

Term Sheet

07 October 2015

10 -Year USD denominated

Credit & Fund-linked Notes

With 100% Redemption at Maturity linked to Japan Sovereign

With the upside performance linked to

JB Equity Fund Special Value

(the "Notes")

Issuer

Bank Julius Baer & Co. Ltd., Guernsey Branch, St. Peter Port, Guernsey

Lead Manager and Calculation Agent

Bank Julius Baer & Co. Ltd., Zurich, Switzerland

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Valor

26388895

ISIN

CH0263888957

The Issuer is licensed in Guernsey under the Banking Supervision (Bailiwick of Guernsey) Law 1994 and The Protection of Investors (Bailiwick of Guernsey) Law 1987. Consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinances has been obtained for this issue. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of the issue or for the correctness of any of the statements made or opinions expressed with regard to it.

General

This Term Sheet is confidential and may not be distributed, assigned, transferred, split or otherwise provided to any other person without the prior written approval of Bank Julius Baer & Co. Ltd. Bank Julius Baer & Co. Ltd. reserves the right to remedy any shortcomings which may be present in this document up to the end of the Subscription Period.

The Issuer has no obligation to issue the Notes and may at its sole discretion refrain from issuing the Notes during the whole subscription period.

The distribution of this Term Sheet, the Prospectus and the offering or sale and purchase of these Principal Protected Notes (the "Notes") in certain jurisdictions may be restricted by law. Persons into whose possession this Term Sheet comes are required to inform themselves about and to observe any such restrictions. Neither the Issuer nor the Lead Manager accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of the Notes, of any of such restrictions.

Where sold within the EEA, these Notes may only be sold subject to the applicable law and regulation of each Member State, and to (a) qualified investors as defined in the Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) or (b) end investors who acquire Notes for a total consideration of at least EUR 100,000 (or its equivalent in another currency).

The Notes are derivative financial instruments and do not qualify as units of a foreign collective investment scheme according to Article 119 et seq. of the Swiss Federal Act on Collective Investment Schemes ("CISA"), as amended, and are not registered thereunder. Therefore, these Notes are neither governed by the CISA nor supervised by the Swiss Financial Markets Supervisory Authority (FINMA). Accordingly, the investor does not have the benefit of the specific investor protection provided under the CISA. During the whole term of the Notes, the Prospectus can be ordered free of charge from Bank Julius Baer & Co. Ltd., Guernsey Branch (see Additional Notes).

Short Description of the Notes

These Notes with a 10 years maturity offer a Minimum Repayment of 100% at Maturity in the absence of a credit event in the Reference Bond. Additionally, the Notes offer the potential for capital growth linked to a Reference Underlying. Capital growth shall be achieved via call option. The Reference Underlying will consist of 100% of the JB Equity Fund Special Value as sole Individual Underlying Asset. The investors are entitled to redeem the Notes as set out according to the conditions under "Redemption Amount at Maturity" or "Secondary Market".

Terms of the Notes

For full and legally binding Terms of the Notes, please refer to the Prospectus of the Notes.

Issuer	Bank Julius Baer & Co. Ltd., Guernsey Branch, St. Peter Port, Guernsey
Lead Manager	Bank Julius Baer & Co. Ltd., Zurich, Switzerland
Calculation Agent	Bank Julius Baer & Co. Ltd., Zurich, Switzerland
Risk Monitor	Bank Julius Baer & Co. Ltd., Zurich, Switzerland
Subscription Period	From 07 October 2015 until 08 October 2015, 09:00 a.m. CET
Issue Date	08 October 2015
Payment Date	15 October 2015
Initial Fixing Date	First Dealing Day following or on the Issue Date
Final Fixing Date	22 December 2025
Maturity Date	29 December 2025
Note Right	Unless terminated early according to this section (see further below) or to section 4.7 of the Prospectus, the Notes will mature on the Maturity Date. The Note Holder is entitled to receive from the Issuer on the Maturity Date, in accordance with the Terms of the Notes, the Redemption Amount at Maturity.
Redemption Amount at Maturity	The Redemption Amount at Maturity per Note is equal to

In case of no Occurrence of a Credit Event:

- a) Should the Closing Level of the Underlying be at or below the Strike Price on the Final Fixing Date

$$R_{mat} = (D \times MR)$$

where:

- D is the Denomination;
- MR is the Minimum Repayment at Maturity;

b) Should the Closing Level of the Underlying be above the Strike Price on the Final Fixing Date

$$R_{mat} = (D \times MR) + D \times [PR \times (CL - S) \div RIL]$$

where:

- PR is the Participation Rate
- CL is the Closing Fund Level
- S is the Strike Price
- RIL is the Reference Fund Level

