



IMPORTANT NOTICE¹

Amended privacy statement – dated 12 March 2014

In relation to the following products (“Products”) and Product Disclosure Statements (“PDSs”) issued by UBS AG Australia Branch ABN 47 088 129 613, AFSL 231087, the amended privacy statement below updates the privacy notice or privacy policy summary (however described) set out in each PDS:

Product name	PDS dated
UBS European Low Exercise Price Call Warrants	5 March 2007
UBS Self Funding Instalments	2 October 2007
UBS Structured Option and Loan Facility	28 February 2008
UBS Double Level Callable Range Accrual Units - Series 7 & 8	24 June 2008
UBS Outperformance Callable Range Accrual Units - Series 7 and 8	21 July 2008
UBS Rolling Self Funding Instalments	2 February 2009
UBS PERLES+ - Series 7	27 March 2009
UBS GOALS+ - Series 1, 2 & 3	14 May 2009
UBS PERLES+ - Series 10 & 11	14 May 2009
UBS Target Units - Series 1 Australia +Income and Series 2 International +Income	30 June 2009
UBS PIP - Series 16	6 October 2009
UBS Index Participation	23 March 2010
UBS Hindsight PIP (Protected Investment Product) - Series 2 - Australian Equities	23 June 2010
UBS Capped Instalments	16 February 2011
UBS Capped Self Funding Instalments	23 May 2011
Equity Insulator Instalments	19 May 2011
UBS Capped Income Instalments	31 October 2012
Protected Geared Investments	29 June 2012

While this amendment is not considered to be materially adverse to investors, it should be taken into account when making a decision to invest under any of the PDSs.

For prospective and new investors

If you apply for the financial products described in the PDS by lodging an Application Form² with your Approved Adviser, you acknowledge and agree that:

- (a) the Issuer and your Approved Adviser collect, hold, use and disclose your Personal Information³ for the purpose of: processing your Application, issuing the financial products, managing your investment, complying with relevant laws and offering you further services, which may include using your Personal Information for marketing purposes (in which case you will be given the opportunity to request that your Personal Information not be used for future direct marketing);

¹ This notice is provided pursuant to ASIC Class Order 03/237 *Updated information in product disclosure statements* and is not information that is materially adverse to Investors in the relevant products.

² Capitalised terms in this notice have the meaning given to them in the relevant PDS unless otherwise defined in this notice

³ “Personal Information” has the meaning given in the *Privacy Act 1998* (Cth).



- (b) in addition to paragraph (a), the Issuer collects, holds, uses and discloses your Personal Information for the purpose of:
- (i) assessing whether to accept your Application;
 - (ii) preparing any documentation relevant to, and to maintain, your investment in the financial products;
 - (iii) effecting investments in the financial products in your name(s);
 - (iv) communicating with you in relation to the financial products;
 - (v) complying with legislative or regulatory requirements;
 - (vi) performing the Issuer's administrative operations;
- (c) the Issuer may disclose all or some of your Personal Information to:
- (i) related bodies corporate that might not be governed by Australian laws for the purpose of account maintenance and administration, including related bodies corporate in China, Hong Kong, India, Poland, New Zealand, Singapore, Switzerland, United Kingdom, and United States of America. Such Personal Information will be processed in accordance with applicable data protection law in such jurisdictions;
 - (ii) share registries, custodians, external contracts and service providers and certain software providers (in each case both onshore and offshore including China, Hong Kong, India, Poland, New Zealand, Singapore, Switzerland, United Kingdom, and United States of America) related to the operational management and settlement of the Units;
 - (iii) regulatory authorities such as the ASX;
 - (iv) other third parties for the purpose of account maintenance and administration or marketing research;
- (d) the Issuer may:
- (i) give your Personal Information to:
 - (A) the Issuer's agents, contractors and external advisers;
 - (B) regulatory bodies, government agencies, law enforcement bodies and courts; and
 - (C) the entities in which investments are made and/or to any agents or contractors, for the purpose of administering my/our investment or administering or enforcing the Guarantee (if applicable);
 - (ii) collecting your Personal Information from, and giving it to, your executor, administrator, trustee, guardian or attorney and your agents and representatives (including my finance broker, legal and financial adviser); and
 - (iii) provide your ABN to the Issuer and its related entities,

even if the disclosure of your Personal Information is to an entity overseas, including any jurisdiction set out in (c)(i) or (ii) above, regardless of whether or not such entity is subject to privacy obligations equivalent to those which apply to the Issuer.



If you do not provide the Personal Information the Issuer or your Approved Adviser requires, your Application may not be processed.

All Personal Information collected from you will be collected, used and stored by the Issuer in accordance with the Issuer's privacy policy, a copy of which can be made available to you on request. To obtain a copy, please contact the Issuer on 1800 633 100 or refer to the Issuer's website.

All Personal Information collected from you will be collected, used and stored by your Approved Adviser. Please contact your Approved Adviser for a copy of its privacy policy. The Issuer or your Approved Adviser and/or its associates may wish to communicate with you in the future about other investment opportunities which may be of interest to you. If you do not wish to be contacted for these purposes, please indicate so on the Application Form or contact the Issuer or your Approved Adviser (as appropriate).

You may have rights to access and correct your Personal Information, and in some circumstances make complaints regarding the use, holding or disclosure of your Personal information by the Issuer or your Approved Adviser. The privacy policy of the Issuer contains information regarding the exercise of such rights in relation to access, correction and complaints.

For product holders

The Issuer has updated its privacy policy to encompass recent reforms to the *Privacy Act 1998* (Cth). The Issuer will treat all Personal Information it has collected from you in accordance with its privacy policy dated 12 March 2014 (and as amended from time to time).

A copy of the policy can be made available to you on request. To obtain a copy, please contact the Issuer on 1800 633 100 or refer to the Issuer's website www.ubs.com/equitysolutions.

Equity Insulator Instalments

Supplementary Product Disclosure Statement dated 21 May 2013 (“SPDS”)

Issued by UBS AG, Australia Branch

(ABN 47 088 129 613, AFSL number 231087)

This SPDS supplements the Product Disclosure Statement for Equity Insulator Instalments dated 19 May 2011 (“PDS”). You should read this SPDS together with the PDS and the supplementary product disclosure statements for Equity Insulator Instalments dated 28 June 2012, 15 May 2012, 3 November 2011, 24 October 2011, 7 October 2011, 29 June 2011 and 19 May 2011. Words defined in the PDS have the same meaning in this SPDS.

This SPDS is relevant to all open Series of Equity Insulator Instalments and all Series issued after the date of this SPDS.

The following amendments are made to the PDS:

Part 5 – Taxation Summary:

- The following information supplements Part 5 of the PDS:

General deductibility

The Australian Taxation Office (“ATO”) is currently examining wholesale and retail financial products in order to identify products and product features that are of concern to the ATO. Issues being examined include the deductibility of Interest Amounts.

The general position is outlined in the Taxation Summary at part 5 of the PDS and can be summarised as follows:

- Subject to the comments below regarding the ‘capital protected borrowings’ rules, interest is generally deductible if it is incurred in respect of monies borrowed for use in producing assessable income or in carrying on a business for that purpose.
- An Interest Amount will not be deductible to the extent that borrowed funds are used for private or domestic purposes, or solely for the purpose of generating capital gains.
- If a Holder uses borrowed funds in order to produce assessable income, deductions should normally be available for their interest expenses, provided that the assessable income (excluding capital gains) which is reasonably expected to be received from the investment is greater than the expected interest expenses.

Further, the timing of the deductibility of the Interest Amounts could be affected where the interest amounts are prepaid by investors, e.g. apportionment may be required.

A Holder should seek independent professional taxation advice before lodging a tax return claiming a tax deduction for any portion of the Interest Amount paid.

Capital protected borrowing rules

The Government has enacted changes which means that the Incurred Date Benchmark Rate is now equal to the Reserve Bank of Australia’s Indicator Lending Rate for Standard Variable Housing Loans, plus 100 basis points (currently, for April 2013, adding to, 7.45%).

This rate must be used for the purpose of determining the portion of the Total Costs payable by an investor which can be deducted in a particular year.

The new Benchmark Rate is historically lower than the former Benchmark Rate noted in the PDS.

Accordingly, it is possible that a greater portion of the Total Costs incurred by investors would be included in the CGT cost base of the Notional Put Option, and so would not be deductible.

The new Benchmark Rate for determining the cost of capital protection applies to capital protected borrowings entered into or extended after 7.30 pm AEST on 13 May 2008, and applies to capital protected borrowings entered into or extended at or before 7:30 pm on 13 May 2008 from 1 July 2013.

Tax Reform

The Government has announced that it will amend the income tax law to confirm the practice of treating the investor in an instalment warrant over a single exchange traded security in a company, trust or stapled entity as the owner of the listed security for income tax purposes. This will also be extended to instalment warrants and receipts over direct and indirect interests in listed securities, as well as unlisted securities in widely held entities and bundles of these assets. This is consistent with the tax treatment outlined in the PDS.

The tax treatment outlined in the PDS therefore assumes that the ATO will accept tax returns lodged by Holders on the basis that each Holder is to be treated as holding the Securities in the Underlying Parcel directly for CGT purposes, even though those securities are held on Separate Trust for that Holder. This is consistent with the ATO's announcement on 4 November 2010 which stated that the ATO would not be undertaking any compliance action with respect to investments in instalment warrants in the period prior to the Government amending the tax law to confirm this longstanding practice of the Holder being treated as holding the Securities in the Underlying Parcel directly.

However, draft legislation in relation to these amendments has not yet been released. Potential Holders should monitor developments.

Potential Holders should also note that significant reforms of the Australian trust income tax provisions have been proposed and other developments have occurred (such as the Federal Court decision in *Colonial First State Investments Limited v Commissioner of Taxation* [2011] FCA 16 dealing with the application of those provisions, and the release by the Government in July 2012 of a discussion paper in connection with that decision) which may impact on their investment. Potential Holders should similarly monitor developments in this area.

It cannot be determined how future changes to the law or associated administrative practices could impact on a Holder covered by the taxation summary in the PDS. A potential Holder should seek independent professional advice as required.

Other comments

The assumptions outlined in the Taxation Summary at part 5.17 of the PDS can be replaced with:

"The comments in this Part 5.18 assume that no person (together with their "related persons" for the purpose of stamp duty law) holds 90% or more of the Underlying Securities in that Underlying Entity." Further, the treatment under the commercial debt forgiveness rules as outlined in the PDS should remain the same notwithstanding that those rules have been rewritten.



IMPORTANT INFORMATION

The information in this SPDS has been prepared without taking into account the objectives, financial situation and particular needs of investors. Accordingly, before making a decision to acquire Equity Insulator Instalments, you should consider whether such an investment is appropriate having regard to your objectives, financial situation and particular needs, and consult your adviser or broker or tax adviser. You should read this SPDS and the PDS and consider them before making any decision as to whether to acquire Instalments.

UBS does not accept any liability or responsibility for, and makes no representation or warranty, whether express or implied, as to the affairs of any Underlying Entity included in this SPDS. You should obtain independent advice from a stockbroker or licensed financial adviser or tax adviser on the nature, activities and prospects of the Underlying Entities and the merits of an investment in the Underlying Entities or any Series of Equity Insulator Instalments. You should not take the historical prices of any Security or any other financial product as an indication of future performance.

UBS disclosure of interests

Options traders in a UBS Entity may buy UBS Equity Insulator Instalments and/or exchange traded options in Securities comprising the Underlying Parcel as principal. UBS Entities as principal will be conducting transactions in various Securities and other financial products, including Equity Insulator Instalments and Securities comprising the Underlying Parcel. UBS Securities may conduct such transactions as agent for UBS Entities, as well as for other principals.

UBS Entities may have previously acted, and may currently or in the future from time to time act as an adviser to the Underlying Entity for which it may receive fees and commissions.

DIRECTORY

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☎ 1300 850 505

Security Trustee

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Equity Insulator Instalments (Series of UBS Rolling Instalments)

Supplementary Product Disclosure Statement dated 28 June 2012 ("SPDS") to UBS Rolling Instalments

UBS AG, Australia Branch

ABN 47 088 129 613

(AFSL number 231087)

This SPDS supplements the UBS Rolling Instalments Product Disclosure Statement dated 19 May 2011 ("PDS") and together they set out the terms of issue of a number of Series of UBS Rolling Instalments collectively referred to in this SPDS as the "Equity Insulator Instalments". You should read this SPDS together with the PDS and the Supplementary Product Disclosure Statement for Equity Insulator Instalments dated 15 May 2012, 3 November 2011, 24 October 2011, 7 October 2011, 29 June 2011 and 19 May 2011. Words defined in the PDS have the same meaning in this SPDS.

This SPDS relates to the offer of Equity Insulator Instalments and confirms the final Loan Amounts immediately after the Strike Date (28 June 2012).

Equity Insulator Instalments

ASX Code	Issuer of Underlying Security	Loan Amount
ANZISO	ANZ Banking Group Limited	\$23.6500
BHPISO	BHP Limited	\$33.8030
BXBISO	Brambles Limited	\$6.6990
CBAISO	Commonwealth Bank of Australia Ltd	\$57.8820
CCLISO	Coca-Cola Amatil Limited	\$14.8170
CSLISO	CSL Ltd	\$43.4170
NABISO	National Australia Bank Limited	\$25.6740
NCMISO	Newcrest Mining Limited	\$24.1450
NWSISO	News Corporation	\$24.6070
ORGISO	Origin Energy Limited	\$13.4200
ORIISO	Orica Limited	\$26.6200
QRNISO	Queensland Rail Limited	\$3.7620
RIOISO	RIO Tinto Limited	\$60.6760
STOISO	Santos Limited	\$11.4950
TLSISO	Telstra Corporation Limited	\$4.0260
WBCISO	Westpac Group Limited	\$22.9020
WDCISO	Westfield Group	\$10.4390
WESISO	Wesfarmers Limited	\$32.9340
WOWISO	Woolworths Ltd	\$29.5240
WPLISO	Woodside Petroleum Ltd	\$33.6820



Important Information

The information in this SPDS has been prepared without taking into account the objectives, financial situation and particular needs of investors. Accordingly, before making a decision to acquire Instalments, you should consider whether such an investment is appropriate having regard to your objectives, financial situation and particular needs, and consult your adviser or broker. You should read this SPDS and the PDS and consider them before making any decision as to whether to acquire Instalments.

UBS does not accept any liability or responsibility for, and makes no representation or warranty, whether express or implied, as to the affairs of any Underlying Entity included in this SPDS. You should obtain independent advice from a stockbroker or licensed financial adviser on the nature, activities and prospects of the Underlying Entities and the merits of an investment in the Underlying Entities or any Series of Instalments. You should not take the historical prices of any Security as an indication of future performance.

UBS disclosure of interests

Options traders in a UBS Entity may buy Equity Insulator Instalments and/or exchange traded options in Securities comprising the Underlying Parcel as principal. UBS Entities as principal will be conducting transactions in various Securities, including Equity Insulator Instalments and Securities comprising the Underlying Parcel. UBS Securities may conduct such transactions as agent for UBS Entities, as well as for other principals.

UBS Entities may have previously acted, and may currently or in the future from time to time act as an adviser to the Underlying Entity for which it may receive fees and commissions. See the PDS for more details.

