

Call - Sprinter Open End Nestlé SA

PRODUCT DESCRIPTION

Sprinter Open End products are leveraged products without a fixed maturity, but are characterised like standard Sprinter warrants by their direct worthless expiry when reaching or falling below (call) or reaching or exceeding (put) the particular knock-out level. Due to the low amount of capital employed in comparison to a direct investment in the underlying, they allow the leveraged product an overproportional participation in the price performance of the underlying and can therefore be used for speculation or hedging positions. The strike price and knock-out level are adjusted daily. The following applies as a rule: The closer the actual market price of the underlying is to the strike price, the greater is the leveraging effect. In contrast to standard warrants, the price of the Sprinter Open End is only marginally affected by volatility.

In Switzerland, these financial instruments are considered structured products. They are not collective investment schemes within the meaning of the Swiss Federal Act on Collective Investment Schemes (CISA), and are therefore not subject to the regulations of the CISA or the supervision of the Swiss Financial Market Supervisory Authority FINMA.

Product information

Issuer	Bank Vontobel AG, Zurich (Standard & Poor's A+; Moody's A1)
Lead Manager	Bank Vontobel AG, Zurich
Paying, exercise and calculation agent	Bank Vontobel AG, Zurich
SSPA product type	Warrant with Knock-Out (2200), see also www.svsp-verband.ch
Underlying	Nestlé SA (further details on the underlying see below)
Spot reference price	CHF 55.62
Ratio	10.0 : 1
Option type	Knock-out Call
Clearing	Cash settlement
Issue price	CHF 0.21
Strike resp. Knock-out Level at Initial fixing	CHF 54.00
Initial fixing	February 29, 2012
Payment	March 07, 2012
First exercise day	March 01, 2012
Knock-out level monitoring	From initial fixing; continuous monitoring
Maturity	Open End
Leverage at Initial fixing	26.49
Financing spread at initial fixing	4.0 %
Maximum financing spread	5.0 %
Rounding of strike	0.01
Rounding of Knock-Out Level	0.01
Swiss Sec. No. / ISIN / Telekurs Symbol	14747298 / CH0147472986 / SONEC
Reference currency	CHF; issue, trading and redemption are in the reference currency
Further information	
Issue volume	25'000'000 Sprinter Open End, with the option to increase
Minimum investment	1 Sprinter Open End
Minimum exercise volume	1 Sprinter Open End or multiples thereof
Minimum trading lot	1 Sprinter Open End