In case of the Occurrence of a Credit Event:

$$R_{mat} = D \times LV_RBB_{mat} + \max [CV_{mat}, 0]$$

where:

- LV_RBB_{mat} is the Liquidation Value of the Reference Bond Portfolio on the Final Fixing Date whereby the Liquidation Value of the individual Reference Bond(s) affected by a Credit Event may, in the reasonable discretion of the Calculation Agent, be determined by referring to such value on any date between and including the Event Date and the Final Fixing Date;
- CV_{mat} is the Value of the Call Option on the Final Fixing Date as reasonably determined by the Calculation Agent

Credit Event

One or more of bankruptcy of an issuer of a Reference Bond and with regard to a Reference Bond a) failure to pay by an issuer, b) obligation acceleration, c) obligation default, d) repudiation/moratorium e) restructuring and any other event which in the opinion of the Calculation Agent has an economic impact to an issuer of a Reference Bond or a Reference Bond similar to the other events defined before. Credit related terms may be interpreted by the Calculation Agent in line with market practice including but not limited to the ISDA 2003 Credit Derivatives Definitions, as amended and supplemented from time to time.

Occurrence of a Credit Event

Whether a Credit Event has occurred will be determined by the Calculation Agent in its reasonable discretion ("billiges Ermessen").

Adjustments upon Occurrence of a Credit Event

Upon the Occurrence of a Credit Event:

- (i) No more payments of Coupon Amounts (if any) will be made from (and including) the date on which the Calculation Agent determined the Credit Event (the "Event Date")
- (ii) within 5 Business Days following the Event Date, the Calculation Agent will publish the Occurrence of a Credit Event, including a description in reasonable detail of the facts relevant to such determination (the "Event Notice") in accordance with section 4.18 of the Prospectus (the "Notice");
- (iii) within 30 Business Days following the Notice Date, the Calculation Agent will determine in its reasonable discretion ("billiges Ermessen") whether or not and, if yes, when an Early Termination Following a Credit Event will be invoked (the "Early Termination Date following the Occurrence of a Credit Event") and publish such determination and, if applicable, the Early Termination Date following the Occurrence of a Credit Event including a description in reasonable detail of the facts relevant to such determination in accordance with section 4.18 of the Prospectus.

Early Termination Following a Credit Event

Upon the invocation of an Early Termination Following a Credit Event:

- (i) within 10 Business Days, but not after the Final Fixing Date, following the Early Termination Date following the Occurrence of a Credit Event, the Liquidation Value of both the Reference Bond Portfolio and the Option will be determined by the Calculation Agent in its reasonable discretion ("billiges Ermessen") (the "Valuation Date");
- (ii) each Note will be redeemed on the Cash Settlement Date according to the following formula, irrespective of whether the relevant Credit Event is continuing.

$$R_{mat} = D \times LV_RBB_t + \max [CV_t, 0]$$

where:

- D is the Denomination;
- LV_RBB_t is the Liquidation Value of the Reference Bond Portfolio on the Valuation Date;
- CV_t is the Liquidation Value of the Option on the Valuation Date as reasonably determined by the Calculation Agent

Cash Settlement Date

10 Business Days following the Valuation Date

Liquidation Value of the Reference Bond Portfolio	The sum of the Liquidation Value of the individual Reference Bond(s) held within the Reference Bond Portfolio minus any pro rata unwinding and/or transaction costs per Note expressed as a percentage.					
Liquidation Value of the Individual Reference Bond(s)	The market value of the respective Reference Bond expressed as a percentage, as determined by the Calculation Agent in its reasonable discretion ("billiges Ermessen"), multiplied by the respective Weighting.					
Liquidation Value of the Option	The market value of the Option, taking into consideration any transaction and/or unwinding costs, as determined by the Calculation Agent in its reasonable discretion ("billiges Ermessen")					
Business Days	Guernsey, Dublin, Zurich, London, TARGET					
Business Day Convention	Next Following					
Reference Underlying (Underlying Fund)	On the Initial Fixing Date, the Reference Underlying contains the following Individual Underlying Asset(s) with respective Individual Weight:					
	<ul style="list-style-type: none"> • 100% Julius Baer Equity Fund Special Value (ISIN: LU0912200754) 					
Issue Size	USD 7,000,000					
Reference Fund Level	USD 125.60					
Currency	USD					
Denomination	USD 100,000					
Issue Price	100% (USD 100,000)					
Strike Price	USD 125.60 (100%)					
Participation Rate	75%					
Purchase Fee	Nil					
Minimum Trading Size	1 Note					
Minimum Investment	1 Note					
Minimum Repayment at Maturity	100%, expressed as percentage of the Denomination, at and only at Maturity Date; subject to the absence of a Credit Event					
Risk Monitoring Fees	Nil					
Amortization Fees	0.08333% per month of the Denomination, for the first 24 calendar months of the lifetime of the Notes from the Issue Date					
Reference Bond(s)	If a reference bond of the Reference Bond Portfolio expires prior than this Note or it will be early repaid for any reason, the Reference Bond will be replaced by a new reference bond on the same issuer and with the same seniority as the former reference bond (a so-called Pari-Passu Bond) as determined by the Calculation Agent in his sole and absolute discretion. In case no reasonable Pari-Passu Bond exists, the Calculation Agent is explicitly entitled to early terminate the product.					
Reference Bond Portfolio	Rating²	Coupon	Issuer	Maturity	ISIN of Reference Bond	Weighting¹
	A1	2.0	Japan Sovereign	21.03.2022	JP1200551248	100.0%
	or					
	A1	2.1	Japan Sovereign	20.12.2025	JP12008315C1	100.0%
	¹ upon Fixing					
	² The Moody's Rating refers to the Issue Date and can change during the lifetime of the Product					
Dealing Day	Every Business Day, and any other day or days as defined by the Calculation Agent					
Settlement	SIX SIS AG ("SIS") / Euroclear SA					
Listing	None					

