

## 2.70% Defender VONTI on iShares MSCI Emerging Markets Fund ETF Barrier monitoring at maturity QUANTO EUR

### PRODUCT DESCRIPTION

Defender VONTI are characterised upon issue by a nominal value and a guaranteed coupon on the one hand, and, on the other hand, by conditional capital protection. This capital protection ceases to apply as soon as the underlying is at or below the barrier at final fixing. The redemption at the end of the term is determined on the basis of the final fixing of the underlying: If the underlying closes above the barrier, redemption is at the nominal value. If the underlying closes below the strike price, the underlying is delivered or a cash compensation is paid (for details see "Redemption/delivery").

#### Product Information

Issuer	Vontobel Financial Products Ltd., DIFC Dubai
Guarantor	Vontobel Holding AG, Zurich (Standard & Poor's A; Moody's A2)
Lead manager	Bank Vontobel AG, Zurich
Paying, exercise and calculation agent	Bank Vontobel AG, Zurich
SSPA product type	Barrier Reverse Convertible (1230), see also <a href="http://www.svsp-verband.ch">www.svsp-verband.ch</a>
Underlying	iShares MSCI Emerging Markets Fund ETF (further details on the underlying see below)
Spot reference price	USD 42.28
Number of underlyings	23.65184
Issue price	100%
Nominal value	EUR 1000.00
Strike price	USD 42.28 (100% of the spot reference price)
Barrier	USD 33.82 (80% of the spot reference price)
Barrier monitoring	At final fixing, September 3, 2010 (closing price)
Coupon	2.70% (8.10000% p.a.) - one-time payment, 30/360 (total duration: 120 days)
Interest component	0.26% (premium component: 2.44%)
Initial fixing	May 3, 2010
Payment date	May 10, 2010
Last trading day	September 3, 2010 (17:00 CET)
Final fixing	September 3, 2010, closing price
Repayment date	September 10, 2010
Reference currency	EUR; issue, trading and redemption will follow in the reference currency
Swiss Security Number / ISIN / Vontobel Symbol	1118 1681 / CH0111816812 / -
Redemption/delivery	<ul style="list-style-type: none"> <li>- If at final fixing the underlying closes over the barrier, the notional will be paid back for each Defender VONTI. In addition, the coupon is paid out at maturity.</li> <li>- If at final fixing the underlying is equal or closes below the barrier, a cash payment equal to the final fixing of the underlying, multiplied by the number of underlyings per Defender VONTI, will be paid for each Defender VONTI; in addition, the coupon is paid out at maturity.</li> </ul>
Currency-hedged	Yes (Quanto) The exchange rate is EUR 1.00 for 1.00 USD.

**Further Information**

Issue size	30'000 Defender VONTI, the size may be increased
Clearing / Settlement	SIX SIS AG
Listing	None
Secondary market trading	Throughout the entire term a secondary trading is conducted. Indicative daily prices of this product are available at <a href="http://www.derinet.ch">www.derinet.ch</a> .
Price setting	Secondary market price quotations are "clean," that is, accumulated interests are not included.
Minimum investment	1 Defender VONTI
Minimum trading lot	1 Defender VONTI
Tax treatment in Switzerland	<p>This product qualifies as transparent with predominantly one-off interest payments (IUP). The return determined on the bond component of the product for the holding period is subject to direct federal taxes (modified taxation of the difference). For foreign currency products, please note that the daily exchange rates applied may constitute a key factor.</p> <p>Neither withholding tax nor the stamp duty at issuance is imposed.</p> <p>Secondary market transactions are not subject to Swiss stamp duty. If delivery of the underlying is stipulated, the securities transfer tax may, however, be imposed.</p> <p>For Swiss paying agents the interest part of the coupon is subject to the EU tax on interest (TK6). 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>
Net present value of bond components upon issue	EUR 1000.00
Discounting factor (IRR) upon issue	0.78869%
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>
Early termination	Only possible for fiscal or other extraordinary reasons (as specified in detail in the issuance programme).
Applicable Law / 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 complementary, consolidated group supervision by the Federal Financial Markets Regulator FINMA. Vontobel Financial Products Ltd. is registered in the register of the Dubai International Finance Centre as a non-regulated company.
Description of the underlying iShares MSCI Emerging Markets Fund ETF	<p>Name: iShares MSCI Emerging Markets Fund ETF, Funds</p> <p>Company and place of registration: BlackRock Institutional Trust Company, N.A.</p> <p>Identification: ISIN US4642872349 / CH-Valor 159 1176 / Bloomberg &lt;EEM US Equity&gt;</p> <p>Reference stock exchange: NYSE</p> <p>Futures exchange: CBOE</p> <p>Performance: Available at <a href="http://www.bloomberg.com">www.bloomberg.com</a> (Symbol: EEM:US)</p> <p>Financial statements: Available at <a href="http://www.us.ishares.com">www.us.ishares.com</a></p>

## PROSPECTS OF PROFIT AND LOSSES

Any possible gain results from the guaranteed fixed coupon. Nevertheless, there is an upper limit to the gain as a maximum of the nominal value plus the coupon is paid.

These products have only conditional capital protection defined by a barrier: If the underlying closes at or below the barrier, this conditional capital protection ceases to apply immediately. Accordingly, the risks of an investment in a Defender VONTI are considerable; given upwardly limited chances of gains, they correspond largely to the risks of a direct investment in the underlying. The lower the closing price of the underlying after closing below the barrier, the greater the losses sustained. In extreme cases (with a closing price of the underlying of zero), the maximum loss can lead to a loss of the capital invested.

Even if the performance of the underlying is positive, the price of the product during the term can be considerably below the issue price. Potential investors should bear in mind that price changes to the underlying, as well as other influencing factors, may have a negative effect on the value of structured products.

## 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

All notifications to investors concerning the products and adjustments to the product terms (e.g. due to corporate actions) are published at [www.derinet.ch](http://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](http://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, DIFC Dubai (UAE).

This private placement is appointed only for qualified investors in accordance with Art. 10 Par. 3 CISA.

### 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

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 March 08, 2010, registered with SIX Swiss Exchange (the "Issuance Programme"), the Final Terms constitute the complete listing prospectus according to 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](http://www.derinet.ch) website.

### 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.

Zurich, May 3, 2010

Bank Vontobel AG, Zurich

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



Bank Vontobel AG  
Gotthardstrasse 43, CH-8022 Zürich  
Telefon +41 (0)58 283 71 11  
Internet: <http://www.derinet.com>

Banque Vontobel SA,  
Place de l'Université 6, CH-1205 Genève  
Téléphone +41 (0)22 809 91 91  
Internet: <http://www.derinet.com>