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Equity Insulator Instalments (Series of UBS Rolling Instalments)

Supplementary Product Disclosure Statement dated 15 May 2012 ("SPDS") to UBS Rolling Instalments

UBS AG, Australia Branch

ABN 47 088 129 613
(AFSL number 231087)

This SPDS supplements the UBS Rolling Instalments Product Disclosure Statement dated 19 May 2011 ("PDS") and together they set out the terms of issue of a number of Series of UBS Rolling Instalments collectively referred to in this SPDS as the "Equity Insulator Instalments". You should read this SPDS together with the PDS and the supplementary product disclosure statements for Equity insulator Instalments dated 3 November 2011, 24 October 2011, 7 October 2011, 29 June 2011, and 19 May 2011. Words defined in the PDS have the same meaning in this SPDS.

This SPDS relates to the offer of Equity Insulator Instalments as specified below. You can invest in one or multiple Series of Equity Insulator Instalments.

Equity Insulator Instalments	
Issuer	UBS AG, Australia Branch
Arranger	Mason Stevens Pty Limited (ABN 91 141 447 207, AFSL No. 351578)
Offer opens:	15 May 2012
Strike Date	28 June 2012
Application open Date	30 May 2012
Expected quotation date on the ASX:	29 June 2012
Final Maturity Date:	26 June 2015
Annual Rollover Dates:	28 June 2013, and 27 June 2014
Initial maximum issue size:	10,000,000 per Series
Maximum Borrow Fee:	<p>The Borrow Fee for each Series of Equity Insulator Instalments is an amount up to 2.2%, of the Loan Amount. This amount will equal the amount of the upfront commission you agree with your adviser as specified on your Application Form. UBS will pay an amount equal to this amount to your adviser as an upfront commission.</p> <p>The Borrow Fee is payable by you when you acquire Equity Insulator Instalments (other than on the secondary market). UBS will pay the amount of the Borrow Fee to your adviser as a commission.</p> <p>Please see Part 4 of the PDS for further details, or contact either UBS or your broker or adviser.</p>
Maximum Annual Rollover Fee	<p>An Annual Rollover Fee of up to 0.55% (inclusive of GST) of the current Loan Amount may also be payable on each Annual Rollover Date where you elect for a Cash Rollover. The amount of any Annual Rollover Fee for an Annual Rollover Date will equal the amount of any trail commission you agree with your adviser as specified on your Application Form. The Annual Rollover Fee is only payable for Cash Rollovers. Also, the Annual Rollover Fee is not payable if you acquire your Equity Insulator Instalments on the secondary market (eg if you buy them on the ASX). UBS will pay an amount equal to the amount of the Annual Rollover Fee to your adviser as a commission.</p>

Additional payments by UBS:	UBS may, at its discretion and out of its own funds, pay the Arranger an annual payment of up to 1.0% per annum (inclusive of GST) of the Loan Amount when Equity Insulator Instalments are issued (pro rated where the First Interest Period is less than one year) and each Annual Rollover Date in respect of which a Holder pays the Annual Rollover Amount. In setting the Interest Rate for a Series, UBS will take into consideration its obligation to pay the Arranger payment. This will be reflected in the Interest Rate.
Other Fees	In certain circumstances other fees or costs may be payable to UBS such as costs arising as a result of UBS enforcing its Security Interest over Equity Insulator Instalments. Please refer to Part 4 of the PDS for further details.
Registrar	Computershare Investor Services Pty Limited Level 3, 60 Carrington Street Sydney NSW 2000, Australia Phone: 1300 85 05 05 Website: www.computershare.com.au

Application has been made and approval given for the Equity Insulator Instalments (issued as UBS Rolling Instalments) offered under the PDS and this Supplementary PDS to be admitted to trading status by ASX.

UBS reserves the right to increase or decrease the issue size at any time during the offer period or to issue further Equity Insulator Instalments or UBS Rolling Instalments without the consent of Holders, subject to making a further application to ASX.

NOTES FOR TABLE OF EQUITY INSULATOR INSTALMENT SERIES

The table below sets out the ASX Code and details of each Underlying Security, indicative Loan Amount, indicative Interest Rate and indicative First Payment amount on the Strike Date (estimated as at the date of this SPDS, ie 15 May 2012).

Loan Amount: The table below sets out the indicative Loan Amount expressed as a percentage of the Closing Price of the corresponding Underlying Security on the Strike Date. This gives an indication of the leverage level of each Series. The initial Loan Amount will be set as a dollar amount based on the Closing Price of the Underlying Securities on the Strike Date rounded to the nearest 4 decimal places. Where the leverage level exceeds 100%, the excess of the Loan Amount over the Underlying Security price will be applied towards payment of the Interest Amount for the First Interest Period. The Loan Amount may vary during the Term. You can obtain the current Loan Amount by contacting UBS on 1800 633 100, or by visiting www.ubs.com/instalments.

Interest Rate: The Interest Rate for each Series of Equity Insulator Instalments from time to time, will be determined by UBS as described in the Investment Overview and in Part 2.3.3 of the PDS. The current Interest Rate is available from UBS by calling 1800 633 100. The table below sets out the indicative Interest Rate for each Series on the Strike Date.

First Payment: The column in the table below headed "Indicative First Payment amount on Strike Date to get exposure to an Underlying Parcel worth \$10,000" sets out, for each Series, the indicative First Payment amount in order to buy Equity Insulator Instalments in the relevant Series over Underlying Securities with an aggregate Closing Price on the Strike Date equal to \$10,000. The First Payment Amount is calculated using the indicative Interest Rate and indicative Loan Amount (as a percentage of the Closing Price of the Underlying Security) set out in the table.

The Column in the table below headed "Indicative First Payment % on Strike Date" sets out the indicative First Payment amount expressed as a percentage of the Closing Price of the relevant Underlying Security. It illustrates the indicative level of leverage available for the relevant Series on the Strike Date. Again, the First Payment Amount is calculated using the indicative Interest Rate and indicative Loan Amount (as a percentage of the Closing Price of the Underlying Security) set out in the table.

The indicative First Payment amount calculations in the table assume UBS does not charge you a Borrow Fee. **If you are charged a Borrow Fee (because you agree a commission with your adviser), the First Payment amount on the Strike Date will likely be higher than the amount set out in the table below.**

Each Series of Equity Insulator Instalments will be highly leveraged (at least on the Strike Date). When considering an investment, you should pay particular attention to the additional risks associated with highly leveraged UBS Rolling Instalments, described in Part 3.8 of the PDS.

Equity Insulator Instalments

ASX Code	Issuer of Underlying Security	Underlying Security	Indicative Loan % of Closing Price on Strike Date	Indicative Interest Rate (annualised rate) on Strike Date	Indicative First Payment amount on Strike Date to get exposure to an Underlying Parcel worth \$10,000	Indicative First Payment % on Strike Date
ANZISO	ANZ Banking Group Limited	1 ordinary share	110%	32.4446%	\$2,568.91	25.689%
BHPISO	BHP Limited	1 ordinary share	110%	29.6810%	\$2,264.91	22.649%
BXBISO	Brambles Limited	1 ordinary share	110%	30.0063%	\$2,300.69	23.007%
CBAISO	Commonwealth Bank of Australia Ltd	1 ordinary share	110%	31.4626%	\$2,460.88	24.609%
CCLISO	Coca-Cola Amatil Limited	1 ordinary share	110%	26.7147%	\$1,938.62	19.386%
CSLISO	CSL Ltd	1 ordinary share	110%	25.1444%	\$1,765.88	17.659%
NABISO	National Australia Bank Limited	1 ordinary share	110%	34.0126%	\$2,741.39	27.414%
NCMISO	Newcrest Mining Limited	1 ordinary share	110%	30.0179%	\$2,301.97	23.020%
NWSISO	News Corporation	Class B Voting Shares	110%	23.5864%	\$1,594.50	15.945%
ORGISO	Origin Energy Limited	1 ordinary share	110%	28.2751%	\$2,110.27	21.103%
ORIISO	Orica Limited	1 ordinary share	110%	27.4460%	\$2,019.07	20.191%
QRNISO	Queensland Rail Limited	1 ordinary share	110%	28.7791%	\$2,165.70	21.657%
RIOISO	RIO Tinto Limited	1 ordinary share	110%	29.4901%	\$2,243.91	22.439%
STOISO	Santos Limited	1 ordinary share	110%	28.0551%	\$2,086.06	20.861%
TLSISO	Telstra Corporation Limited	1 ordinary share	110%	25.2144%	\$1,773.58	17.736%
WBCISO	Westpac Group Limited	1 ordinary share	110%	34.4707%	\$2,791.78	27.918%
WDCISO	Westfield Group	1 stapled security	110%	31.3892%	\$2,452.81	24.528%
WESISO	Wesfarmers Limited	1 ordinary share	110%	30.8395%	\$2,392.35	23.923%
WOWISO	Woolworths Ltd	1 ordinary share	110%	24.8605%	\$1,734.66	17.347%
WPLISO	Woodside Petroleum Ltd	1 ordinary share	110%	30.7705%	\$2,384.76	23.848%

The indicative Interest Rate and First Payment details for the Strike Date set out in the table above are estimates only, calculated as at the date of this SPDS. They are subject to change on or before the Strike Date due to changes in market conditions for each Series. Also, these indicative amounts and rates apply only to the Strike Date - after the Strike Date, these amounts and rates could change significantly. The tables in the Investment Overview section of the PDS explain some of the main factors that impact on UBS' calculation of the First Payment and the Interest Rate. If market conditions for a Series change so that UBS' determination of the First Payment Amount for the Series on the Strike Date is greater than the amount or rate specified in the table above by more than 15%, UBS will not proceed with the offer of that Series. In those circumstances, all Applications will be rejected and application amounts returned without interest.



Interest for Subsequent Interest Periods

As explained in the PDS, the Interest Rate used to calculate the Interest Amount due on an Annual Rollover Date will be significantly different to the indicative Interest Rate on the Strike Date as (unlike the Interest Rate for the First Interest Period) it will not include a capital protection component. The tables in the Investment Overview section of the PDS explain some of the main factors that impact on UBS' calculation of the Interest Rate for each Interest Period.

For example, assume you purchase 10,000 Equity Insulator Instalments on the Strike Date where:

- the Loan Amount is \$10.00 per Equity Insulator Instalment and does not change throughout the term;
- the Interest Rate on the Strike Date for the First Period is 28.5% p.a.;
- the Interest Rate on the first Annual Rollover Date is 8.25% p.a.;
- the Interest Rate on the second Annual Rollover Date is 8.75% p.a.; and
- you continue to hold the 10,000 Equity Insulator Instalments until the Final Maturity Date (ie you do not sell any of the instalments, and on each Annual Rollover Date you elect the Cash Rollover Option).

In this example, the Interest Amount for your First Interest Period would be \$29,000. The Interest Amount for your second and third Interest Periods would be \$8,250 and \$8,750 respectively.

This example is intended as an illustration of how the Interest Amount will be calculated. It is not intended as an indication of likely Loan Amounts or Interest Rates for any Series or any Interest Period.

Important Information

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UBS does not accept any liability or responsibility for, and makes no representation or warranty, whether express or implied, as to the affairs of any Underlying Entity included in this SPDS. You should obtain independent advice from a stockbroker or licensed financial adviser on the nature, activities and prospects of the Underlying Entities and the merits of an investment in the Underlying Entities or any Series of Instalments. You should not take the historical prices of any Security as an indication of future performance.

UBS disclosure of interests

Options traders in a UBS Entity may buy Equity Insulator Instalments and/or exchange traded options in Securities comprising the Underlying Parcel as principal. UBS Entities as principal will be conducting transactions in various Securities, including Equity Insulator Instalments and Securities comprising the Underlying Parcel. UBS Securities may conduct such transactions as agent for UBS Entities, as well as for other principals.

UBS Entities may have previously acted, and may currently or in the future from time to time act as an adviser to the Underlying Entity for which it may receive fees and commissions. See the PDS for more details.

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Security Trustee

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Equity Insulator Instalments (Series of UBS Rolling Instalments)

Supplementary Product Disclosure Statement dated 24 October 2011 (“SPDS”) to UBS Rolling Instalments

UBS AG, Australia Branch

ABN 47 088 129 613

(AFSL number 231087)

This SPDS supplements the UBS Rolling Instalments Product Disclosure Statement dated 19 May 2011 (“PDS”) and together they set out the terms of issue of a number of Series of UBS Rolling Instalments collectively referred to in this SPDS as the “Equity Insulator Instalments”. You should read this SPDS together with the PDS and the supplementary product disclosure statements for Equity insulator Instalments dated 7 October 2011, 29 June 2011, and 19 May 2011. Words defined in the PDS have the same meaning in this SPDS.

This SPDS relates to the offer of Equity Insulator Instalments as specified below. You can invest in one or multiple Series of Equity Insulator Instalments.

Equity Insulator Instalments	
Issuer	UBS AG, Australia Branch
Arranger	Mason Stevens Pty Limited (ABN 91 141 447 207, AFSL No. 351578)
Offer opens:	24 October 2011
Strike Date	3 November 2011
Application open Date	24 October 2011
Expected quotation date on the ASX:	4 November 2011
Final Maturity Date:	2 May 2016
Annual Rollover Dates:	28 June 2012, 28 June 2013, 27 June 2014, and 26 June 2015
Initial maximum issue size:	10,000,000 per Series
Maximum Borrow Fee:	<p>The Borrow Fee for each Series of Equity Insulator Instalments is an amount up to 2.2%, of the Loan Amount. This amount will equal the amount of the upfront commission you agree with your adviser as specified on your Application Form. UBS will pay an amount equal to this amount to your adviser as an upfront commission.</p> <p>The Borrow Fee is payable by you when you acquire Equity Insulator Instalments (other than on the secondary market). UBS will pay the amount of the Borrow Fee to your adviser as a commission.</p> <p>Please see Part 4 of the PDS for further details, or contact either UBS or your broker or adviser.</p>
Maximum Annual Rollover Fee	<p>An Annual Rollover Fee of up to 0.55% (inclusive of GST) of the current Loan Amount may also be payable on each Annual Rollover Date where you elect for a Cash Rollover. The amount of any Annual Rollover Fee for an Annual Rollover Date will equal the amount of any trail commission you agree with your adviser as specified on your Application Form. The Annual Rollover Fee is only payable for Cash Rollovers. Also, the Annual Rollover Fee is not payable if you acquire your Equity Insulator Instalments on the secondary market (eg if you buy them on the ASX). UBS will pay an amount equal to the amount of the Annual Rollover Fee to your adviser as a commission.</p>

Additional payments by UBS:	UBS may, at its discretion and out of its own funds, pay the Arranger an annual payment of up to 1.5% per annum (inclusive of GST) of the Loan Amount when Equity Insulator Instalments are issued (pro rated where the First Interest Period is less than one year) and each Annual Rollover Date in respect of which a Holder pays the Annual Rollover Amount. In setting the Interest Rate for a Series, UBS will take into consideration its obligation to pay the Arranger payment. This will be reflected in the Interest Rate.
Other Fees	In certain circumstances other fees or costs may be payable to UBS such as costs arising as a result of UBS enforcing its Security Interest over Equity Insulator Instalments. Please refer to Part 4 of the PDS for further details.
Registrar	Computershare Investor Services Pty Limited Level 3, 60 Carrington Street Sydney NSW 2000, Australia Phone: 1300 85 05 05 Website: www.computershare.com.au

Application has been made and approval given for the Equity Insulator Instalments (issued as UBS Rolling Instalments) offered under the PDS and this Supplementary PDS to be admitted to trading status by ASX.

UBS reserves the right to increase or decrease the issue size at any time during the offer period or to issue further Equity Insulator Instalments or UBS Rolling Instalments without the consent of Holders, subject to making a further application to ASX.