Valor	26388895
ISIN	CH0263888957
Secondary Market	<p>It is the Issuer's intention to maintain under normal market conditions a limited daily secondary market with a bid-offer spread during the lifetime of the Notes on a best effort basis. The bid-offer spread shall be minimum 2% of the Denomination in the first 12 months after Issue Date and minimum 1% thereafter plus any remaining Amortization Fees not yet charged, if applicable.</p> <p>The Notes will be traded in the secondary market on a flat basis; no additional accrued interest will be added to the secondary market prices.</p> <p>Please be advised that the secondary market prices for the Notes may be less than the specified Denomination.</p>
Adjustment Events	The Terms of the Notes foresee the existence of Adjustment Events, Extraordinary Events, Market Disruption Events and Issuer Events (together the "Events"), whose occurrence will be determined by the Calculation Agent.
Extraordinary Events	
Market Disruption Events	The occurrence of any of these events may, among others, i) induce delays to the determination of the Note Value, ii) induce adjustments to the Terms of the Notes, iii) induce a substitution of an Individual Underlying Asset, iv) induce an Early Termination of the Notes, or v) induce an in-specie redemption of the Notes.
Issuer Events	Please refer to the Prospectus for further detail.
Applicable Law and Jurisdiction	The Notes shall be subject to and governed by Swiss law. Jurisdiction of the Ordinary Courts of the Canton of Zurich, Switzerland, place of Jurisdiction being Zurich 1.
Risk Factors	
Product Risks	<p>Market Risks: The value of the Notes is dependent on the value of the call option which is linked to the Underlying , and the performance of the Reference Bond Portfolio. The historical performance of the Underlying Fund should not be taken as an indication of the Underlying Fund's future performance during the term of the Notes. There can be no assurance that the Notes will achieve their investment objective. An investment in the Notes carries among a variety of risks, the inherent risks associated with fixed-income securities. Such risks include, but are not limited to:</p> <p>An investment in the Underlying Fund might incur the expenses of both the Underlying Fund and any potential vehicles or accounts into which it invests.</p> <p>The Underlying Fund is subject to market fluctuations. There can be no assurance that appreciation will occur or that losses will not be incurred and an investment in the Underlying Fund is intended for professional and sophisticated investors who can afford the risks inherent in this type of investment, including the loss of the entire amount invested into the derivative providing exposure to the Fund.</p> <p>An investment in fixed income securities, potentially paying Coupons and securing repayment of capital at Maturity Date, bears with it, among others, the risk that the market value of the securities may go up or down in function of prevailing interest rates.</p> <p>The performance of the Reference Bond Portfolio is mainly dependent on – but not limited to - the prevailing level of interest rates, the credit spreads of the Individual Reference Bond(s) held within the Reference Bond Portfolio. Rising interest rates, rising credit spreads, changes in the credit rating of the Bond(s) etc. can have a detrimental impact the value of the Notes.</p> <p>The valuation of the Underlying Fund is provided by the respective Fund Provider or other third parties. The calculation agent is not able to confirm the accuracy of valuations provided by any third parties.</p> <p>The ability of the Underlying Fund redeem may be adversely affected by the liquidity of their portfolios.</p> <p>The Redemption Amount at Maturity is dependent on any potential Credit Event and on the level of the Underlying Fund at expiry of the Notes. The Occurrence of a Credit Event during the lifetime of the Notes, will cause the Redemption Amount at Maturity to be lower than the specified Minimum Repayment at Maturity, in the worst case it could lead to a partial or total loss of the initial investment.</p> <p>No Regulatory Supervision: The Individual Underlying Assets may be and may contain portfolios of unregulated collective investment schemes which are not subject to any form of authorization or regulatory supervision. Investment in such schemes carries a higher potential risk.</p> <p>Leverage: The Individual Underlying Assets as well as the Notes may employ leverage to increase their respective investment levels. Higher investment levels expose investors to increased risk. This may result in substantial loss of the value of the Notes.</p> <p>Credit Risk of the Issuers of the Reference Bonds in the Reference Bond Portfolio: Investors additionally bear the credit risk of the Issuers of the Reference Bonds in the Reference Bond Portfolio. Notes linked to Reference Bond(s) are complex financial products. The investor is not only exposed to the common risks inherent to the Notes but also additionally to the credit risk of the Reference Bond issuers. Investors into Notes linked to Reference Bond(s) must ensure that they understand the nature of this Note and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, accounting and financial</p>

