlement Date	05 July 2011
Last Trading Date	03 January 2012
Final Fixing Date	03 January 2012

Redemption Date / Date of Delivery	10 January 2012
Initial Fixing Level	CHF 20.71, Closing price of Underlying, SIX Swiss Exchange, on 28 June 2011
Final Fixing Level	Closing Price of Underlying, SIX Swiss Exchange, on 03 January 2012
Redemption Method	If the closing price of the Underlying trades at or above the Cap Level at Final Fixing Date, cash redemption will be 100 % of the Denomination. If the closing price of the Underlying trades below the Cap Level at Final Fixing Date, the investor will receive a physical delivery of the Underlying as defined in Ratio per Denomination CHF 1 000. Fractions will be paid out in cash, no cumulation. The Coupon(s) will be paid out on the respective Coupon Payment Date(s) independent of the performance of the Underlying.
Listing	The product will not be listed on an official exchange. The Issuer will aim to provide a secondary market with a bid-ask spread of no more than 0.50 % under normal market conditions.
Clearing House	SIX SIS AG / Euroclear / Clearstream
Sales: +41 44 293 66 65	SIX Telekurs: 85,ZKB Reuters: ZKBSTRUCT Internet: www.zkb.ch/strukturierteprodukte Bloomberg: ZKBY <go>
Key Elements of the Product	ZKB Reverse Convertible combine a fixed income security with the sale of a put option. With an investment in ZKB Reverse Convertible the investor can take advantage of the current implied volatility of the Underlying. An above-average return will be reached if the Underlying trades sideways, slightly higher or even lower than at Initial Fixing Date. If the Underlying trades above the Cap Level at Final Fixing Date, the Maximum Repayment Price will be 100 % of the Denomination. If the Underlying trades below the Cap Level at Final Fixing Date, the investor will receive an amount of Underlyings according to the Redemption Method. The guaranteed Coupon will be paid out in any case. Because of the guaranteed Coupon, the purchase price is clearly below the price of the Underlying at Initial Fixing Date. **During the lifetime, this ZKB Reverse Convertible is traded 'clean', i.e. accrued interest is NOT included in the trading price.**
Taxes	The product is considered as transparent and IUP (Intérêt Unique Prédominant). The Coupon of 5.80 % is divided in an option premium payment of 5.677 % and an interest payment of 0.123 %. The option premium part qualifies as capital gain and is not subject to Swiss income tax for private investors with Swiss tax domicile. The interest part is subject to Swiss income tax in compliance with the 'modifizierte Differenzbesteuerung' tax rule based on the ESTV Bondfloor Pricing method. The product is not subject to Swiss withholding tax. The Federal securities transfer stamp tax is not levied on secondary market transactions for ZKB Reverse Convertible with initial duration of less than one year. The Federal securities transfer stamp tax will be charged in the case of physical delivery of the underlying securities at maturity. For Swiss paying agents this product is subject to the EU taxation of savings income. The EU tax 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: 6, 'in 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 a Simplified Prospectus in accordance with article 5 of the Federal Collective Investment Schemes Act (the "CISA"). The Issuance Programme of the Issuer dated 12 April 2011, published in German and approved as "SIX Swiss Exchange registered Issuance Programme", complements this Simplified Prospectus. 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 request the issuance of any certificates or proves of evidence for the Structured Products. This Simplified Prospectus and the Issuance Programme can be ordered free of charge at Zürcher Kantonalbank, Bahnhofstrasse 9, 8001 Zurich 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 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 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/communiques/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 Reverse Convertible

Underlying		Redemption		
Price	Percent	Structured Product	Coupon	Performance %
CHF 17.60	-15 %	CHF 850.00	CHF 58.00	-9.20 %
CHF 18.64	-10 %	CHF 900.00	CHF 58.00	-4.20 %
CHF 19.67	-5 %	CHF 950.00	CHF 58.00	0.80 %
CHF 20.71	0 %	CHF 1 000.00	CHF 58.00	5.80 %
CHF 21.75	+5 %	CHF 1 000.00	CHF 58.00	5.80 %
CHF 22.78	+10 %	CHF 1 000.00	CHF 58.00	5.80 %
CHF 23.82	+15 %	CHF 1 000.00	CHF 58.00	5.80 %

Source: Zürcher Kantonalbank

If the Underlying trades higher or equal to the Initial Fixing Level at maturity, the performance of the ZKB Reverse Convertible will be at the over the lifetime paid out Coupon (according to Coupon Payment Date(s)) of 5.80 %. If at maturity the Undeying trades below the Initial Fixing Level, the price of the Underlying plus the over the lifetime paid out Coupon of 5.80 % Coupon will get realised.

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 this 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 loss potential of an investment in ZKB Reverse Convertible is, in case of delivery of the Underlying at maturity, limited to the difference between the purchase price of the ZKB Reverse Convertible and the price of the Underlying at maturity. The guaranteed Coupon reduces the negative performance of the ZKB Reverse Convertible compared to the Underlying. The price of the Underlying can then be lower than the Cap Level. This ZKB Reverse Convertible is denominated in CHF. If the reference currency of the investor differs from CHF, the investor bears the risk of curreny fluctuations between the reference curreny and the CHF.

4. Additional Terms

Modifications	If an extraordinary event occurs in relation to the Underlying / a component of the Underlying, 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. 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	If, due to the occurrence of a Market Disruption in relation to the Underlying / a component of the Underlying no market price can be determined, the Issuer or the Calculation Agent shall determine the market price of the Underlying / the component of the Underlying at its free discretion, considering the general market conditions and the last market price of relevant Underlying / component of the Underlying affected by the Market Disruption and has the right, if the Market Disruption persists on the Redemption Date, to postpone the Redemption Date to the first Banking Day on which the Market Disruption has terminated. This provision shall apply accordingly for the determination of the value of the Structured Products, if the Underlying / a component of the Underlying is affected by a Market Disruption.
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, 28 June 2011