NOTES FOR TABLE OF EQUITY INSULATOR INSTALMENT SERIES

The table below sets out the ASX Code and details of each Underlying Security, indicative Loan Amount, indicative Interest Rate and indicative First Payment amount on the Strike Date (estimated as at the date of this SPDS, ie 24 October 2011).

Loan Amount: The table below sets out the indicative Loan Amount expressed as a percentage of the Closing Price of the corresponding Underlying Security on the Strike Date. This gives an indication of the leverage level of each Series. The initial Loan Amount will be set as a dollar amount based on the Closing Price of the Underlying Securities on the Strike Date rounded to the nearest 4 decimal places. Where the leverage level exceeds 100%, the excess of the Loan Amount over the Underlying Security price will be applied towards payment of the Interest Amount for the First Interest Period. The Loan Amount may vary during the Term. You can obtain the current Loan Amount by contacting UBS on 1800 633 100, or by visiting www.ubs.com/instalments.

Interest Rate: The Interest Rate for each Series of Equity Insulator Instalments from time to time, will be determined by UBS as described in the Investment Overview and in Part 2.3.3 of the PDS. The current Interest Rate is available from UBS by calling 1800 633 100. The table below sets out the indicative Interest Rate for each Series on the Strike Date.

First Payment: The column in the table below headed "Indicative First Payment amount on Strike Date to get exposure to an Underlying Parcel worth \$10,000" sets out, for each Series, the indicative First Payment amount in order to buy Equity Insulator Instalments in the relevant Series over Underlying Securities with an aggregate Closing Price on the Strike Date equal to \$10,000. The First Payment Amount is calculated using the indicative Interest Rate and indicative Loan Amount (as a percentage of the Closing Price of the Underlying Security) set out in the table.

The Column in the table below headed "Indicative First Payment % on Strike Date" sets out the indicative First Payment amount expressed as a percentage of the Closing Price of the relevant Underlying Security. It illustrates the indicative level of leverage available for the relevant Series on the Strike Date. Again, the First Payment Amount is calculated using the indicative Interest Rate and indicative Loan Amount (as a percentage of the Closing Price of the Underlying Security) set out in the table.

The indicative First Payment amount calculations in the table assume UBS does not charge you a Borrow Fee. **If you are charged a Borrow Fee (because you agree a commission with your adviser), the First Payment amount on the Strike Date will likely be higher than the amount set out in the table below.**

Each Series of Equity Insulator Instalments will be highly leveraged (at least on the Strike Date). When considering an investment, you should pay particular attention to the additional risks associated with highly leveraged UBS Rolling Instalments, described in Part 3.8 of the PDS.

Equity Insulator Instalments

ASX Code	Issuer of Underlying Security	Underlying Security	Indicative Loan % of Closing Price on Strike Date	Indicative Interest Rate (annualised rate) on Strike Date	Indicative First Payment amount on Strike Date to get exposure to an Underlying Parcel worth \$10,000	Indicative First Payment % on Strike Date (as a % of Closing Price)
WE3ISM	Wesfarmers Limited	1 partially protected ordinary share (ASX Code: WESN)	60%	46.4692%	\$5,825.67	58.257%

The indicative Interest Rate and First Payment details for the Strike Date set out in the table above are estimates only, calculated as at the date of this SPDS. They are subject to change on or before the Strike Date due to changes in market conditions for each Series. Also, these indicative amounts and rates apply only to the Strike Date - after the Strike Date, these amounts and rates could change significantly. The tables in the Investment Overview section of the PDS explain some of the main factors that impact on UBS' calculation of the First Payment and the Interest Rate. If market conditions for a Series change so that UBS' determination of the First Payment Amount for the Series on the Strike Date is greater than the amount or rate specified in the table above by more than 15%, UBS will not proceed with the offer of that Series. In those circumstances, all Applications will be rejected and application amounts returned without interest.

Description of Underlying Security

The following information on the Underlying Security has been derived from the Wesfarmers Limited website (www.wesfarmers.com.au) and has not been independently verified. The Issuer and its affiliates accept no liability or responsibility for, and make no representation or warranty, express or implied, as to the adequacy, accuracy or completeness of such information. You should make your own enquiries. The full terms for Wesfarmers partially protected ordinary shares can be obtained from www.wesfarmers.com.au. As Wesfarmers is listed on the ASX, information and announcements are available from the ASX website (www.asx.com.au).

Wesfarmers partially protected ordinary shares (ASX Code: WESN) confer the same rights in all respects to those conferred by a Wesfarmers ordinary share on holders of Wesfarmers ordinary shares including in relation to; voting rights, dividends, participation in surplus assets and profits on winding up; and returns of capital. Within six months after the lapse date (which is four years from the date of issue, unless extended), Wesfarmers must issue a lapse notice. Within 20 business days of issuing the lapse notice, each Wesfarmers partially protected ordinary share will be reclassified into one Wesfarmers ordinary share and additional Wesfarmers ordinary shares may be issued as described below.

Wesfarmers partially protected ordinary shares provide a level of downside price protection in certain circumstances in the sense that holders may receive a bonus issue of additional Wesfarmers ordinary shares depending upon the two month VWAP for Wesfarmers ordinary shares at the date of the lapse notice. They are not "capital protected" securities which would entitle holders to at least a minimum amount on maturity, nor do they guarantee a price in all circumstances.

The reclassification process works as follows:

- If the two month VWAP for Wesfarmers ordinary shares is greater than \$34.49 but less than \$43.11 at the date of the lapse notice, holders of Wesfarmers partially protected ordinary shares will receive a bonus issue of Wesfarmers ordinary shares (up to 0.25 Wesfarmers ordinary shares per Wesfarmers partially protected ordinary shares) such that the total value of Wesfarmers ordinary shares received will be \$43.11. If the two month VWAP for Wesfarmers ordinary shares is greater than \$43.11, holders of Wesfarmers partially protected ordinary shares will not receive any bonus issue.
- However, if the two month VWAP for Wesfarmers ordinary shares is below \$34.49 on the date of the lapse notice there is no additional price protection and holders of Wesfarmers partially protected ordinary shares will receive the maximum bonus issue of 0.25 Wesfarmers ordinary shares per Wesfarmers partially protected ordinary shares.

Extension of lapse date: If the S&P/ASX 200 Industrials Index averages less than 6,500 for the two months immediately prior to the lapse date, Wesfarmers can extend the Lapse Date by 12 months. Wesfarmers can extend the lapse date on each of the next three anniversaries (for 12 months each time) if the index averages below 6,500 for the two month period immediately prior to each anniversary so that the Lapse Date can be up to a maximum of eight years from the date of issue. For the avoidance of doubt, the S&P/ASX 200 Industrials Index is ASX Code XNJ.

Corporate Action Adjustment upon Reclassification of Wesfarmers Partially Protected Ordinary Shares

Any reclassification of the Wesfarmers partially protected ordinary shares into Wesfarmers ordinary shares will be treated by the Issuer in accordance with the terms and conditions of the Equity Insulator Instalments including (if applicable) the terms and conditions relating to Corporate Actions in the Instalment Deed (refer to Parts 7.18 to 7.25 of the PDS for more information).

Interest for Subsequent Interest Periods

As explained in the PDS, the Interest Rate used to calculate the Interest Amount due on an Annual Rollover Date will be significantly different to the indicative Interest Rate on the Strike Date as (unlike the Interest Rate for the First Interest Period) it will not include a capital protection component. The tables in the Investment Overview section of the PDS explain some of the main factors that impact on UBS' calculation of the Interest Rate for each Interest Period.

For example, assume you purchase 10,000 Equity Insulator Instalments on the Strike Date where:

- the Loan Amount is \$10.00 per Equity Insulator Instalment and does not change throughout the term;
- the Interest Rate on the Strike Date for the First Period is 46% p.a. (i.e. assuming there are 239 days in the interest period);
- the Interest Rate on the first Annual Rollover Date is 8.75% p.a.;
- the Interest Rate on the second, and third Annual Rollover Date is 9.00% p.a.;
- the Interest Rate on the fourth Annual Rollover Date is 9.25% p.a. (i.e. assuming there are 310 days in the fifth and final interest period); and
- you continue to hold the 10,000 Equity Insulator Instalments until the Final Maturity Date (ie you do not sell any of the instalments, and on each Annual Rollover Date you elect the Cash Rollover Option).

In this example, the Interest Amount for your First Interest Period would be \$30,120.55. The Interest Amount for your second, third, fourth and fifth Interest Periods would be \$8,750, \$9,000, \$9,000, and \$7,856.16 respectively.

This example is intended as an illustration of how the Interest Amount will be calculated. It is not intended as an indication of likely Loan Amounts or Interest Rates for any Series or any Interest Period.



Important Information

The information in this SPDS has been prepared without taking into account the objectives, financial situation and particular needs of investors. Accordingly, before making a decision to acquire Instalments, you should consider whether such an investment is appropriate having regard to your objectives, financial situation and particular needs, and consult your adviser or broker. You should read this SPDS and the PDS and consider them before making any decision as to whether to acquire Instalments.

UBS does not accept any liability or responsibility for, and makes no representation or warranty, whether express or implied, as to the affairs of any Underlying Entity included in this SPDS. You should obtain independent advice from a stockbroker or licensed financial adviser on the nature, activities and prospects of the Underlying Entities and the merits of an investment in the Underlying Entities or any Series of Instalments. You should not take the historical prices of any Security as an indication of future performance.

UBS disclosure of interests

Options traders in a UBS Entity may buy Equity Insulator Instalments and/or exchange traded options in Securities comprising the Underlying Parcel as principal. UBS Entities as principal will be conducting transactions in various Securities, including Equity Insulator Instalments and Securities comprising the Underlying Parcel. UBS Securities may conduct such transactions as agent for UBS Entities, as well as for other principals.

UBS Entities may have previously acted, and may currently or in the future from time to time act as an adviser to the Underlying Entity for which it may receive fees and commissions. See the PDS for more details.



DIRECTORY

Issuer

UBS AG, Australia Branch
Level 16
Chifley Tower
2 Chifley Square
Sydney NSW 2000

Arranger

Mason Stevens Pty Limited
GPO Box 5003 Level 2, 2 Barrack Street
SYDNEY NSW 2001 Sydney NSW 2000

Registrar

Computershare Investor Services Pty Limited
Level 3
Carrington Street
Sydney NSW 2000

☎ 1300 850 505

Security Trustee

UBS Nominees Pty Ltd
Level 16
Chifley Tower
2 Chifley Square
Sydney NSW 2000



Equity Insulator Instalments (Series of UBS Rolling Instalments)

Supplementary Product Disclosure Statement dated 29 June 2011 ("SPDS") to UBS Rolling Instalments

UBS AG, Australia Branch

ABN 47 088 129 613

(AFSL number 231087)

This SPDS supplements the UBS Rolling Instalments Product Disclosure Statement dated 19 May 2011 ("PDS") and together they set out the terms of issue of a number of Series of UBS Rolling Instalments collectively referred to in this SPDS as the "Equity Insulator Instalments". You should read this SPDS together with the PDS and the Supplementary Product Disclosure Statement for Equity insulator Instalments dated 19 May 2011. Words defined in the PDS have the same meaning in this SPDS.

This SPDS relates to the offer of Equity Insulator Instalments and confirms the final Loan Amounts immediately after the Strike Date (29 June 2011).

Equity Insulator Instalments

ASX Code	Issuer of Underlying Security	Loan Amount
AMPISM	AMP Limited	\$5.2250
ANZISM	ANZ Banking Group Limited	\$23.7600
BHPISM	BHP Limited	\$47.4650
BXBISM	Brambles Limited	\$7.6560
CBAISM	Commonwealth Bank of Australia Ltd	\$56.5070
CSLISM	CSL Ltd	\$35.5300
NABISM	National Australia Bank Limited	\$27.6980
NCMISM	Newcrest Mining Limited	\$40.8100
ORGISM	Origin Energy Limited	\$16.9180
QBEISM	QBE Insurance Group Limited	\$18.7440
RIOISM	RIO Tinto Limited	\$89.6830
SUNISM	Suncorp Group Limited	\$8.8110
TLSISM	Telstra Corporation Limited	\$3.1790
WBCISM	Westpac Banking Corporation	\$24.0020
WDCISM	Westfield Group	\$9.5370
WESISM	Wesfarmers Limited	\$34.3640
WOWISM	Woolworths Ltd	\$30.3820
WPLISM	Woodside Petroleum Ltd	\$44.6820
STOISM	Santos Limited	\$14.5200

The offer of FGLISM instalments will not proceed on the basis that no instalments have been issued. The offer of FGLISM will not proceed and the series will be terminated immediately as there are no holders.



Important Information

The information in this SPDS has been prepared without taking into account the objectives, financial situation and particular needs of investors. Accordingly, before making a decision to acquire Instalments, you should consider whether such an investment is appropriate having regard to your objectives, financial situation and particular needs, and consult your adviser or broker. You should read this SPDS and the PDS and consider them before making any decision as to whether to acquire Instalments.

UBS does not accept any liability or responsibility for, and makes no representation or warranty, whether express or implied, as to the affairs of any Underlying Entity included in this SPDS. You should obtain independent advice from a stockbroker or licensed financial adviser on the nature, activities and prospects of the Underlying Entities and the merits of an investment in the Underlying Entities or any Series of Instalments. You should not take the historical prices of any Security as an indication of future performance.

UBS disclosure of interests

Options traders in a UBS Entity may buy Equity Insulator Instalments and/or exchange traded options in Securities comprising the Underlying Parcel as principal. UBS Entities as principal will be conducting transactions in various Securities, including Equity Insulator Instalments and Securities comprising the Underlying Parcel. UBS Securities may conduct such transactions as agent for UBS Entities, as well as for other principals.

UBS Entities may have previously acted, and may currently or in the future from time to time act as an adviser to the Underlying Entity for which it may receive fees and commissions. See the PDS for more details.

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Arranger

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SYDNEY NSW 2001 Sydney NSW 2000

Registrar

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Level 3
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Sydney NSW 2000

☎ 1300 850 505

Security Trustee

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Level 16
Chifley Tower
2 Chifley Square
Sydney NSW 2000



Equity Insulator Instalments (Series of UBS Rolling Instalments)

Supplementary Product Disclosure Statement dated 19 May 2011 ("SPDS") to UBS Rolling Instalments

UBS AG, Australia Branch

ABN 47 088 129 613

(AFSL number 231087)

This SPDS supplements the UBS Rolling Instalments Product Disclosure Statement dated 19 May 2011 ("PDS") and together they set out the terms of issue of a number of Series of UBS Rolling Instalments collectively referred to in this SPDS as the "Equity Insulator Instalments". You should read this SPDS together with the PDS. Words defined in the PDS have the same meaning in this SPDS.

This SPDS relates to the offer of Equity Insulator Instalments as specified below. You can invest in one or multiple Series of Equity Insulator Instalments.