evaluation of the merits and risks of investment in this Note and that they consider the suitability of such Note as an investment in the light of their own circumstances and financial condition.

The ability of the Issuer to meet its obligations under the Note will depend on, amongst other things, the receipt by it of payments of interest and principal from the Reference Bond(s) issuers. Should a Credit Event occur with regard to any issuer of the Reference Bonds or a Reference Bond in the Reference Bond Portfolio such occurrence may have a negative impact on the value of the Note, the Redemption Amount at Maturity, Coupon Amounts being paid and/or may even result in an Early Termination following a Credit Event. In the worst case the Note may expire worthless. On the other hand this Note linked to Reference Bonds allows for a higher yield than structured products without Reference Bond(s).

After the determination of the Occurrence of a Credit Event, the Investors, in the reasonable discretion of the Calculation Agent may or may not stand to benefit from any positive performance as regards the relevant Reference Bond issuer.. For this reason, an investment in Notes linked to Reference Bond(s) may be associated with a higher risk than a direct investment in the liabilities of the Reference Bond issuer(s). If circumstances arise or an event occurs which have/has a negative impact on the creditworthiness or credit rating of any Reference Bond issuer or Reference Bond but which do/does not result in the Occurrence of a Credit Event, the value of the Notes may fall. As a result, Investors who sell their Notes at this time may sustain a significant loss of their capital invested.

There is no assurance that the rating of the Reference Bond(s) or Reference Bond issuer(s) will not be reduced or withdrawn in the future, or that a rating is a guarantee of future performance. Neither the Issuer nor any other party has made any investigation into the obligors or Reference Bond(s). Credit ratings represent the rating agencies' opinions regarding credit quality and are not a guarantee of quality. Rating agencies attempt to evaluate the safety of principal and/or interest payments and do not evaluate the risks of fluctuations in market value. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events; so that an issuer's current financial condition may be better or worse than its rating indicates. Rating agencies may from time to time change the ratings of the Reference Bond(s) even if no losses have been incurred due to changes in rating methodology or rating migration of the Reference Bond(s).

Risks associated with Funds as Individual Underlying Assets: Where the Notes reference one or more collective investment schemes ("Funds") as Individual Underlying Assets, the investors in such Notes are exposed to the performance of such Funds. The investors will bear the risk that such performance cannot be predicted and investors should be aware that the limited availability of last sale information and quotations for funds may make it difficult for many investors to obtain timely, accurate data for the price or yield of such Funds.

The valuation of a Fund is generally controlled by the relevant Investment Manager and/or Fund Administrator. Valuations are performed in accordance with the terms and conditions governing the Fund. Such valuations may be based upon the unaudited financial records of the Fund and any accounts pertaining thereto. Such valuations may be preliminary calculations of the net asset values of the Fund and accounts. The Fund may hold a significant number of investments which are illiquid or otherwise not actively traded and in respect of which reliable prices may be difficult to obtain. In consequence, the relevant fund manager or the investment adviser may vary certain quotations for such investments held by the Fund in order to reflect its judgement as to the fair value thereof. Therefore, valuations may be subject to subsequent adjustments upward or downward. Uncertainties as to the valuation of the fund assets and/or accounts may have an adverse effect on the net asset value of the Fund where such judgements regarding valuations prove to be incorrect. A Fund, and any fund components in which it may invest, may utilise (inter alia) strategies such as short-selling, leverage, securities lending and borrowing, investment in sub-investment grade or non-readily realisable investments, uncovered options transactions, options and futures transactions and foreign exchange transactions and the use of concentrated portfolios, each of which could, in certain circumstances, magnify adverse market developments and losses. Funds, and any fund components in which it may invest, may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated. No assurance can be given relating to the present or future performance of any Fund and any fund component in which it may invest. The performance of each Fund and any fund component in which it may invest is dependent on the performance of the fund managers in selecting fund components and the management of the relevant component in respect of the fund components. No assurance can be given that these persons will succeed in meeting the investment objectives of the Fund, that any analytical model used thereby will prove to be correct or that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investments in which a Fund has or may invest will prove accurate. Funds may be subject not only to market price fluctuations, but also to numerous other factors that may trigger the substitution of any relevant Fund by other constituents (which may, or may not be, another Fund). Such substitution would change the profile and composition of the Notes. If so specified in the Terms, in the event of an Extraordinary Fund Event, the Calculation Agent may replace such Affected Fund with an alternative investment, but if it is unable to select a Successor Fund and/or a date for such substitution on the terms described herein, the Calculation Agent may replace an Affected Fund or a Successor Fund, as applicable, with an index or a basket of indices, therefore changing the profile and composition of the Notes.