Exercise rights of the holder	The owner is entitled to exercise his Sprinter Open Ends from the first exercise day based on applicable conditions and barring the occurrence of a knock-out event on this day and on any following trading day, or to demand payment of a corresponding redemption amount. The corresponding declaration of the exercise must arrive at the trading office by 11.00 am (Swiss time). Bank Vontobel AG, Zürich, attn. Corporate Actions, Gotthardstrasse 43, 8022 Zürich, Phone, +41 (0)58 283 74 69, Fax +41 (0)58 283 51 60.
Issuer's call right	The issuer is entitled to terminate unexercised Sprinter Open End certificates on any trading day, but no sooner than three months after provisional admission to trading on the SIX Swiss Exchange.
Knock-Out event	A Knock-Out event occurs when the price of the respective underlying value reaches or breaches the current Knock-Out Level at any time during trading hours of the underlying on the reference stock exchange or index composition advisor (continuous monitoring). In this event, the Sprinter Open End expires immediately worthless.
Valuation date	The valuation date is the date on which the Sprinters Open End: (a) are exercised by the holder in accordance with the terms and conditions governing Sprinters Open End, or (b) are terminated by the issuer, whereas a Knock-Out event occurs, prior to which the holder of the Sprinters Open End exercises his right or the issuer terminates.
Redemption amount upon exercise or termination	For each Call-Sprinter Open End exercised or terminated, the following amount is paid back to the investor in the reference currency: $\max(0; (\text{final fixing price} - \text{current strike}) / \text{ratio}) * \text{FX}$ whereby FX is the current Interbank conversion rate of the trading currency of the underlying into the reference currency. The redemption amount is paid out five trading days after the valuation date. The redemption amount is rounded off to two decimal points.
Final fixing price	The final fixing price is – in the case of a) an exercise by the holder of the Sprinter Open End b) a termination by the issuer – the relevant valuation price on the valuation date.
Relevant valuation price	Closing price on the reference stock exchange
Trading day	A trading day for the Sprinters Open End is a day on which the Sprinters Open End are traded on the SIX Swiss Exchange.
Current Strike	At the end of an adjustment day, the Paying and Calculation Agent adjusts the current Strike of the Call-Sprinter Open End using the following formula: $\text{FL}(n) = \text{FL}(a) + \frac{(r + \text{FS}) \cdot \text{FL}(a) \cdot n}{360} - \text{divf} \cdot \text{div}$ whereby:: FL(n): Strike following adjustment = current strike. FL(a): Strike before adjustment. r: Interest rate (LIBOR resp. EURIBOR); Interest rate for Money Market deposit overnight which is determined by the paying and calculation agent in the trading currency of the underlying. FS: Current financing spread. n: Number of calendar days between the current adjustment date (exclusive) and the next adjustment date (inclusive). divf: Taxation factor for a possible dividend payment. The taxation factor is between zero and one, and is established by the calculation agent at its own discretion. div: Dividends (or other payments) since last adjustment day The result of the calculation is rounded up (in case of call) or rounded off (in the case of put) off to the next multiple derived from the rounding off of the strike.
Current Knock-Out-Level	Corresponds to the current strike
Adjustment day	Each trading day for Sprinter Open End
Current financing spread	The current financing spread is fixed by the Paying and Calculation Agent at its own discretion within a range of between zero and the maximum financing spread on each adjustment day.
Clearing / Settlement	SIX SIS AG
Listing	Will be applied for on the SIX Swiss Exchange
Secondary market	Secondary market trading is ensured over the entire term.

Fiscal treatment in Switzerland	<p>Gains from this product are not subject to direct federal taxes. Neither withholding tax nor the stamp duty at issuance is imposed. Secondary market transactions are not subject to the Swiss securities transfer tax. If delivery of the underlying is stipulated, the securities transfer tax may, however, be imposed.</p> <p>For Swiss paying agents this product is not subject to the EU tax on interest.</p> <p>The above taxation is a non-binding summary of the tax implications applicable to private investors resident in Switzerland. The specific situation of the investor has, however, not been considered for the summary; furthermore, tax legislation and tax-administration practices may change at any time. Potential investors should have the tax effects of the purchase, holding, sale or repayment of this product examined by their own tax adviser - especially with respect to the effects of taxation under another jurisdiction.</p>
Title	<p>The Structured Products are issued in the form of non-certificated book-entry securities of the issuer.</p> <p>No certificates, no printing of bonds.</p>
Applicable law/place of jurisdiction	Swiss Law/Zurich 1, Switzerland
Prudential supervision	As a bank, Bank Vontobel AG is subject to the supervision of individual banks, while Vontobel Holding AG and Vontobel Financial Products Ltd. as group member companies are subject to the complementary, consolidated group supervision by the Federal Financial Markets Regulator FINMA. Vontobel Financial Products Ltd. is listed as a non-regulated company in the register of the Dubai International Finance Centre.
Description of the underlying Nestlé SA	<p>Name: Nestlé SA, Registered Shares</p> <p>Company and place of registration: Nestlé SA, Avenue Nestlé 55, CH-1800 Vevey</p> <p>Identification: ISIN CH0038863350 / Swiss Sec. No. 3886335 / Bloomberg <NESN VX Equity></p> <p>Reference stock exchange: SIX Swiss Exchange (ex. SWX Europe)</p> <p>Futures exchange: Eurex; the calculation agent can determine another futures exchange at its discretion</p> <p>Performance: Available at www.bloomberg.com (Symbol: NESN:VX)</p> <p>Transferability: As per the articles of association Nestlé SA</p> <p>Financial statements: Available at www.nestle.com</p>