Equity Insulator Instalments	
Issuer	UBS AG, Australia Branch
Arranger	Mason Stevens Pty Limited (ABN 91 141 447 207, AFSL No. 351578)
Offer opens:	19 May 2011
Strike Date	29 June 2011
Application open Date	30 May 2011
Expected quotation date on the ASX:	30 June 2011
Final Maturity Date:	27 June 2014
Annual Rollover Dates:	28 June 2012, and 28 June 2013
Initial maximum issue size:	10,000,000 per Series
Maximum Borrow Fee:	<p>The Borrow Fee for each Series of Equity Insulator Instalments is an amount up to 2.2%, of the Loan Amount. This amount will equal the amount of the upfront commission you agree with your adviser as specified on your Application Form. UBS will pay an amount equal to this amount to your adviser as an upfront commission.</p> <p>The Borrow Fee is payable by you when you acquire Equity Insulator Instalments (other than on the secondary market). UBS will pay the amount of the Borrow Fee to your adviser as a commission.</p> <p>Please see Part 4 of the PDS for further details, or contact either UBS or your broker or adviser.</p>
Maximum Annual Rollover Fee	<p>An Annual Rollover Fee of up to 0.55% (inclusive of GST) of the current Loan Amount may also be payable on each Annual Rollover Date where you elect for a Cash Rollover. The amount of any Annual Rollover Fee for an Annual Rollover Date will equal the amount of any trail commission you agree with your adviser as specified on your Application Form. The Annual Rollover Fee is only payable for Cash Rollovers. Also, the Annual Rollover Fee is not payable if you acquire your Equity Insulator Instalments on the secondary market (eg if you buy them on the ASX). UBS will pay an amount equal to the amount of the Annual Rollover Fee to your adviser as a commission.</p>

Additional payments by UBS:	UBS may, at its discretion and out of its own funds, pay the Arranger an annual payment of up to 1.5% per annum (inclusive of GST) of the Loan Amount when Equity Insulator Instalments are issued (pro rated where the First Interest Period is less than one year) and each Annual Rollover Date in respect of which a Holder pays the Annual Rollover Amount. In setting the Interest Rate for a Series, UBS will take into consideration its obligation to pay the Arranger payment. This will be reflected in the Interest Rate.
Other Fees	In certain circumstances other fees or costs may be payable to UBS such as costs arising as a result of UBS enforcing its Security Interest over Equity Insulator Instalments. Please refer to Part 4 of the PDS for further details.
Registrar	Computershare Investor Services Pty Limited Level 3, 60 Carrington Street Sydney NSW 2000, Australia Phone: 1300 85 05 05 Website: www.computershare.com.au

Application has been made and approval given for the Equity Insulator Instalments (issued as UBS Rolling Instalments) offered under the PDS and this Supplementary PDS to be admitted to trading status by ASX.

UBS reserves the right to increase or decrease the issue size at any time during the offer period or to issue further Equity Insulator Instalments or UBS Rolling Instalments without the consent of Holders, subject to making a further application to ASX.

NOTES FOR TABLE OF EQUITY INSULATOR INSTALMENT SERIES

The table below sets out the ASX Code and details of each Underlying Security, indicative Loan Amount, indicative Interest Rate and indicative First Payment amount on the Strike Date (estimated as at the date of this SPDS, ie 19 May 2011).

Loan Amount: The table below sets out the indicative Loan Amount expressed as a percentage of the Closing Price of the corresponding Underlying Security on the Strike Date. This gives an indication of the leverage level of each Series. The initial Loan Amount will be set as a dollar amount based on the Closing Price of the Underlying Securities on the Strike Date rounded to the nearest 4 decimal places. Where the leverage level exceeds 100%, the excess of the Loan Amount over the Underlying Security price will be applied towards payment of the Interest Amount for the First Interest Period. The Loan Amount may vary during the Term. You can obtain the current Loan Amount by contacting UBS on 1800 633 100, or by visiting www.ubs.com/instalments.

Interest Rate: The Interest Rate for each Series of Equity Insulator Instalments from time to time, will be determined by UBS as described in the Investment Overview and in Part 2.3.3 of the PDS. The current Interest Rate is available from UBS by calling 1800 633 100. The table below sets out the indicative Interest Rate for each Series on the Strike Date.

First Payment: The column in the table below headed "Indicative First Payment amount on Strike Date to get exposure to an Underlying Parcel worth \$10,000" sets out, for each Series, the indicative First Payment amount in order to buy Equity Insulator Instalments in the relevant Series over Underlying Securities with an aggregate Closing Price on the Strike Date equal to \$10,000. The First Payment Amount is calculated using the indicative Interest Rate and indicative Loan Amount (as a percentage of the Closing Price of the Underlying Security) set out in the table.

The Column in the table below headed "Indicative First Payment % on Strike Date" sets out the indicative First Payment amount expressed as a percentage of the Closing Price of the relevant Underlying Security. It illustrates the indicative level of leverage available for the relevant Series on the Strike Date. Again, the First Payment Amount is calculated using the indicative Interest Rate and indicative Loan Amount (as a percentage of the Closing Price of the Underlying Security) set out in the table.

The indicative First Payment amount calculations in the table assume UBS does not charge you a Borrow Fee. **If you are charged a Borrow Fee (because you agree a commission with your adviser), the First Payment amount on the Strike Date will likely be higher than the amount set out in the table below.**

Each Series of Equity Insulator Instalments will be highly leveraged (at least on the Strike Date). When considering an investment, you should pay particular attention to the additional risks associated with highly leveraged UBS Rolling Instalments, described in Part 3.8 of the PDS.

Equity Insulator Instalments

ASX Code	Issuer of Underlying Security	Underlying Security	Indicative Loan % of Closing Price on Strike Date	Indicative Interest Rate on Strike Date	Indicative First Payment amount on Strike Date to get exposure to an Underlying Parcel worth \$10,000	Indicative First Payment % on Strike Date
AMPISM	AMP Limited	1 ordinary share	110%	31.1382%	\$2,425.20	24.252%
ANZISM	ANZ Banking Group Limited	1 ordinary share	110%	30.7655%	\$2,384.20	23.842%
BHPISM	BHP Limited	1 ordinary share	110%	26.1836%	\$1,880.20	18.802%
BXBISM	Brambles Limited	1 ordinary share	110%	28.9927%	\$2,189.20	21.892%
CBAISM	Commonwealth Bank of Australia Ltd	1 ordinary share	110%	30.0291%	\$2,303.20	23.032%
CSLISM	CSL Ltd	1 ordinary share	110%	24.7109%	\$1,718.20	17.182%
FGLISM	Foster's Group Limited	1 ordinary share	110%	27.9745%	\$2,077.20	20.772%
NABISM	National Australia Bank Limited	1 ordinary share	110%	32.2564%	\$2,548.20	25.482%
NCMISM	Newcrest Mining Limited	1 ordinary share	110%	26.1291%	\$1,874.20	18.742%
ORGISM	Origin Energy Limited	1 ordinary share	110%	25.8655%	\$1,845.20	18.452%
QBEISM	QBE Insurance Group Limited	1 ordinary share	110%	32.1473%	\$2,536.20	25.362%
RIOISM	RIO Tinto Limited	1 ordinary share	110%	25.8655%	\$1,845.20	18.452%
SUNISM	Suncorp Group Limited	1 ordinary share	110%	28.7745%	\$2,165.20	21.652%
TLSISM	Telstra Corporation Limited	1 ordinary share	110%	35.3109%	\$2,884.20	28.842%
WBCISM	Westpac Banking Corporation	1 ordinary share	110%	31.8473%	\$2,503.20	25.032%
WDCISM	Westfield Group	1 stapled security	110%	26.6473%	\$1,931.20	19.312%
WESISM	Wesfarmers Limited	1 ordinary share	110%	28.1382%	\$2,095.20	20.952%
WOWISM	Woolworths Ltd	1 ordinary share	110%	25.2836%	\$1,781.20	17.812%
WPLISM	Woodside Petroleum Ltd	1 ordinary share	110%	25.9564%	\$1,855.20	18.552%
STOISM	Santos Limited	1 ordinary share	110%	25.5291%	\$1,808.20	18.082%

The indicative Interest Rate and First Payment details for the Strike Date set out in the table above are estimates only, calculated as at the date of this SPDS. They are subject to change on or before the Strike Date due to changes in market conditions for each Series. Also, these indicative amounts and rates apply only to the Strike Date - after the Strike Date, these amounts and rates could change significantly. The tables in the Investment Overview section of the PDS explain some of the main factors that impact on UBS' calculation of the First Payment and the Interest Rate. If market conditions for a Series change so that UBS' determination of the First Payment Amount for the Series on the Strike Date is greater than the amount or rate specified in the table above by more than 15%, UBS will not proceed with the offer of that Series. In those circumstances, all Applications will be rejected and application amounts returned without interest.



Interest for Subsequent Interest Periods

As explained in the PDS, the Interest Rate used to calculate the Interest Amount due on an Annual Rollover Date will be significantly different to the indicative Interest Rate on the Strike Date as (unlike the Interest Rate for the First Interest Period) it will not include a capital protection component. The tables in the Investment Overview section of the PDS explain some of the main factors that impact on UBS' calculation of the Interest Rate for each Interest Period.

For example, assume you purchase 10,000 Equity Insulator Instalments on the Strike Date where:

- the Loan Amount is \$10.00 per Equity Insulator Instalment and does not change throughout the term;
- the Interest Rate on the Strike Date for the First Period is 29% p.a.;
- the Interest Rate on the first Annual Rollover Date is 8.75% p.a.;
- the Interest Rate on the second Annual Rollover Date is 9.00% p.a.; and
- you continue to hold the 10,000 Equity Insulator Instalments until the Final Maturity Date (ie you do not sell any of the instalments, and on each Annual Rollover Date you elect the Cash Rollover Option).

In this example, the Interest Amount for your First Interest Period would be \$29,000. The Interest Amount for your second and third Interest Periods would be \$8,750 and \$9,000 respectively.

This example is intended as an illustration of how the Interest Amount will be calculated. It is not intended as an indication of likely Loan Amounts or Interest Rates for any Series or any Interest Period.



Important Information

The information in this SPDS has been prepared without taking into account the objectives, financial situation and particular needs of investors. Accordingly, before making a decision to acquire Instalments, you should consider whether such an investment is appropriate having regard to your objectives, financial situation and particular needs, and consult your adviser or broker. You should read this SPDS and the PDS and consider them before making any decision as to whether to acquire Instalments.

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UBS Entities may have previously acted, and may currently or in the future from time to time act as an adviser to the Underlying Entity for which it may receive fees and commissions. See the PDS for more details.



DIRECTORY

Issuer

UBS AG, Australia Branch
Level 16
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2 Chifley Square
Sydney NSW 2000

Arranger

Mason Stevens Pty Limited
GPO Box 5003 Level 2, 2 Barrack Street
SYDNEY NSW 2001 Sydney NSW 2000

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Product Disclosure Statement

Equity Insulator Instalments

Issued by UBS AG, Australia Branch ABN 47 088 129 613, AFSL 231087

Arranger: Mason Stevens Pty Limited ABN 91 141 447 207, AFSL 351578

Product Disclosure Statement Dated 19 May 2011



Important Notice

This document is a Product Disclosure Statement (“**PDS**”) dated 19 May 2011 and relates to the issue of Equity Insulator Instalments. UBS AG, Australia Branch (ABN 47 088 129 613) (AFSL No. 231087) is the issuer of this PDS and the Equity Insulator Instalments. Mason Stevens Pty Limited (ABN 91 141 447 207) (AFSL No. 351578) is the Arranger to the issue. This PDS has not been lodged, and is not required to be lodged with the Australian Securities and Investments Commission (“ASIC”). UBS will notify ASIC that this PDS is in use in accordance with the Corporations Act. ASIC and its officers take no responsibility for the contents of this PDS.

Supplementary Product Disclosure Statement

This PDS contains general information about Equity Insulator Instalments. This PDS is not a stand alone document. The additional information relating to each Series of Equity Insulator Instalments (including the Underlying Securities, Annual Rollover Dates, maximum Borrow Fee, maximum Annual Rollover Fee, Strike Date, expected quotation date on the ASX, Final Maturity Date, indicative Loan Amount and indicative Interest Rate on the Strike Date for the Series) is set out in the relevant Supplementary PDS for the Series. The relevant Supplementary PDS for each Series should accompany this PDS and be read in conjunction with this PDS. Please contact UBS on 1800 633 100 if a Supplementary PDS does not accompany this PDS.

Applications

Applications must be made on the Application Form accompanying this PDS. The offer period for a Series of Equity Insulator Instalments will open on the date specified for that Series in the relevant Supplementary PDS for the Series and close on a date nominated by UBS.

Your Decision to Invest

This PDS is an important document which should be read before making a decision to acquire Equity Insulator Instalments. A document of this kind cannot take into account your investment objectives, financial situation or particular needs. Accordingly, nothing in this PDS is a recommendation by UBS or its related entities or by any other person concerning investment in Equity Insulator Instalments. You should not only consider the information in this PDS but also obtain independent financial and taxation advice as to the suitability of an investment in Equity Insulator Instalments for you (bearing in mind your investment objectives, financial situation and particular needs). No cooling off rights apply to investments in Equity Insulator Instalments.

Equity Insulator Instalments not Deposits with UBS

UBS AG, Australia Branch is an authorised foreign Authorised Deposit-Taking Institution under the Banking Act 1959 (Cth), and is supervised by the Australian Prudential Regulation Authority. However, it is important for you to note that your investment in Equity Insulator Instalments is not a deposit product and will not be covered by the depositor protection provisions set out in Division 2 of the Banking Act 1959 (Cth), as these provisions do not apply to foreign Authorised Deposit-Taking Institutions.

An investment in Equity Insulator Instalments is subject to investment risk, including possible delays in repayment and loss of income or principal invested. Neither UBS nor any of its related bodies corporate guarantees the performance of or repayment of principal or any particular rate of return from the Equity Insulator Instalments.

Offering restrictions

The offer to which this PDS relates is available to persons receiving this PDS (electronically or otherwise) in Australia. The distribution of this PDS and the relevant Supplementary PDS in jurisdictions outside Australia may be restricted by law and any person who resides outside Australia into whose possession this PDS and the relevant Supplementary PDS comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions. Each Equity Insulator Instalment is not a security under the US Securities Act 1933 (as amended) and has not been, and will not be, registered under the US Securities Act 1933 (as amended) and may not be offered or sold in the United States or to, or for the account of or benefit of, US persons. Accordingly neither this PDS nor the Application Form may be sent to persons in the United States or otherwise distributed in the United States.

Updating of information in this PDS

This PDS is current as at 19 May 2011. Information in this PDS may change from time to time. Where those changes are not materially adverse to investors, UBS may update the information by posting a notice on its website at www.ubs.com/instalments. UBS will, on request, provide investors with a free paper copy of that information to investors who contact UBS on 1800 633 100.

Electronic Product Disclosure Statement

Investors who receive this PDS in electronic form are entitled to obtain a paper copy of this PDS (including the Investor Application Form) free of charge by contacting UBS on 1800 633 100.

Underlying Securities

References in this PDS or any Supplementary PDS to an Underlying Security or Underlying Entity are included solely for the purposes of identification of the Securities to which the Equity Insulator Instalments relate. No Underlying Entity has authorised, been involved in the preparation of, or caused the issue of this PDS nor any Supplementary PDS. The references are not an express or implied endorsement of the Equity Insulator Instalments by the Underlying Entity. Information in this PDS and any relevant Supplementary PDS in respect of the Underlying Securities has been prepared by UBS from publicly available information only and has not been independently verified. To the extent permitted by law, UBS does not accept any liability or responsibility for, and makes no representation or warranty, express or implied, as to the accuracy or completeness of such information. Investors should make their own enquiries.

No representations other than in this PDS

Investors should also note that no person is authorised by UBS to give any information to investors or to make any representation not contained in this PDS or any relevant Supplementary PDS. Nothing contained in this PDS nor any relevant Supplementary PDS is to be relied on as implying that there has been no change in the affairs of an Underlying Entity or UBS since the date of this PDS or the relevant Supplementary PDS. No representation as to future performance, assets or dividends of an Underlying Entity are made in this PDS, any relevant Supplementary PDS nor in any offer or invitation to subscribe for, sell or issue the Equity Insulator Instalments.