Taxation Risks: The relevant tax regime for the Reference Bond(s) or Reference Bond issuer(s) might change during the lifetime of the investment. Any increase in tax charges related to the cash flows of the Reference Bond(s) will negatively impact the value of the Notes.

Exercise of Reasonable Discretion: In cases specified in the Prospectus, the Issuer, the Lead Manager or the Calculation

Agent has discretion to determine whether certain events (such as Rebalance, Trigger Events, Adjustment Events, Extraordinary Events and similar events) have occurred and to determine the Note Value or other relevant factors in such cases, or amend or terminate the Notes. Investors should be aware that any such determination may have an adverse effect on the value of the Notes and/or significantly alter the Notes' properties. Neither the Issuer nor the Lead Manager nor the Calculation Agent is liable for any consequences of having applied reasonable discretion ("billiges Ermessen") in accordance with the provisions of the Prospectus.

Early Termination: As at the Issue Date it is the intention of the Issuer to redeem the Notes at Maturity Date only. However, under circumstances outlined under Occurrence of a Credit Event, Early Termination Following a Credit Event, Extraordinary Events, Market Disruption Events and Issuer Events ("Early Termination Events"), the Notes may be terminated at an earlier point in time ("Early Termination"). Whether an Early Termination Following a Credit Event or an Early Termination Event has occurred and the determination of consequences of such events as set out in section 4.5 and 4.1 of the Prospectus is in the sole determination of the Calculation Agent. See also under 2.6 of the Prospectus "Exercise of Reasonable Discretion".

An Early Termination Following a Credit Event or/and an Early Termination may occur under any market conditions and regardless if the Note Value is above or below the Issue Price, the investor's initial investment and/or the Denomination times the Minimal Repayment at Maturity, as the case may be. Such an event will lead to the payment of an amount as defined in the Terms of the Notes. Following any such an event, an investor may no longer be able to realise his expectations for a future gain in the Note Value and, if applicable, will no longer participate in the performance of the Reference Underlying pursuant to the Note. In addition, following any such Early Termination, an investor may not be able to reinvest the proceeds in a structured product similar to the terminated Notes providing a yield similar to the Notes or may only be able to do so at a significantly lower yield. The Issuer may in such a case, but is under no obligation to do so, offer the investor an alternative investment product, in which the proceeds can be invested with the investment objective to return the Denomination times the Minimum Repayment at Maturity at the original Maturity Date of the Notes. Investors in the Notes should consider reinvestment risk in light of other investments available at that time.

Redemption Risks: In the absence of the Occurrence of a Credit Event only, the Redemption Amount at Maturity will be at least equal to the Denomination times the Minimum Repayment at Maturity. The specified Minimum Repayment at Maturity applies at Maturity Date and Maturity Date only, therefore the Notes may trade below par during their lifetime.

In certain market situations which negatively affect the liquidity of the Underlying Fund, Note Holders may be forced to accept interests in one or more collective investment schemes or other assets held by the Underlying Fund on account or in lieu of a cash payment of the Redemption Amount at Maturity, the Early Termination Amount or any other cash payment amount which may be specified in the Terms of the Notes. Interests in such collective investment schemes or the other assets will likely not be marketable at the time they are delivered to the Note Holders and no Investor should rely upon his ability to sell any such interests and/or assets.

Secondary Market: The Issuer cannot provide any assurances that there will be a limited daily secondary market for the Notes, nor to how the Notes will trade in the secondary market or whether such market will be liquid or illiquid.

Currency Risks: An investment in the Underlying Fund involves exposure to currencies other than the base currency of the Underlying Fund. Changes in the exchange rates may cause the value of the investment in the Underlying Fund to go up or down and may affect the value of dividends and interests earned.

To the extent that the Reference Underlying and/or the Underlying Fund in the Reference Underlying use hedging techniques, there is no guarantee that these will have the intended effect and no obligation to employ such techniques.