PROSPECTS OF PROFIT AND LOSSES

Sprinter Open Ends offer the opportunity to benefit on the basis of the leveraging of a positive price performance (Call-Sprinter Open End) or a negative price performance (Put-Sprinter Open End) of the underlying. The potential for profit is thus basically unlimited for Call-Sprinter Open Ends; for Put-Sprinter Open Ends, the maximum potential for profit is limited and reached when the market price of the underlying drops to zero. Based on the leveraging effect, changes in the value of the underlying can overproportionally affect the value of Sprinter Open Ends. Any possible profit consists of the positive difference between the sales price that is achieved or the repayment amount and the issuing or purchase price that is paid. The redemption amount receivable in the event of any exercise of the warrant depends on the figure by which the market price of the underlying exceeds (Call-Sprinter Open End) or falls below (Put-Sprinter Open End) the actual strike price on the exercise day. Sprinter Open Ends do not provide any current income. As a rule, they lose value if for Call-Sprinter Open Ends the underlying's price does not rise or if for Put-Sprinter Open Ends there is no fall in the underlying's price. Sprinter Open Ends have no set maturity, but they become immediately worthless when the knock-out level is reached. The actual knock-out level is identical with the actual strike price. The strike price is adjusted daily to the market and depends amongst others on the previous strike price and the financing spread. In this regard the financing spread matches the financing costs of the issuer through the interest on deposits. The risk for an investment in Sprinter Open Ends is based not only on the leverage effect, but also on the danger of a knock-out event occurring, which is significantly greater than it would be for a direct investment. On the basis of the daily market adjustment of the strike price, a knock-out event may also occur with a previously unchanged market price of the underlying, and thus resulting in an expiration without any value.

SIGNIFICANT RISKS FOR INVESTORS

Currency risks

If the underlying or underlyings is/are denominated in a currency other than the product's reference currency, investors should bear in mind that this may involve risks due to fluctuating exchange rates and that the risk of loss does not only depend on the performance of the underlying(s) but also on any unfavourable performance of the other currency or currencies. This does not apply for currency-hedged products (quanto structure).

Market risks

The general market performance of securities is dependent, in particular, on the development of the capital markets which, for their part, are influenced by the general global economic situation as well as by the economic and political framework conditions in the respective countries (so-called market risk). Changes to market prices such as interest rates, commodity prices or corresponding volatilities may have a negative effect on the valuation of the underlying(s) or the structured product. There is also the risk of market disruptions (such as trading or stock market interruptions or discontinuation of trading) or other unforeseeable occurrences concerning the respective underlyings and/or their stock exchanges or markets taking place during the term or upon maturity of the structured products. Such occurrences can have an effect on the time of redemption and/or on the value of the structured products.

Secondary market risks

Under normal market conditions, the issuer or the lead manager intend to post bid- and ask-prices on a regular basis. However, neither the issuer nor the lead manager is under any obligation with respect to investors to provide such bid- and ask-prices for specific order or securities volumes, and there is no guarantee of a specific liquidity or of a specific spread (i.e. the difference between bid- and ask-prices), for which reason investors cannot rely on being able to purchase or sell the structured products on a specific date or at a specific price.

Issuer risk

The value of structured products may depend not only on the performance of the underlying(s), but also on the creditworthiness of the issuer/guarantor, which may change during the term of the structured product. The investor is exposed to the risk of default of the issuer/guarantor. For further information on the rating of Vontobel Holding AG or Bank Vontobel AG, please see the issuance programme.

Publication of notifications and adjustments

All notifications to investors concerning the products and adjustments to the product terms (e.g. due to corporate actions) are published under the "Product history" of the respective product www.derinet.ch, and, in the case of products listed on the SIX Swiss Exchange in accordance with the valid provisions at www.six-swiss-exchange.com.