Admission to Trading Status on the ASX

Application has been made and approval given for the Equity Insulator Instalments offered under this PDS and the relevant Supplementary PDS to be admitted to trading status by ASX. The fact that ASX has admitted the Equity Insulator Instalments to trading status is not to be taken in any way as an indication of the merits of UBS or of the Equity Insulator Instalments. In admitting the Equity Insulator Instalments to trading status ASX has not authorised or caused the issue of this PDS nor any relevant Supplementary PDS and is not in any way a party to or concerned in authorising or causing the issue of this PDS and the relevant Supplementary PDS or the making of offers or invitations with respect to the Equity Insulator Instalments. ASX takes no responsibility for the contents of this PDS and the relevant Supplementary PDS. ASX makes no representation as to whether this PDS and the relevant Supplementary PDS or the Equity Insulator Instalments comply with the Corporations Act or the ASX Operating Rules.

To the extent permitted by the ASIC Act 2001, the Competition and Consumer Act 2010 or any other relevant law, ASX will be under no liability for any claim whatsoever, including for any financial or consequential loss or damage suffered by Holders or any other person, whether that claim arises wholly or substantially out of reliance on any information contained in this PDS and the relevant Supplementary PDS or any error in or omission from this PDS and the relevant Supplementary PDS.

The Arranger

Mason Stevens Pty Limited (ABN 91 141 447 207) (AFSL No. 351578 (“Mason Stevens”) is the Arranger to the issue. Mason Stevens will be involved in marketing the Equity Insulator Instalments and will receive application forms for Equity Insulator Instalments. Mason Stevens is not a related entity to UBS or part of the UBS group of companies. Mason Stevens is not the agent or representative of any UBS entity and acts on its own behalf. No person (including Mason Stevens) has been authorised by any UBS entity to give any information or make any representations in connection with the offer of the Equity Insulator Instalments under this PDS which is not in this PDS and if given or made, such information or representation must not be relied upon as having been authorised by any UBS entity. UBS takes no responsibility and accepts no liability for advice given or statements made by Mason Stevens in relation to this product and Mason Stevens does not act as the agent or representative of UBS in giving any advice or making any representations to investors. Investors will have no recourse to UBS for any advice given or representations made by Mason Stevens to investors.

Cooling off

There is no cooling off period when you acquire Equity Insulator Instalments issued under this PDS and the relevant Supplementary PDS.

Interpretation

Capitalised terms used in this PDS are defined in Part 10.

Table of Contents

INVESTMENT OVERVIEW	2
PART 1: KEY BENEFITS AND RISKS OF EQUITY INSULATOR INSTALMENTS	8
PART 2: KEY FEATURES OF EQUITY INSULATOR INSTALMENTS	9
PART 3: RISKS	19
PART 4: FEES AND OTHER COSTS	23
PART 5: TAXATION SUMMARY	25
PART 6: DESCRIPTION OF UBS, SECURITY TRUSTEE AND MASON STEVENS	32
PART 7: SUMMARY OF TERMS OF EQUITY INSULATOR INSTALMENTS	33
PART 8: ADDITIONAL INFORMATION	39
PART 9: FORM OF LOAN AGREEMENT	41
PART 10: GLOSSARY	44
PART 11: HOW TO APPLY	49
PART 12: INSTRUCTIONS FOR APPLICATION FORM	53
APPLICATION FORM	57
COMPLETION NOTICE	65
ROLLOVER NOTICE	67
DIRECT DEBIT REQUEST FORM	71

Investment Overview

Feature	Summary	More information
Issuer details	UBS AG, Australia Branch (ABN 47 088 129 613) Level 16, Chifley Tower 2 Chifley Square, Sydney NSW 2000 Phone: 1800 633 100 Website: www.ubs.com/instalments Email: sh-warrants@ubs.com	Part 6: "Description of UBS, Security Trustee and Mason Stevens"
Arranger details	Mason Stevens Pty Limited (ABN 91 141 447 207) Postal Address: GPO Box 5003, Sydney, NSW, 2001. Street Address: Level 2, 2 Barrack Street, Sydney, NSW, 2000. Phone: 1300 98 88 78 Website: www.masonstevens.com.au	Part 6: "Description of UBS, Security Trustee and Mason Stevens"
What are Equity Insulator Instalments?	Equity Insulator Instalments are a way of borrowing to invest in listed Securities through instalment payments. For a fraction of the price of the Security you can gain leveraged exposure through a Loan made to you and an Underlying Security held on your behalf by the Security Trustee. If a Series is not terminated early, holders will be invited to pre-pay the Interest Amount for the next Interest Period on each Annual Rollover Date.	Part 2: "Key Features of Equity Insulator Instalments"
Annual Rollover Procedure	If a Series is not terminated early, the Interest Amount and any Annual Rollover Fee (for Cash Rollovers only) for the subsequent Interest Period will be due for payment on each Annual Rollover Date. Not less than twenty business days prior to an Annual Rollover Date, UBS will notify Holders of the Interest Amount and Annual Rollover Fee (if any) applicable to the following Interest Period and the relevant Record Date, or otherwise notify them of its intention to terminate the relevant Series if such a determination has been made.	Part 2.2; "What Happens on an Annual Rollover Dates"
Dividends paid to you	Cash Ordinary Dividends paid on the relevant Underlying Security are paid to you even though you may not pay the balance of the Underlying Security purchase price until the Final Maturity Date.	Part 2.1: "Dividends and Special Dividends"
Interest Amount	Interest for the first Interest Period is prepaid on the Loan made to you on the Issue Date or purchase date of the Equity Insulator Instalments. On each Annual Rollover Date the Interest Amount is prepaid by Holders for the period from the Annual Rollover Date to the earlier of the next Annual Rollover Date or the Final Maturity Date.	Part 4: "Fees and Other Costs"
Interest Rate	The Interest Rate used to calculate the Interest Amount is a floating rate determined on the Issue Date (for primary market Applications), on the Transfer Date (for purchases on the secondary market, e.g. on the ASX), and on the Annual Rollover Dates for the Interest Periods after the First Interest Period. The Interest Rate (which, in the First Interest Period, or in the Interest Period in which the Equity Insulator Instalment is purchased, includes a capital protection component) varies depending on the Underlying Security and other factors. Information about the method for determining the Interest Rate is set out below and in Part 2.3.3. The indicative Interest Rate on the Strike Date for each Series is set out in the relevant Supplementary PDS. The Interest Rate for each Series from time to time can be obtained from UBS by calling 1800 633 100 .	Part 2.3.3: "What amount is advanced and what interest payments are made under the Loan"
Borrow Fee	The Borrow Fee is the up-front fee, if any, charged by UBS for the Loan. The amount of the Borrow Fee will equal the amount of the upfront commission you agree with your adviser. UBS will pay an amount equal to the Borrow Fee to your adviser as a commission. The maximum Borrow Fee for a Series is set out in the relevant Supplementary PDS.	Part 4.1: "Fees and expenses that apply to Equity Insulator Instalments"

Investment Overview

Feature	Summary	More information
Annual Rollover Fee (for Cash Rollovers only)	<p>An Annual Rollover Fee may also be payable by you on an Annual Rollover Date. The amount of any Annual Rollover Fee will be the amount of any trail commission you agree with your adviser. If you buy Equity Insulator Instalments on the secondary market (eg, on ASX), you will not be required to pay any Annual Rollover Fee. The Annual Rollover Fee is only payable for Cash Rollovers. UBS will pay an amount equal to the amount of the Annual Rollover Fee to your adviser as a commission.</p> <p>The maximum Annual Rollover Fee for a Series is set out in the relevant Supplementary PDS.</p>	Part 4: "Fees and other costs"
Loan is limited recourse	<p>The leveraged exposure to the relevant Underlying Security is provided through a limited recourse Loan from UBS. If you choose not to repay the Loan at Maturity, your Underlying Securities will be transferred to UBS and the proceeds of the transfer used to repay the Loan. This means that the most you can lose is the amount you initially invest¹.</p> <p>The limited recourse feature of the Loan provides an element of capital protection because the most you can lose on an investment in Equity Insulator Instalments is the First Payment amount you pay with your Application (or the purchase price you pay if you buy Equity Insulator Instalments on the secondary market) as well as any Interest Amounts you pay on Annual Rollover Dates and TFN Amounts if you do not provide your TFN, ABN or proof of exemption. You will not need to repay the Loan if the Closing Price of the Underlying Securities on the Final Maturity Date is less than the Loan Amount.</p>	Part 9: "Form of Loan Agreement"
Series of Equity Insulator Instalments	UBS is offering various Series of Equity Insulator Instalments as specified in the relevant Supplementary PDS for each Series. Equity Insulator Instalments form part of the same Series if they are over the same Underlying Securities and have the same Loan Amount, Annual Rollover Dates, Strike Date and Final Maturity Date.	See relevant Supplementary PDS for the Series
Further information in the relevant Supplementary PDS	The Underlying Securities, maximum Borrow Fee, maximum Annual Rollover Fee, Strike Date, expected quotation date on the ASX, Annual Rollover Dates, Final Maturity Date, indicative Loan Amount, indicative Interest Rate on the Strike Date for a Series, are specified in the relevant Supplementary PDS for each Series that accompanies this PDS.	See relevant Supplementary PDS for the Series
Completion Payment - Loan Amount	You can obtain full legal ownership of the Underlying Parcel within 20 Business Days by giving a valid and effective Completion Notice and making the Completion Payment at any time prior to the Final Maturity Date or on the Final Maturity Date before the Closing Time. The Completion Payment is equal to the aggregate of the outstanding Loan Amount for the Equity Insulator Instalment on the relevant day.	Part 2.5: "Completion Payments"
Alternatives available on Annual Rollover Dates	<p>If you are the registered Holder on the Record Date for an Annual Rollover Date, unless the Series is terminated you may elect different options for treatment of your Equity Insulator Instalments. You can choose to:</p> <ul style="list-style-type: none"> send UBS a Completion Notice and make the Completion Payment, and receive the Underlying Parcel (see Part 2.2.4(a)); or 	Part 2.2.4: "Investors' Alternatives on an Annual Rollover Date"

¹ As long as you provide UBS with your TFN, ABN or proof of an exemption before any unfranked dividends are paid.

Investment Overview

Feature	Summary	More information
	<ul style="list-style-type: none"> • send UBS a Rollover Notice and make the Annual Rollover Payment (including any Annual Rollover Fee), and maintain the same holding of Equity Insulator Instalments (see Part 2.2.4(b)); or • do nothing, and you will be deemed to have elected the Non-Cash Rollover Option. UBS may enforce the Security Interest in respect of some or all of your Equity Insulator Instalments by selling some or all of the Securities comprising the Underlying Parcel. (see Part 2.2.4(c); or • sell the Equity Insulator Instalments on the ASX (see Part 2.2.4(d). 	
Final Maturity Date and Assessed Value Payment	The Final Maturity Date is specified in the relevant Supplementary PDS for each Series. If you hold Equity Insulator Instalments at 6.00pm on the Final Maturity Date and have not given a valid and effective Completion Notice, the Underlying Parcel will be transferred to UBS and you will receive the Assessed Value Payment (if any). For an Early Final Maturity Date that is not an Annual Rollover Maturity Date you will receive an Assessed Value Payment. For an Early Final Maturity Date that is an Annual Rollover Maturity Date, you will receive the Rollover Termination Amount.	Part 2.6: "Final Maturity Date"
Admission to trading status on ASX	<p>Equity Insulator Instalments will be quoted on the ASX and, once quoted, will be able to be bought and sold on the ASX just like ordinary listed shares.</p> <p>The expected date of commencement of trading on the ASX for each Series is specified in the relevant Supplementary PDS.</p>	See relevant Supplementary PDS for the Series
Offer opens	As specified in the relevant Supplementary PDS for each Series.	See relevant Supplementary PDS for the Series
Primary Market Applications	Investors can apply for Equity Insulator Instalments by completing the relevant Application Form attached to this PDS.	Part 11: "How to Apply"
Fees paid to Advisers and the Arranger	UBS may pay a placement fee, commission or rollover fee to licensed advisers and the Arranger (if any) in connection with your investment in Equity Insulator Instalments.	Part 4: "Fees and Other Costs"
Tax Implications	<p>Equity Insulator Instalments will have income tax and capital gains tax implications for Holders. Generally: Interest Amounts are expected to be deductible for most investors (but subject to the potential application of the capital protected borrowing rules, including proposed amendments to those rules, explained in Part 5.2); dividends will be regarded as assessable income for the Holder and; tax benefits such as franking credits should be capable of flowing through to eligible Holders.</p> <p>Transfers of the Underlying Parcel to the Security Trustee (for a Shareholder Application or Rollover Application) and from the Security Trustee to the Holder at maturity should be ignored for capital gains tax purposes.</p> <p>Investors should read Part 5 of this PDS and seek their own taxation advice before investing in Equity Insulator Instalments.</p>	Part 5: "Taxation Summary"

Investment Overview

Instalment Product Lifecycle

On Purchase	During the Term	At Maturity
<p>Cash Applicants – pay the First Payment amount to UBS</p>	<p align="center"><u>Entitlement to Dividends</u></p> <p>All cash Ordinary Dividends (subject to any reduction for tax withheld) are paid to you. Investors must account for receipt of Dividends in their tax return and should generally be entitled to any associated tax benefits such as franking credits.</p>	<p>Pay the Completion Payment – receive Underlying Parcel; or</p>
<p>Shareholder Applicants – deliver an Underlying Parcel and receive a cashback amount</p>	<p align="center"><u>Traded on ASX</u></p> <p>Equity Insulator Instalments can be bought or sold on the ASX just like ordinary shares.</p>	<p>Roll into new Series of Equity Insulator Instalments if one is available; or</p>
<p>Rollover Applicants – deliver an Existing Instalment and either receive a cashback amount or pay a Rollover Payment</p>	<p align="center"><u>Tax statements</u></p> <p>Each year UBS will send Holders a concise Tax Statement setting out the amount of any Dividends (and associated tax offsets) received by Holders in relation to the Underlying Parcel plus any Interest Amounts paid by Holders which have been funded by the Loan.</p>	<p>Do Nothing – receive an Assessed Value Payment equal to value of Underlying Parcel less the Completion Payment; or</p>
<p>ASX Purchasers – buy Equity Insulator Instalments on ASX through a broker (incurring applicable brokerage as charged by your broker)</p>	<p align="center"><u>Annual Rollover Dates and Annual Rollover Procedures</u></p> <p>Twenty to thirty Business Days before an Annual Rollover Date, UBS may determine:</p> <ul style="list-style-type: none"> • to terminate a Series of Equity Insulator Instalments; or • that the Annual Rollover Procedure will apply on the Annual Rollover Date and notify Holders of the Interest Amount applicable to the next Interest Period and (for Cash Rollovers only) any Annual Rollover Fees due on the Annual Rollover Date. <p>UBS may also terminate a Series of Equity Insulator Instalments on any Annual Rollover Date by revising the Final Maturity Date to that Annual Rollover Date.</p>	<p>Sell you can sell Equity Insulator Instalments on the ASX</p>

Pricing Considerations

The First Payment for an Equity Insulator Instalment is calculated as follows:

First Payment = Price of Underlying Security – Loan Amount + Interest Amount + Borrow Fee
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Investment Overview

The indicative Loan Amount for each Series (expressed as a percentage of the trading price of the Underlying Security) as at the Strike Date is specified in the relevant Supplementary PDS. The actual Loan Amount for each Series will be made available on and from the Strike Date at www.ubs.com/instalments. The Interest Amount for an Interest Period for an Equity Insulator Instalment will equal the Interest Rate at the time of issue or transfer multiplied by the Loan Amount multiplied by the number of days from the time of issue or transfer to the earlier of the next Annual Rollover Date or the Final Maturity Date divided by 365. The factors affecting UBS' determination of the Interest Rate for a Series at a particular time are set out in the table below.