Investors whose reference currency is not the USD have to bear additional currency risk at Note level when investing in the Notes.

Risk factors related to Products linked to indices: In the case of Products related to indices, the market value of the Products can deviate from the performance of the Fund or the performance of the components contained in the Fund. The investor can therefore not rely on the Product being recoverable.

Risk factors related to whole-day trading of currencies and commodities: Investors should consider that in the case of Products linked to currencies or commodities as the underlying, such securities are traded 24 hours a day as a result of the time zones of Australia, Asia, Europe and America. For this reason it is possible that an event that is material in accordance with the respective Final Terms or a factor relevant for the determination of the right granted by the Product may occur or be determined outside the business hours of the place where the Products are offered and/or traded.

Risk factors related to Products linked to bonds: In the case of Products linked to bonds investors should note that bonds are subject to certain risks, inter alia, issuer risk, interest rate risk, credit risk, risk of early redemption, additional risks for subordinated bonds as well as additional risks for specific types of bonds.

Risks of Derivative Products

Derivative products are complex financial instruments, may therefore involve a high degree of risk and are intended for use only by sophisticated investors who are capable of understanding and assuming the risks involved. Before entering into any transaction, an investor should determine if these Notes are suitable with regards to the particular circumstances and should independently assess (together with a client advisor) the specific risks as described in the Prospectus and any other legal, regulatory or credit consequences. The Issuer makes no representation as to the suitability or appropriateness of these Notes for any particular investor. This document does not replace a personal

discussion with a client advisor, which is tailored to your requirements, investment objectives, experience, knowledge and circumstances and which is recommended by the Issuer before the investment decision.

Issuer Risks

Investors bear the credit risk of the Issuer. The Note Value is dependent not only on the development of the Reference Underlying, but also on the general assessment of the Issuer's creditworthiness, which may vary over the terms of the Notes. This assessment generally depends on the ratings assigned to the Issuer or its affiliated companies by rating agencies such as Moody's. The Issuer is subject to the prudential supervision of the Swiss Financial Markets Supervisory Authority (FINMA).

The Notes are not rated and the rating of the Issuer warrants no rating implications on the Notes. The Notes are direct, unsubordinated, unconditional and unsecured obligations of the Issuer, which particularly in the case of insolvency of the Issuer rank pari passu with each and all other current and future unsecured and unsubordinated obligations of the Issuer, with exception of those that have priority due to mandatory statutory provisions. **An insolvency of the Issuer could lead to a partial or total loss of the initial investment.**

General Information

Document

This document constitutes marketing material. It does not constitute an offer or invitation to enter into any type of financial transaction and is not the result of a financial analysis and therefore not subject to the "Directives on the Independence of Financial Research" from the Swiss Bankers Association. The content of this document does therefore not fulfil the legal requirements for the independence of financial analyses and there is no restriction on trading in this regard

This document together with the relevant Prospectus may be obtained free of charge from Bank Julius Baer & Co. Ltd., Guernsey Branch (see Additional Notes).

This document cannot disclose all of the risks and other significant aspects of these Notes and investment decisions should not be made solely on the basis of these risk factors.

Conflicts of Interests/Multiple Roles

Members of the Julius Baer Group have various and multiple roles and responsibilities related to the issue, performance, management and administration of the Notes. Members of the Julius Baer Group and their directors, officers, employees and agents may also be involved in other financial investment or professional activities which may cause conflicts of interest with the issue and ongoing management and administration of the Notes.

Notices

Notices to Investors shall be validly given by posting on the notice dispatching services ("Mitteilungsversanddienst") of SIS.

Sales Restrictions

The Notes may not be offered in any jurisdiction in circumstances that would result in the Issuer being obliged to register any further prospectus relating to the Notes in that jurisdiction. **Potential purchasers of the Notes are advised to read the detailed selling restrictions in the Prospectus.** The restrictions listed below must not be taken as conclusive guidance as to whether the Notes can be sold in a jurisdiction. Potential purchasers of the Notes should seek specific advice before purchasing or selling-on Notes.

Any Notes purchased by any person for resale may not be offered in any jurisdiction in circumstances that would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Notes in that jurisdiction. The restrictions listed below must not be taken as definitive guidance as to whether the Notes can be sold in a jurisdiction. Investors should seek specific advice before on-selling a Note.

Switzerland: The Notes do not qualify for distribution to non-qualified investors in and from Switzerland. Accordingly, the Notes may not be distributed to non-qualified investors in or from Switzerland, and neither the Term Sheet, the Prospectus nor any marketing material relating to the Notes may be distributed in connection with any such offering or distribution. The Notes may only be offered and this Prospectus may only be distributed in and from Switzerland to qualified investors according to the most restrictive interpretation of the provisions of the Collective Investment Scheme Act (CISA).