Classification

In Switzerland, these financial instruments are considered structured products. They are not collective investment schemes within the meaning of the Swiss Federal Act on Collective Investment Schemes (CISA), and are therefore not subject to the regulations of the CISA or the supervision of the Swiss Financial Market Supervisory Authority FINMA.

Restrictions on sales

U.S.A., U.S. persons, UK, EEA

Further risk information

Please also note the additional risk factors and selling restrictions set out in detail in the issuance programme.

LEGAL NOTICE**Product documentation**

Only the Termsheets published at www.derinet.ch along with the associated notices and adjustments shall be legally valid. The original version of the Termsheet is in German; foreign-language versions constitute non-binding translations. The issuer and/or Bank Vontobel AG is entitled to correct spelling mistakes, calculation or other obvious errors in this Termsheet and to make editorial changes, as well as to amend or supplement contradictory or incomplete provisions, without the consent of the investors.

Up until the fixing date, the product terms of the "Termsheet (Indication)" are indicative and may be adjusted. The issuer is under no obligation to issue the product. The "Termsheet (Final Terms)" contains a summary of the most important final terms and information, and constitutes the "Final Terms" pursuant to art. 21 of the Additional Rules for the Listing of Derivates of SIX Swiss Exchange. Together with the issuance programme of June 01, 2011, registered with SIX Swiss Exchange (the "Issuance Programme"), the Final Terms constitute the complete listing prospectus according to the the Listing Rules. In the event of discrepancies between this Termsheet and the Issuance Programme, the provisions of the Final Terms shall take precedence.

For structured products not listed on the SIX Swiss Exchange, the Termsheet constitutes the simplified prospectus pursuant to art. 5 of the Federal Act on Collective Investment Schemes (CISA). In addition, reference is also made (with the exception of the provisions authoritative for a listing) to the Issuance Programme, in particular to the detailed information on risks contained therein, to the General Terms and Conditions and to the descriptions of the corresponding product types.

During the entire term of the structured product, all documents may be ordered free of charge from Bank Vontobel AG, Financial Products Documentation, Dreikönigstrasse 37, 8002 Zurich (telephone: +41 (0)58 283 78 88, fax +41 (0)58 283 57 67). Termsheets may also be downloaded on the www.derinet.ch website.

Vontobel explicitly rejects any liability for publications on other Internet platforms.

Further information

The list and information shown do not constitute a recommendation concerning the underlying in question; they are for information purposes only and do not constitute either an offer or an invitation to submit an offer, or a recommendation to purchase financial products. Indicative information is provided without warranty. The information is not a substitute for the advice that is indispensable before entering into any derivative transaction. Only investors who fully understand the risks of the transaction to be concluded and who are commercially in a position to bear the losses which may thereby arise should enter into such transactions. Furthermore, we refer to the brochure "Special Risks in Securities Trading" which you can order from us. In connection with the issuing and/or selling of structured products, companies from the Vontobel Group can pay reimbursements to third parties directly or indirectly in different amounts. Such commission is included in the issue price. You can obtain further information from your sales agent upon request. We will be happy to answer any questions you may have concerning our products on +41 (0)58 283 78 88 from 08.00 – 17.00 CET on bank business days. Please note that all calls to this number are recorded. By calling this number, your consent to such recording is deemed given.

Material changes since the most recent annual financial statements

Subject to the information in this Termsheet and the Issuance Programme, no material changes have occurred in the assets and liabilities, financial position and profits and losses of the issuer/guarantor since the reporting date or the close of the last financial year or the interim financial statements of the issuer and, as the case may be, of the guarantor.

Responsibility for the listing prospectus

Bank Vontobel AG takes responsibility for the content of the listing prospectus and hereby declares that, to the best of its knowledge, the information is correct and that no material facts or circumstances have been omitted.

Zürich, February 29, 2012 / Deritrade-ID: 511128
Bank Vontobel AG, Zurich

Your customer relationship manager will be happy to answer any questions you may have.



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Leistung schafft Vertrauen

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