The Borrow Fee is the up-front fee, if any, charged by UBS for the Loan. The amount of the Borrow Fee will equal the amount of any upfront commission you agree with your adviser. UBS will pay an amount equal to the Borrow Fee to your adviser as a commission.

An Annual Rollover Fee may also be payable on an Annual Rollover Date. The Annual Rollover Fee is only payable for Cash Rollovers. This amount will equal the amount of any trail commission you agree with your adviser. UBS will pay an amount equal to the Annual Rollover Fee to your adviser as a commission.

The maximum Borrow Fee (as a percentage of the Loan Amount) and maximum Annual Rollover Fee (as a percentage of the Loan Amount) for a Series are set out in the relevant Supplementary PDS.

The First Payment for an Equity Insulator Instalment (for Cash Applicants) or Shareholder Cashback (for Shareholder Applicants) or Rollover Cashback or Rollover Payment (for Rollover Applicants) is not fixed and will vary depending on a number of factors. The factors that affect the First Payment amount include the following:

Factor	Expected impact on First Payment of an Equity Insulator Instalment if increase in factor	Expected impact on First Payment of an Equity Insulator Instalment if decrease in factor
Price of Underlying Securities	↑	↓
Loan Amount	↓	↑
Borrow Fee (not applicable if you buy Equity Insulator Instalments on the ASX)	↑	↓
The Interest Amount (see table below for factors impacting on Interest Rates)	↑	↓

The descriptions in the table above of the expected impact on the First Payment of a change in a factor assumes, in each case, that all other factors remain unchanged.

The factors that will impact on UBS' determination of the Interest Rate for the First Interest Period for an Equity Insulator Instalment are set out in the table below:

Factor	Expected impact on Interest Rate for a Series if increase in factor	Expected impact on Interest Rate for a Series if decrease in factor
Volatility of price of Underlying Securities	↑	↓
Australian wholesale interest rates	↑	↓
UBS Credit Margin	↑	↓
Forecast Dividends	↑	↓
Time to Final Maturity Date	↑	↓
Arranger payments	↑	↓

Investment Overview

The Interest Rate determined by UBS on each Annual Rollover Date will vary from the Interest Rate applicable to the First Interest Period because (among other factors) the Interest Rate for the First Interest Period will include a capital protection component, whereas the Interest Rate for each Subsequent Interest Period will not. The factors that will impact on UBS’ determination of the Interest Rate for each Subsequent Interest Period payable on each Annual Rollover Date for a Series are set out in the table below:

Factor	Expected impact on Interest Rate for a Series if increase in factor	Expected impact on Interest Rate for a Series if decrease in factor
Australian wholesale interest rates	↑	↓
UBS Credit Margin	↑	↓
Arranger payments payable if the Holder makes the Annual Rollover Payment	↑	↓

The descriptions in the table above of the expected impact on the Interest Rate of a change in a factor assumes, in each case, that all other factors remain unchanged.

See Parts 2.3.3 to 2.3.6 for examples and further information about how some of the factors above and the level of the Loan Amount, Interest Amount and Borrow Fee impact on the First Payment (for Cash Applicants), Shareholder Cashback (for Shareholder Applicants) and Rollover Cashback or Rollover Payment (for Rollover Applicants).

Superannuation Investments

UBS will not accept Shareholder Applications from superannuation entity applicants. Refer to Part 3.15 for further information.

Superannuation entities that invest in instalment warrants should obtain independent advice on the suitability of instalments as part of their overall investment strategy.

Part 1: Key benefits and risks of Equity Insulator Instalments

1.1 KEY BENEFITS OF INVESTING IN EQUITY INSULATOR INSTALMENTS

1.1.1 Leveraging to invest in listed securities

Equity Insulator Instalments enable you to leverage your exposure to particular listed Underlying Securities for a smaller initial outlay than the market price of the Underlying Security. This leveraged exposure means that for the same dollar investment you will have the potential to enjoy greater capital gains and/or income (but conversely you may also incur greater losses).

1.1.2 Enhanced Dividend yields and franked income

Subject to your individual circumstances, you may be entitled to enhanced Dividend yields and receive tax credits such as franking credits on Dividends paid in respect of the listed Securities that comprise the Underlying Parcel of the Equity Insulator Instalment.

1.1.3 Tax effectiveness through a built in Loan

The leveraged exposure is provided through the limited recourse Loan built into each Equity Insulator Instalment. Borrowing costs (such as the Interest Amount and Borrow Fee) are incurred in connection with the Loan which will affect your returns. However, depending on your personal circumstances, you may be entitled to a tax deduction for the interest paid on the Loan and Borrow Fee.

Recourse for the Loan is also limited so you will not be required to pay any shortfall in the event that the price of the Underlying Security is less than the Completion Payment when your Equity Insulator Instalment expires (e.g., on the Final Maturity Date). The limited recourse feature of the Loan provides an element of capital protection because the most you can lose on an investment in Equity Insulator Instalments is the First Payment amount you pay with your Application (or the purchase price you pay if you buy Equity Insulator Instalments on the secondary market) as well as any Interest Amounts you pay on Annual Rollover Dates and TFN Amounts if you do not provide your TFN, ABN or proof of exemption. You will not need to repay the Loan if the Closing Price of the Underlying Securities on the Final Maturity Date is less than the Loan Amount.

1.1.4 No Margin Calls

Unlike other forms of geared equity investments, Holders of Equity Insulator Instalments will not be required to pay margin calls during the term of their investment. In fact, you don't even have to pay the Completion Payment at maturity or on an Annual Rollover Date.

1.1.5 Option to receive Underlying Security

Equity Insulator Instalments give you the option to make the Completion Payment at any time on or before the Final Maturity Date and receive the Underlying Parcel within 20 Business Days of giving a valid and effective Completion Notice and paying the Completion Payment.

1.1.6 Self Managed Super Funds

Equity Insulator Instalments are an eligible investment for self managed superannuation funds if made via a Cash Application or purchased on the ASX. Shareholder Applications are not permitted. A Rollover Application might be available to a trustee of a regulated superannuation fund (including a SMSF). See Part 3.15 below.

1.1.7 Easy to buy and sell

Equity Insulator Instalments can be bought and sold on the ASX, just like ordinary listed shares.

1.2 KEY RISKS OF INVESTING IN EQUITY INSULATOR INSTALMENTS

1.2.1 Leverage increases downside risk

Because of the leverage in Equity Insulator Instalments, for the same dollar investment, you have greater exposure to decreases in the Underlying Securities (as you do for increases).

1.2.2 Interest Rate exposure

The Interest Rate is variable and is set when you acquire Equity Insulator Instalments and reset each year on the Annual Rollover Date. The factors affecting the Interest Rate are described in Part 2.2.3. An increase in the Interest Rate will lead to higher interest charges for your Equity Insulator Instalment.

1.2.3 Underlying Security Risk

A decrease in the price of the Underlying Securities over time decreases the value of your investment.

See Part 3 for further information about the risks of investing in Equity Insulator Instalments.

Part 2: Key Features of Equity Insulator Instalments

2.1 DIVIDENDS AND SPECIAL DIVIDENDS

2.1.1 How are Ordinary Dividends and Special Dividends applied?

Cash Ordinary Dividends (subject to any reduction for tax withheld) are paid to you during the term of the Equity Insulator Instalments. This will be done as soon as reasonably practicable after the Security Trustee receives the Ordinary Dividend in cleared funds from the Underlying Entity, in accordance with Part 2.10 if grouping of distributions applies.

Special Dividends (subject to any reduction for tax withheld) may be used at the discretion of UBS to repay the Loan Amount, effective from the Ex-Dividend Date of the Special Dividend. The amount of any Special Dividend not applied to reduce the Loan Amount (if any) will be paid to you as soon as reasonably practicable after the Security Trustee receives the Special Dividend in cleared funds from the Underlying Entity, in accordance with Part 2.10 if grouping of distributions applies.

2.1.2 Are you entitled to franking credits?

You will receive the benefit of franking credits (if eligible) in respect of the Ordinary Dividends and Special Dividends. Refer to Part 5.5 for further information.

2.1.3 Do you receive a refund of prepaid interest when the Loan is repaid with Special Dividends?

You will receive an Interest Refund for a portion of the Interest Amount prepaid on any portion of the Loan Amount that is reduced by Special Dividends from the expected payment date of the Special Dividend. The Interest Refund will be calculated by reference to the BBSY Rate plus 1% for the portion of the Loan Amount that is reduced by any Special Dividend from the expected payment date of the Special Dividend for the period up to the earlier of the Final Maturity Date and the next Annual Rollover Date and will be applied to reduce the Loan Amount of the Equity Insulator Instalment.

Where the Final Maturity Date is brought forward due to an extraordinary event (see Part 7.16 of this PDS), except if an Early Final Maturity Date is nominated due to the Loan Amount being reduced to zero, the Holder is entitled to an Interest Refund calculated by reference to the BBSY Rate less an amount representing the cost to UBS of breaking its funding in respect of the Equity Insulator Instalments (see clause 3.6 of the Loan Agreement in Part 9 of this PDS).

The factors that will impact on UBS' costs of breaking its funding in respect of the Equity Insulator Instalments are described in the following table

Factor	Expected impact on costs of breaking funding for a Series if increase in factor	Expected impact on costs of breaking funding for a Series if decrease in factor
UBS' cost of funds over remaining term	↓	↑
Time to earlier of next Annual Rollover Date or Final Maturity Date	↑	↓

The description in the table above of the expected impact on UBS' costs of breaking its funding assume, in each case that all other factors remain unchanged.

2.1.4 What may happen if you don't provide UBS with your TFN, ABN or proof of an exemption?

Where you have not provided UBS with your TFN, ABN or proof of an exemption, the Security Trustee is required to withhold a portion of Ordinary Dividends or Special Dividends which are not fully franked and pay that amount to the ATO. In such circumstances, where the Dividend is a Special Dividend to be applied to reduce the Loan Amount, UBS will reduce the Loan Amount of your Equity Insulator Instalment by the amount withheld ("**TFN Amount**") and the TFN Amount withheld will be a full recourse debt payable by you to UBS. UBS will notify you as soon as reasonably practicable of the TFN Amount you are required to pay and the date by which it must be paid. If you fail to pay the TFN Amount by that date then UBS may recover the TFN Amount (and other amounts owed to it) by enforcing the Security Interest over the Underlying Security and lapsing some or all of your Equity Insulator Instalments.

See Part 3.15 for an explanation as to why superannuation entities should only invest in an Equity Insulator Instalment if they provide a TFN or ABN (or proof of an exemption) to UBS.

2.2 WHAT HAPPENS ON AN ANNUAL ROLLOVER DATE

2.2.1 Annual Rollover Procedures

UBS must give notice of each Annual Rollover Date by sending out written notices to each Holder, no earlier than thirty Business Days and not later than twenty Business Days prior to the designated Annual Rollover Date. The date of dispatch of this notice will, for the purposes of the Annual Rollover Procedure, be the "Notification Date". This notice will also identify the relevant Record Date as well as the Interest Amount and Annual Rollover Fee (if any) applicable to the following Interest Period (i.e. the period, commencing on that Annual Rollover Date).

Part 2: Key Features of Equity Insulator Instalments

At Closing Time on each Annual Rollover Date, UBS can elect to rollover the Loan Amount or terminate the relevant Series (refer to Part 2.8).

For Cash Rollovers, an Annual Rollover Fee may be payable by the Holder. The amount of any Annual Rollover Fee will equal the amount of any trail commission you agree with your adviser (subject to the maximum Annual Rollover Fee set out in the relevant Supplementary PDS). UBS will pay an amount equal to any Annual Rollover Fee to your adviser as a commission.

2.2.2 Loan Amount

The Loan Amount applicable to each Series as at the date of the relevant Supplementary PDS is set out in the Supplementary PDS and may vary during the term. The Loan Amount may be adjusted in accordance with the Instalment Deed.

2.2.3 Annual Rollover Date Interest Amounts

The Interest Amount required to be prepaid for Interest Periods on each Annual Rollover Date is equal to the Loan Amount multiplied by the Interest Rate for the forthcoming Interest Period, as determined by UBS for the relevant Series. The Interest Rate determined by UBS on each Annual Rollover Date will vary from (and generally be lower than) the Interest Rate applicable to the First Interest Period, because (among other factors) the Interest Rate for the First Interest Period will include a capital protection component, whereas the Interest Rate for Subsequent Interest Periods will not. That is, the cost of capital protection is only taken into account when setting the Interest Rate for the First Interest Period. See Part 2.3.3 below for further explanation.

2.2.4 Investor's Alternatives on an Annual Rollover Date

Each Holder of an Equity Insulator Instalment at Closing Time on a Record Date is the "**Record Date Holder**" for the relevant Annual Rollover Date or Final Maturity Date.

If a Series of Equity Insulator Instalments is not terminated on an Annual Rollover Date, Record Date Holders will have a number of alternatives open to them:

(a) Exercise the Equity Insulator Instalment

Record Date Holders who wish to take delivery of the Underlying Parcel can pay the Completion Payment and assume legal ownership of the Underlying Parcel. To do this the Holder must:

- send a Completion Notice; and
- a cheque for the Completion Payment,

to UBS (refer to Part 2.5).

This option is available at any time prior to the Closing Time on the Final Maturity Date, including on Annual Rollover Dates.

(b) Cash Rollover Option

A Record Date Holder who wishes to maintain the same holding of Equity Insulator Instalments must send:

- a Rollover Notice; and
- the Annual Rollover Payment (including any Annual Rollover Fee), payable by the relevant Record Date Holder,

to UBS prior to Closing Time on the relevant Annual Rollover Date.

By giving a Rollover Notice and making an Annual Rollover Payment in cash, the Record Date Holder will be able to maintain their holding of Equity Insulator Instalments from Closing Time on the relevant Rollover Date (refer to Part 2.2.5).

(c) Non-Cash Rollover Option

If, by Closing Time on the relevant Annual Rollover Date, UBS has not received:

- a valid and effective Completion Notice (see Part 2.5.2); or
- If UBS decides not to terminate a Series, a Rollover Notice and Annual Rollover Payment (including any Annual Rollover Fee),

from a Record Date Holder, then the Record Date Holder will be deemed to have elected the Non-Cash Rollover Option. This means that the Record Date Holder has not paid the Annual Rollover Payment in cash and as a result UBS may enforce the Security Interest in respect of some or all of the Record Date Holder's Equity Insulator Instalments by selling some or all of the Securities comprising the Underlying Parcel. This will reduce the Record Date Holder's holding of Equity Insulator Instalments.

Due to these adjustments, the Non-Cash Rollover Option will usually result in a reduction in the number of Equity Insulator Instalments held by the Record Date Holder (refer to Part 2.2.6).

(d) Sell the Equity Insulator Instalment

The Holder may sell the Equity Insulator Instalment on the ASX prior to Closing Time on the Annual Rollover Date (refer to Parts 2.2.7 and 3.18).

2.2.5 Cash Rollover Option

If UBS decides not to terminate a Series on an Annual Rollover Date, Holders will be due to pay the Annual Rollover Payment and, for Cash rollovers only, any Annual Rollover Fee, on the Annual Rollover Date.