European Economic Area: For EEA jurisdictions (EU member states plus Norway, Iceland and Liechtenstein) that have implemented the EU Prospectus Directive, this Term Sheet and the Prospectus for these Notes do not qualify as a prospectus published in accordance with the requirements of the EU Prospectus Directive. Unless and until a prospectus has been published in accordance with the requirements of the EU Directive the Notes may not be offered or sold in EEA jurisdictions that have implemented the EU Prospectus Directive other than 1) in minimum denominations of, or total consideration per investor of at least EUR 100,000 (or equivalent in other currencies) or 2) only to Qualified Investors. A "Qualified Investor" is a legal entity that (i) is authorised or regulated to operate in the financial markets or has the sole purpose to invest in securities; or (ii) meets two of the following three criteria (as shown in its last annual or consolidated accounts): (a) an average number of at least 250 employees during the last financial year; (b) a total balance sheet of more than EUR 43,000,000; and (c) an annual net turnover of more than EUR 50,000,000.

For EEA jurisdictions that have not implemented the EU Prospectus Directive, sales in such jurisdictions must be in compliance with the law of that jurisdiction.

United Kingdom in particular: The Lead Manager, Bank Julius Baer & Co. Ltd., Guernsey Branch, represents and agrees that it has not offered or sold and will not offer or sell any Notes issued to persons in the United Kingdom other than to

persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Financial Services and Markets Act 2000 ("FSMA"), as amended, save in circumstances where it is lawful to do so without an approved prospectus (within the meaning of Section 85 of FSMA) being made available to the public before the offer is made. The Lead Manager represents and agrees that it has complied and will comply with all applicable provisions of the FSMA and rules and regulations made thereunder with regard to the issue of the Notes to the extent that the United Kingdom is involved. The distribution of the prospectus (which term shall include any form of communication) is restricted pursuant to Section 21 (restrictions on financial promotion) of the FSMA. In relation to the United Kingdom this document is only being distributed to, and is directed only at, persons (i) who have professional experience in matters relating to investments falling within the scope of Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO"), (ii) falling within the scope of Article 49 (2) of the FPO or (iii) to whom it may otherwise lawfully be distributed (all such persons including Qualified Investors (as defined in the Prospectus Directive) being referred to as "Relevant Persons". The prospectus and this document must not be acted on or relied on in the United Kingdom by persons who are not Relevant Persons. Any investment or investment activity to which this document relates is available only in the United Kingdom to Relevant Persons, and will be engaged in only with such person. By receiving the prospectus and/or this document a potential purchaser of the Notes is deemed to warrant to the Issuer and the Lead Manager that he or she falls within the categories of Relevant Persons described above. As used herein, "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland.

Italy in particular: The present prospectus and the Term Sheet have not been nor will they be registered with Italian authorities. They have been delivered upon the express request of the investor, who has directly contacted Bank Julius Baer at the investor's own initiative. No active marketing has been carried out in Italy and this prospectus and this Term Sheet have been sent to the investor at the investor's request. The investor acknowledges the above and hereby agrees not to transfer or otherwise resell the securities it may acquire in Italy and/or target any other Italian resident investor in connection therewith. This Prospectus and this Term Sheet and other offering materials relating to the offer are strictly confidential and may not be distributed to any person or entity other than the recipient(s) hereof.

Singapore: This Term Sheet has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Term Sheet and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor specified in Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the 'SFA'), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Hong Kong: The Notes have not been offered or sold, and each purchaser represents and agrees that it will not offer and sell the Notes in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy and sell shares or debentures, whether as principal or agent, on circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong or to 'professional investors' within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance, or in other circumstances which do not result in the document being a 'prospectus' within the meaning of the Companies Ordinance. In relation to the issue of the Notes, each purchaser represents and agrees that it has not issued and will not issue any advertisement, invitation or document relating to the Notes, whether Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to 'professional investors' within the meaning of the Securities and Futures Ordinance and any rules made there under.

Dubai International Financial Centre: This Prospectus and the Term Sheet have been distributed by Julius Baer (Middle East) Ltd., an entity duly authorised and regulated by the Dubai Financial Services Authority (DFSA). Please note that Julius Baer (Middle East) Ltd. offers financial products or services only to persons qualifying as Professional Clients under the DFSA Rulebook. This prospectus and the Terms Sheet may not be relied upon or distributed to retail clients. This offering is not subject to any form of regulation or approval by the DFSA. The DFSA has no responsibility for reviewing or verifying any document in connection with this offer. Accordingly, the DFSA has not approved this document nor taken any steps to verify the information set out in it, and has no responsibility for it. The securities to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the securities. If you do not understand the contents of this document you should consult an authorised financial adviser.