Record Date Holders who wish to continue to hold the same number of Equity Insulator Instalments can elect to pay their Annual Rollover Payment (including any Annual Rollover Fee) in cash by giving a Rollover Notice.

Prior to each Annual Rollover Date Holders will be provided with a notice confirming the Annual Rollover

Part 2: Key Features of Equity Insulator Instalments

Payment and Annual Rollover Fee due prior to Closing Time on the Annual Rollover Date (refer to Part 2.2.1).

Holders who purchase Equity Insulator Instalments after despatch of this notice, but prior to the Closing Time on the Annual Rollover Date, can ascertain the amount of their Annual Rollover Payment, by contacting (or by their adviser contacting) UBS' Warrant Desk on 1800 633 100.

Where an Annual Rollover Payment is required, the Record Date Holder must ensure that a signed Rollover Notice and payment in cleared funds for the Annual Rollover Payment amount (along with any Annual Rollover Fee) is received by UBS prior to Closing Time on the relevant Annual Rollover Date. A Rollover Notice will not be effective until payment for the Annual Rollover Payment, including any Annual Rollover Fee, is cleared.

The Cash Rollover Option will only be effective where a Rollover Notice given by the relevant Record Date Holder and the Annual Rollover Payment, including any Annual Rollover Fee, due, are received by UBS in cleared funds prior to Closing Time on the relevant Annual Rollover Date.

2.2.6 Non-Cash Rollover Option

If the Record Date Holder has not given UBS an effective Completion Notice or Rollover Notice in respect of an Equity Insulator Instalment prior to Closing Time on the relevant Annual Rollover Date, the Record Date Holder is deemed to have elected the Non-Cash Rollover Option and UBS will calculate the Annual Rollover Payment for the Record Date Holder as described in Part 2.2.4. No Annual Rollover Fee is payable in connection with the Non-Cash Rollover Option.

If an Annual Rollover Payment is payable by the Record Date Holder and the Record Date Holder has not made this payment, UBS may enforce the Security Interest in respect of some or all of the Record Date Holder's Equity Insulator Instalments by selling some or all of the Underlying Securities comprising the Underlying Parcels (which may include a sale of those Underlying Securities to a UBS Entity).

If UBS elects to enforce the Security Interest in respect of some or all of the Record Date Holder's Equity Insulator Instalments, the Underlying Securities comprising the Underlying Parcels will be sold at prevailing market prices over a period of up to four Business Days after the Record Date and the proceeds of sale will be used to pay the costs of sale, repay the Loan Amount in respect of those Equity Insulator Instalments in respect of which the Underlying Securities have been sold and pay the Annual Rollover Payment in respect of that Record Date Holder's remaining Equity Insulator Instalments (if any). The balance (if any) will be paid to the Record Date Holder.

UBS will not be liable for losses incurred by Holders who are unable to elect the Cash Rollover Option because they do not appear on the Register on the Record Date as the Record Date Holders as a result of any delays in settlement of Equity Insulator Instalments.

The Non-Cash Rollover Option described above is the default position and in the absence of any contrary instructions (i.e. receipt of a valid and effective Completion Notice (see Part 2.5.2), or receipt of an effective Rollover Notice and an Annual Rollover Payment (including any Annual Rollover Fee) in cash prior to Closing Time on the relevant Annual Rollover Date (see Part 2.2.5)), a Record Date Holder is deemed to have elected the Non-Cash Rollover Option.

2.2.7 Deferred Settlement Trading and possible Suspension around each Annual Rollover Date

UBS currently expects:

- a) the Record Date in respect of each Annual Rollover Date to be the fifth business day after the relevant Annual Rollover Date;
- b) the Equity Insulator Instalments to continue to trade on standard settlement terms up to and including the Annual Rollover Date or Final Maturity Date; and
- c) trading in the Equity Insulator Instalments to be conducted on a deferred settlement basis for the first ten to twelve Trading Days following each Annual Rollover Date.

The duration of any deferred settlement trading or suspension period will be advised to Holders on the Notification Date, and should generally not exceed fifteen Trading Days.

Investors should note that, subject to the ASX Listing Rules and ASX Operating Rules:

- a) UBS reserves the right to nominate any date as the Record Date for a Series of Equity Insulator Instalments; and
- b) UBS reserves the right to vary the terms of any suspension or deferred settlement trading where these are implemented in the 20 Business Day period before or after an Annual Rollover Date.

2.3 APPLICATIONS FOR EQUITY INSULATOR INSTALMENTS

2.3.1 How do I apply for Equity Insulator Instalments?

You may apply, or if you are using Mason Stevens' custodial services, Mason Stevens Custodial may apply on your behalf, for Equity Insulator Instalments by making an Application and delivering consideration to UBS, the nature of which differs depending on what type of Application you make. For Cash Applications, you will pay the First Payment in cash, for Shareholder Applications you will deliver the Underlying Security to UBS and for Rollover Applications you will deliver the Existing Instalment plus in some circumstances a cash payment (Rollover Payment) to UBS.

You can apply for Equity Insulator Instalments, as listed as available in the relevant Supplementary PDS.

Part 2: Key Features of Equity Insulator Instalments

2.3.2 What occurs on acquiring an Equity Insulator Instalment?

For each Equity Insulator Instalment acquired in a particular Series (irrespective of the type of Application) you will:

- (a) receive a limited recourse Loan on which interest up until the earlier of the next Annual Rollover Date or the Final Maturity Date is prepaid;
- (b) have the Underlying Security for the relevant Series held in a Separate Trust on your behalf by the Security Trustee; and
- (c) be able to receive legal title to the Underlying Parcel within 20 Business Days by giving a valid and effective Completion Notice and paying the Completion Payment at any time prior to the Closing Time on the Final Maturity Date to UBS for the Equity Insulator Instalment.

2.3.3 What amount is advanced and what interest payments are made under the Loan?

The amount of the Loan advanced to you is equal to the Loan Amount for the relevant Series of Equity Insulator Instalments at the time of issue of the Equity Insulator Instalment (as specified in the relevant Supplementary PDS). The leverage (gearing) level incorporated in the Equity Insulator Instalment will be a factor of the Completion Payment and the prevailing price of the Underlying Security. In most cases the leverage will be between 60% and 110% for Equity Insulator Instalments at the Strike Date for each Series, but the leverage level will vary during the term as the price of the Underlying Security and/or the Loan Amount changes. The Loan is made under the Loan Agreement entered into between you and UBS (a sample of which is set out in Part 9).

Where leverage exceeds 100%, the excess of the Loan Amount over the Underlying Security price will be applied towards payment of the Interest Amount for the First Interest Period.

Interest is prepaid on the Loan from the Issue Date of the Equity Insulator Instalment to the earlier of the next Annual Rollover Date or the Final Maturity Date. Interest is also prepaid on each Annual Rollover Date for the forthcoming Interest Period, until the earlier of the next Annual Rollover Date or the Final Maturity Date.

The Interest Rate used to determine the Interest Amount as at the Issue Date or Transfer Date, and on each Annual Rollover Date, is variable, may differ for each Series and is equal to the rate specified by UBS from time to time. The Interest Rate for the First Interest Period is determined by UBS based on matters such as:

- factors that impact on the cost of capital protection in connection with the Equity Insulator Instalments - for example, the volatility of the Underlying Security price, time to the next Annual Rollover Date and the time to the Final Maturity Date; and

- prevailing Australian wholesale interest rates (BBSY Rate), UBS Credit Margin plus an interest margin.

The Interest Rate determined by UBS on each Annual Rollover Date will vary from (and generally be lower than) the Interest Rate applicable to the First Interest Period for the Equity Insulator Instalments, because (among other factors) the Interest Rate for the First Interest Period will include a capital protection component, whereas the Interest Rate for Subsequent Interest Periods will not.

The table in the Investment Overview sets out in more detail some of the factors that will impact on UBS' determination of the Interest Rate for a Series from time to time and the impact a change in those factors could be expected to have on the Interest Rate.

The indicative Interest Rate for each Series on the Strike Date is set out in the Supplementary PDS for the Series. You can obtain the applicable Interest Rate for a Series of Equity Insulator Instalments from time to time by contacting UBS on **1800 633 100** or at **www.ubs.com/instalments**.

You may also be required to pay a Borrow Fee to UBS on the Issue Date. The Borrow Fee is the up-front fee, if any, charged by UBS for the Loan. The amount of the Borrow Fee will equal the amount of the upfront commission you agree with your adviser. UBS will pay an amount equal to the Borrow Fee to your adviser as a commission.

An Annual Rollover Fee may also be payable on an Annual Rollover Date. The Annual Rollover Fee is only payable for Cash Rollovers. The amount of the Annual Rollover Fee will equal the amount of any trail commission (if any) you agree with your adviser. UBS will pay an amount equal to the amount of the Annual Rollover Fee to your adviser as a commission.

The maximum Borrow Fee and maximum Annual Rollover Fee for a Series are set out in the relevant Supplementary PDS.

2.3.4 How is the First Instalment and Loan used for each type of Application?

• **Cash Applicants**

If you make a Cash Application, the First Payment made in cash to UBS and the Loan Amount advanced to you are applied as follows:

- (a) First Payment - to pay the Borrow Fee to UBS;
- (b) Loan Amount - to pay the Interest Amount to UBS; and
- (c) Balance of First Payment and Loan Amount - to acquire the Underlying Security to be held in the Separate Trust on your behalf.

The First Payment for an Equity Insulator Instalment is variable and depends on a number of factors including the market price of the Underlying Security, Loan Amount, Interest Amount and Borrow Fee for the Series of Equity Insulator Instalments on the Issue Date. The

Part 2: Key Features of Equity Insulator Instalments

First Payment is determined by UBS on receipt of cleared application monies unless agreed otherwise by you and UBS. See Part 4 "Fees and Other Costs" for further information.

- **Shareholder Applicants**

If you make a Shareholder Application, the relevant Security must be transferred to the Security Trustee and the Loan Amount is still advanced to you and is applied to pay the Borrow Fee and Interest Amount to UBS. You will receive a Shareholder Cashback amount equal to the Loan Amount less the Borrow Fee and Interest Amount. The Shareholder Cashback is reinvested in further Equity Insulator Instalments of the same Series unless you elect to receive the Shareholder Cashback in cash or elect to reinvest it in a different Series of Equity Insulator Instalments.

- **Rollover Applicants**

If you make a Rollover Application the Loan Amount advanced to you (and any Rollover Payment) will be applied to complete your Existing Instalment and the relevant Security from your Existing Instalment will be held by the Security Trustee on your behalf for the new Equity Insulator Instalment. You will receive a Rollover Cashback if the Loan Amount for the new Equity Insulator Instalment exceeds the amount required to pay the Final Instalment on your Existing Instalment and the Borrow Fee and Interest Amount for the new Equity Insulator Instalment. Alternatively, you will be required to pay a Rollover Payment to UBS if the Loan Amount is not sufficient to pay those amounts, equal to the shortfall.

A Rollover Application might be available to a trustee of a regulated superannuation fund (including a SMSF). Given the serious ramifications that a breach could have for a SMSF (including the loss of the entity's concessional status), trustees of regulated superannuation funds should consider the terms of any new series of Equity Insulator Instalments and obtain their own advice before investing in an Equity Insulator Instalment by Rollover Application.

2.3.5 How do you "lock in" the First Payment, Shareholder Cashback, Rollover Cashback or Rollover Payment

After the Strike Date, you or your investment adviser acting on your behalf, may contact UBS and agree the amount of the First Payment, Shareholder Cashback, Rollover Cashback or Rollover Payment for an Application for Equity Insulator Instalments. In such case, UBS will notify you or your adviser of a unique Application Number that must be noted in your Application Form when it is subsequently lodged with UBS.

The First Payment, Shareholder Cashback, Rollover Cashback or Rollover Payment will be calculated on the issue of the Equity Insulator Instalments in accordance with Part 2.3.4 above if you (through your adviser) do not contact UBS and "lock in" the relevant amount.

2.3.6 Hypothetical examples for each type of Application

The following examples are based on a hypothetical application for Equity Insulator Instalments over XYZ shares with a market price of \$40.00 made on 10 August 2011 where the Loan Amount is \$44.00 (i.e leverage of 110%) with an Interest Rate for the first Interest Period of 29.00%p.a., the Borrow Fee is \$0.968 (ie 2.2% of the Loan Amount) and the next Annual Rollover Date is 30 June 2012 for the XYZ Equity Insulator Instalment. The example also assumes that the Applicant has not contacted UBS to "lock in" the First Payment, Shareholder Cashback, Rollover Cashback or Rollover Payment (as applicable).

The examples are not intended to indicate the potential returns (whether positive or negative) from an investment in Equity Insulator Instalments nor are they an indication as to the future performance of any particular Underlying Security.

The Interest Amount in this example would be \$11.36 and is calculated as follows:

Interest Amount = Interest Rate x Loan Amount x no. days to next Annual Rollover Date /365

Interest Amount = 29.00% x \$44 x 325/365

Interest Amount = \$11.36

- **Cash Applicants**

The First Payment for the Cash Application as determined by UBS on receipt of cleared application monies will be \$8.328 (it is calculated as the price of the Underlying Security – Loan Amount + Interest Amount + Borrow Fee). In this example, the First Payment would be applied to pay the Borrow Fee of \$0.968 and the Loan Amount would be applied to pay the Interest Amount of \$11.36. The balance of the First Payment and the Loan Amount (being \$44) would then be used to acquire and transfer the XYZ share to the Security Trustee to be held on behalf of the Cash Applicant. Brokerage costs incurred in acquiring the Underlying Security will be paid by UBS.

- **Shareholder Applicants**

In this example, a Shareholder Applicant will be entitled to receive a Shareholder Cashback of \$31.672 which is calculated as the Loan Amount (\$44.00) less the Borrow Fee (\$0.968) and Interest Amount (\$11.36). The Shareholder Cashback would be reinvested in further Equity Insulator Instalments of the same Series unless the Shareholder Applicant elected to receive the Shareholder Cashback in cash or elected to reinvest it in a different Series of Equity Insulator Instalments.

- **Rollover Applicants**

Also assume that the Final Instalment on the Rollover Applicant's Existing Instalment is \$17. In this example, the Rollover Applicant would be entitled to receive a Rollover Cashback of \$14.672 calculated as the Loan Amount (\$44.00) less the Final Instalment on the Existing Instalment (\$17.00), the Borrow Fee (\$0.968) and Interest Amount (\$11.36). The Rollover Cashback

Part 2: Key Features of Equity Insulator Instalments

would be reinvested in further Equity Insulator Instalments of the same Series unless the Applicant elected to receive the Rollover Cashback in cash or elected to reinvest it in a different Series of Equity Insulator Instalments.

Alternatively, if the Final Instalment on the Existing Instalment was \$38, the Rollover Applicant would be required to pay a Rollover Payment to UBS of \$6.328 calculated as the aggregate of the Final Instalment on the Existing Instalment (\$38.00), Borrow Fee (\$0.968) and Interest Amount (\$11.36) less the Loan Amount (\$44.00).

2.4 BUYING AND SELLING EQUITY INSULATOR INSTALMENTS

2.4.1 How do you transfer Equity Insulator Instalments?

You may transfer (or acquire) Equity Insulator Instalments on the ASX by placing an order with a broker (or by off-market transfer). Mason Stevens may also assist Holders with arranging on-market Transfers. When you buy or sell an Equity Insulator Instalment the only amount paid or received by you will be the purchase or sale consideration plus or minus any brokerage or commission paid to your broker.

Several other cashflows occur (as set out below) as a result of the transfer. However, no cash payments are required to be made by you because these cashflows will in all cases net out to zero.