United Arab Emirates: This Prospectus and the Term Sheet have been distributed by a representative office of Bank Julius Baer & Co. Ltd., authorised and regulated by the Central Bank of the United Arab Emirates. This offering of securities has not been approved or licensed by the UAE Central Bank, the Emirates Securities and Commodities Authority (ESCA), the Dubai Financial Services Authority (DFSA) or any other relevant licensing authorities or governmental agencies in the UAE, and do not constitute public offer of securities in the UAE in accordance with the Commercial Companies Law,

Federal Law No. 8 of 1984 (as amended) or otherwise and should not be construed as such. Accordingly the securities may not be offered, sold, transferred or delivered to the public in the United Arab Emirates (including the Dubai International Financial Centre). This document is strictly private and confidential and is being issued to a limited number of institutional and individual investors who qualify as sophisticated investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. Bank Julius Baer & Co. Ltd represents and warrants that the securities will not be offered, sold, transferred or delivered to the public in the United Arab Emirates (including the Dubai International Financial Centre).

USA, US Persons: The Notes are and will not be registered under the United States Securities Act of 1933 and correspondingly may neither be offered nor sold, resold, delivered or traded in the United States or to U.S. persons as defined in Regulation S of the United States Securities Act of 1933.

No registration in any jurisdiction: The Notes have not been and will not be registered in any jurisdiction and will not be publicly offered outside of Switzerland except in accordance with applicable exemptions. In any case the Notes may neither be offered to the public nor sold in any jurisdiction which would require the Issuer to prepare or register any further prospectus or offering document to the Notes in such jurisdiction, in particular where the Issuer would be required to do so under the Prospectus Directive or any legislation, regulation or other measure implementing the Prospectus Directive. The laws to which certain investors are subject may consequently prohibit or restrict the ability of such investor to purchase Notes. **Each prospective investor is requested to consult with his own legal advisers as to his/her ability to purchase the Notes.**

Swiss Taxation

Irrespective of the statement below with regard to Stamp duties, Withholding tax and Income tax, all Note Holders are advised to consult their tax and other professional advisors about the tax implications for them investing in the Notes and the Note Holder shall assume and be responsible to the proper governmental or regulatory authority for any and all taxes of any jurisdiction or governmental or regulatory authority, including without limitation, any state or local taxes, transfer taxes or fees, occupation taxes or other like assessments or charges that may be applicable to any payment in cash delivered to them by the Issuer hereunder or applicable to the transactions covered hereby. The Issuer shall have the right, but not the duty to withhold from any amounts otherwise payable to a holder of the Notes such amount as is necessary for the payment of any such taxes, fees, assessments or charges. In any case where any governmental or regulatory authority imposes upon the Issuer the obligation to pay any such tax or fee, however denominated, such holder of the Notes shall promptly reimburse the Issuer therefore, including any interest or penalties paid by the Issuer.

Please note that the following information is a summary of the main Swiss tax consequences in relation to dealings in the Notes according to the applicable Swiss federal tax laws and the Swiss federal tax authorities' practice as at the time of launch of this issue. Where not mentioned expressly, the description of Swiss income tax consequences refers to Direct Federal Taxes only. Although it is likely that for Cantonal and Communal Tax purposes the same tax consequences will arise, the tax treatment may differ from canton to canton. This outline does not take into consideration possible special circumstances of some investors.

Stamp Duties: No Swiss Issuance Tax. Secondary market transactions are in principle subject to the Federal Turnover Tax ("Umsatzabgabe") if a securities dealer ("Effektenhändler"), as defined in the Swiss Federal Act on Stamp Duties ("Stempelabgabengesetz"), is a party to the transaction or acts as an intermediary thereto (TK22).

Withholding Tax: No Swiss Withholding Tax.

Income Tax: The Product is classified as transparent, where the return of the bond part is in the form of a discount (IUP). For private investors (individuals) with tax residence in Switzerland the difference between the Capital Protection at sale or redemption and its present value at issue ($100,000 - 81,553.83 = 18,446.17$, IRR 2.06%) is subject to income tax ("Modifizierte Differenzbesteuerung"). However, any gain derived from the option part is classified as capital gain and therefore for such investors not subject to income tax. Investors with tax residence outside Switzerland are asked to consult their tax advisor about the tax implications of this product.

EU Savings Tax: For Swiss paying agents, this product is not subject to EU Savings Tax (TK 4).

The aforementioned tax analysis is valid at the time of launch of this issue. The relevant tax laws or regulations of the tax authorities' may change at any time.

Additional Notes

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Investors must be aware that conversations on trading lines are recorded. No objection is assumed.

Investors are asked to read the Prospectus for definitions related to this document.

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