For each Equity Insulator Instalment transferred:

- (a) you will transfer your interest in the Underlying Parcel to the relevant Transferee (subject to the Security Interest);
- (b) your Loan Amount is reduced by an Interest Refund you receive for interest prepaid from the Transfer Date to the earlier of the next Annual Rollover Date or the Final Maturity Date;
- (c) you may receive from or be required to pay Transfer Costs to UBS;
- (d) a Loan will be made by UBS to the Transferee for the Loan Amount at the Transfer Date under a Loan Agreement entered into between UBS and the Transferee on which the Transferee will prepay interest until the earlier of the next Annual Rollover Date or the Final Maturity Date; and
- (e) no cash payments are required to be made by you or the Transferee, because the remainder of the Loan made to the Transferee will be applied to repay your Loan in full.

2.4.2 What are Transfer Costs?

Transfer Costs are payable on a Transfer where the Interest Rates applying on your Loan and the Transferee's Loan are different. In these circumstances, the Interest Refund paid to you will be different to the Interest Amount prepaid by the Transferee. Transfer Costs will be payable:

- (a) by UBS to you (as the Transferor) where your

Interest Refund is less than the Transferee's prepaid Interest Amount, with such costs equal to the difference and paid by applying the costs against your Loan; or

- (b) by you to UBS where the Transferee's prepaid Interest Amount is less than your Interest Refund, with such costs equal to the difference and paid by the costs being added to your Loan to increase the amount of the Loan.

However, as stated above in Part 2.4.1, these Transfer Costs will be netted against the other cashflows occurring as a result of the transfer so that you are not required to make (nor are you entitled to receive) any cash payment.

2.4.3 Hypothetical example of Transfer Costs

Assume that an investor purchased XYZ Equity Insulator Instalments with a Loan Amount (at that time) of \$19.25 from a Cash Applicant that acquired Equity Insulator Instalments with an Interest Rate of 25.0%p.a. On the Transfer Date, the term to the next Annual Rollover Date was 100 days and the Interest Rate had increased from 25.0%p.a. to 26.5%p.a. The Interest Amount payable by the Transferee would be \$1.398 (i.e. $26.5\% \times \$19.25 \times 100/365$) and the Interest Refund payable to the Transferor would be \$1.318 (i.e. $25.0\% \times \$19.25 \times 100/365$). Accordingly, Transfer Costs of \$0.08 (equal to the difference between the Transferee's Interest Amount and Transferor's Interest Refund) would be payable by UBS to the Transferor in this example because the Transferee's Interest Amount is greater than the Transferor's Interest Refund.

In the above example, the Transfer Costs of \$0.080 and Interest Refund of \$1.318 are applied to reduce the Transferor's Loan Amount (\$19.25) so that the balance of the Transferor's Loan Amount is \$17.852. **As stated above, no cash payments are required to be made by the Transferor, Transferee or UBS because the Transferee's Loan (\$19.25) is applied to pay the Transferee's Interest Amount (\$1.398) and the balance (\$17.852) is applied to repay the Transferor's Loan in full.**

2.5 COMPLETION PAYMENTS

2.5.1 How do you make the Completion Payment and receive the Underlying Parcel?

You may obtain full legal ownership of the Underlying Parcel within 20 Business Days by giving a valid and effective Completion Notice and paying the Completion Payment to UBS in respect of your Equity Insulator Instalments. You may give the Completion Notice at any time before the Closing Time on the Final Maturity Date. Investors will not be entitled to any refund of interest in connection with the payment of the Completion Payment before the Final Maturity Date.

The Completion Payment is equal to the outstanding Loan Amount for the Equity Insulator Instalment on the Final Maturity Date.

If you do not give a valid Completion Notice, nor roll your Equity Insulator Instalments into a new Series, the

Part 2: Key Features of Equity Insulator Instalments

Assessed Value Payment procedures set out in Part 2.6.2 below will apply.

A Completion Notice relates to a particular Completion Notice Date on which the notice is taken to be given. The Completion Notice Date is:

- for Completion Notices received by UBS at the Office on a Business Day before the Closing Time, that Business Day; and
- for Completion Notices received by UBS at the Office on a day which is not a Business Day or after the Closing Time on a Business Day, the next Business Day.

2.5.2 When is a Completion Notice valid and effective?

A Completion Notice is valid and effective if:

- it has been duly completed;
- the Completion Payment for each relevant Equity Insulator Instalment is received by UBS in cleared funds on or before the Business Day which is five Business Days after the Completion Notice Date; and
- the person who gives the Completion Notice is the Holder of each relevant Equity Insulator Instalment on the Completion Notice Date or becomes the Holder on or before the Business Day which is five Business Days after the Completion Notice Date.

UBS may waive one or more of these conditions to a Completion Notice's validity and effectiveness.

2.5.3 What is the Completion Payment?

The Completion Payment is an amount payable to UBS equal to the outstanding Loan Amount for the Equity Insulator Instalment on the relevant Completion Notice Date. The Loan Amount can vary in accordance with the Instalment Deed and Loan Agreement from time to time. You can obtain the current outstanding Loan Amount for a Series on any day by contacting UBS on **1800 633 100**.

2.5.4 When will the Underlying Parcel be delivered to you?

On receiving a valid and effective Completion Notice and the Completion Payment in respect of Equity Insulator Instalments, UBS will notify the Security Trustee that a valid Completion Notice has been received and the Security Trustee will transfer the unencumbered legal title to the Underlying Parcel to you within twenty Business Days after the Completion Notice Date.

2.5.5 What rights do you have under the Instalment Deed if the Underlying Parcel is not delivered to you?

You may give a default notice to UBS if the Security Trustee fails to deliver the unencumbered legal title to the Underlying Parcel to you within 20 Business Days as described in Part 2.5.4 on a Completion Notice becoming valid and effective. If a default notice is given then UBS must pay you a liquidated damages amount

within ten Business Days of the default notice equal to 110% of the average daily volume weighted average price of the relevant Underlying Parcel on the five Trading Days following the Completion Notice Date excluding special, late and overseas sales. In such case, the Underlying Parcel is transferred to UBS or its nominee and the Equity Insulator Instalment will cease to exist on payment of the liquidated damages amount.

2.5.6 Hypothetical example of a liquidated damages payment

For example, if you gave a valid and effective Completion Notice in respect of your Equity Insulator Instalments and the Securities were not delivered to you within twenty Business Days of the Completion Notice Date and a default notice was given where the weighted average sale price of the Underlying Security for the five days following the Completion Notice Date was \$20, UBS would be required to pay a liquidated damages amount of \$22 (i.e. 110% of \$20) to you per Equity Insulator Instalment. Alternatively, you could elect to not give a default notice requiring payment of the liquidated damages amount and pursue any other available remedies against UBS.

2.6 FINAL MATURITY DATE

2.6.1 What options are available to you on the Final Maturity Date?

Equity Insulator Instalments in a Series will expire at the Closing Time on the Final Maturity Date for the Series. You have the following options on or before the Final Maturity Date:

- (a) defer making the Completion Payment by rolling your Equity Insulator Instalments into a new Series of Equity Insulator Instalments (if available);
- (b) give a Completion Notice before the Closing Time on the Final Maturity Date that is or becomes valid and effective and be delivered the Underlying Parcel;
- (c) sell your Equity Insulator Instalments on the ASX on or before the Final Maturity Date; and
- (d) do nothing and receive the Assessed Value Payment (if any).

2.6.2 How is the Assessed Value Payment determined?

If you hold Equity Insulator Instalments at 6.00pm on the Final Maturity Date (other than an Annual Rollover Maturity Date) and have not given a Completion Notice that is or becomes valid and effective, or not rolled your Equity Insulator Instalments into a new Series, you are deemed to agree that:

- (a) the Underlying Parcel will be transferred to UBS; and
- (b) UBS will pay you an amount (the Assessed Value Payment") calculated as follows:
 - (i) if the Closing Price of the Underlying Parcel on the Final Maturity Date is less than or equal to the Loan Amount, the Closing Price of the Underlying Parcel on the Final Maturity Date; or

Part 2: Key Features of Equity Insulator Instalments

- (ii) if the Closing Price of the Underlying Parcel is greater than the Loan Amount on the Final Maturity Date, the VWAP of the Underlying Parcel on the first Trading Day after the Final Maturity Date,

less the sum of;

- (i) any fees, costs, charges, liabilities, Taxes and expenses incurred by or payable to UBS or the Security Trustee in connection with the transfer of the Underlying Parcel to UBS or at its direction. UBS may elect not to deduct some or all of these amounts from your Assessed Value Payment amount. As at the date of this PDS, UBS does not intend to deduct any such fees, costs, charges, liabilities, Taxes or expenses incurred in connection with the transfer of Underlying Securities; and
- (ii) the Loan Amount.

The Assessed Value Payment will be paid to you within ten Business Days of the Final Maturity Date.

Recourse for the Loan is limited so you will not be required to pay any shortfall in the event that the amount payable to you is insufficient to repay the Loan Amount in full. That is, if the Closing Price of the Underlying Parcel at the Closing Time on the Final Maturity Date is less than or equal to the Loan Amount, you will not be required to pay any amount in respect of the Loan and your Assessed Value Payment will be zero.

2.6.3 Hypothetical example of an Assessed Value Payment

Assume that a Holder held XYZ Equity Insulator Instalments at 6.00pm on the Final Maturity Date (that is not an Annual Rollover Maturity Date) with a Loan Amount of \$10.00, the Holder did not give a valid and effective Completion Notice or roll their Equity Insulator Instalments into a new Series, the VWAP of the Underlying Parcel on the Trading Day after the Final Maturity Date is \$25.00 and there were no costs incurred in connection with the transfer of the Underlying Parcel. In this example, the Holder would be entitled to receive an Assessed Value Payment equal to \$15.00 (i.e. \$25 less \$10). If the VWAP of the Underlying Parcel in this example was equal to or less than \$10 then no Assessed Value Payment would be made to the Holder and the Holder would not be required to make any further payments to repay the outstanding Loan Amount.

2.7 ADJUSTMENT EVENTS IN RESPONSE TO CORPORATE ACTIONS

Corporate actions in respect of the Underlying Entity may occur and include but are not limited to events such as the Underlying Entity reducing its share capital, declaring a rights issue, making a buy back offer, issuing bonus securities and entering into a scheme of arrangement to name a few.

The Instalment Deed sets out specific provisions dealing with various corporate actions which include the property or benefit the subject of the corporate action being:

- paid in accordance with the Order of Payment;
- treated as an Accretion and held in the Separate Trust; or
- distributed to you as the Holder of the Equity Insulator Instalment.

Refer to Parts 7.18 to 7.25 for more information.

2.8 EARLY FINAL MATURITY DATE AND EXTRAORDINARY EVENTS

UBS may in certain circumstances shorten the term of the Equity Insulator Instalments.

2.8.1 Extraordinary Events

UBS may elect to bring forward the Final Maturity Date for a Series of Equity Insulator Instalments in response to certain extraordinary events (with the consent of ASX). Extraordinary events include events such as the Security comprising the Underlying Parcel being the subject of a buy-back offer, a proposed takeover offer or a proposed scheme of arrangement or merger in the nature of a scheme of arrangement to name a few. See Part 7.16 for a description of the relevant extraordinary events.

If UBS elects to bring forward the Final Maturity Date as a result of an extraordinary event for a Series of Equity Insulator Instalments, UBS must give at least ten Business Days' written notice of the Final Maturity Date to Holders in the Series. Except where an extraordinary event has been caused by the Loan Amount being reduced to zero, UBS will provide an Interest Refund calculated by reference to the BBSY Rate less an amount representing the cost to UBS of breaking its funding in respect of the of Equity Insulator Instalments, in accordance with clause 3.6 of the Loan Agreement.

2.8.2 Termination on an Annual Rollover Date

UBS may, in its discretion, elect to terminate a Series of Equity Insulator Instalments on an Annual Rollover Date by giving notice to Holders at least twenty Business Days before that Annual Rollover Date. In that situation, the Final Maturity Date will be brought forward to that Annual Rollover Date (referred to as the "Annual Rollover Maturity Date"). The notice given by UBS will contain information about the options available to the Holder on the Annual Rollover Maturity Date.

UBS may also, in its discretion, terminate a Series at the Closing Time on an Annual Rollover Date without having given prior notice, if it determines, in its reasonable opinion, that the number of Equity Insulator Instalments held by Holders who are deemed to have elected the Non-Cash Rollover Option is likely to be reduced by more than 40% following the enforcement by UBS of its Security Interest. Alternatively, UBS may in these circumstances elect to terminate only those Equity Insulator Instalments held by Holders who are deemed to have elected the Non-Cash Rollover Option. If Equity Insulator Instalments are terminated under any of these circumstances, UBS must notify the Holders of the termination within ten Business Days after the Record Date and refund any Annual Rollover Payments (including any Annual Rollover Fee) previously received without interest. For any Equity Insulator Instalments terminated by UBS on an Annual Rollover Date, UBS will

Part 2: Key Features of Equity Insulator Instalments

enforce its Security Interest and sell the Securities comprising the Underlying Parcel and pay to the Record Date Holder the Rollover Termination Amount.

2.8.3 Rollover Termination Amount

If UBS brings forward the Final Maturity Date for a Series of Equity Insulator Instalments to an Annual Rollover Maturity Date, and a Holder has not transferred their Equity Insulator Instalments or given a valid and effective Completion Notice and Completion Payment before Closing Time on the Annual Rollover Maturity Date, UBS will enforce its Security Interest and sell the Securities comprising the Underlying Parcel and pay to the Holder the Rollover Termination Amount.

The Rollover Termination Amount for an Equity Insulator Instalment will be calculated as follows:

- (i) if the Closing Price of the Underlying Parcel on the Annual Rollover Maturity Date, plus a Fair Value Adjustment, is less than or equal to the Loan Amount, the Closing Price of the Underlying Parcel, plus a Fair Value Adjustment, on the Annual Rollover Maturity Date; or
- (ii) if the Closing Price of the Underlying Parcel, plus a Fair Value Adjustment, is greater than the Loan Amount on the Annual Rollover Maturity Date, the VWAP of the Underlying Parcel on the first Trading Day after the Annual Rollover Maturity Date, plus a Fair Value Adjustment,

less the sum of;

- (i) any fees, costs, charges, liabilities, Taxes and expenses incurred by or payable to UBS or the Security Trustee in connection with the transfer of the Underlying Parcel to UBS or at its direction. UBS may elect not to deduct some or all of these amounts from the Rollover Termination Amount calculation. As at the date of this PDS, UBS does not intend to deduct any such fees, costs, charges, liabilities, Taxes or expenses incurred in connection with the transfer of Underlying Securities; and
- (ii) the Loan Amount.

The “**Fair Value Adjustment**” is an amount determined by UBS to be the fair market value (if any) on the Annual Rollover Maturity Date of the capital protection feature (ie the limited recourse nature of the Loan), for the period remaining until the Final Maturity Date (if it had not been brought forward to the Annual Rollover Date).

A list of the major factors and how they may affect the amount or level of the Fair Value Adjustment are set out in the table below.

Factor	Expected impact on Fair Value Adjustment of an Equity Insulator Instalment if increase in factor	Expected impact on Fair Value Adjustment of an Equity Insulator Instalment if decrease in factor
Price of Underlying Securities	↓	↑
Loan Amount	↑	↓
Volatility of price of Underlying Securities	↑	↓
Australian wholesale interest rates	↓	↑
UBS Credit Margin	↓	↑
Forecast Dividends	↑	↓
Time to Final Maturity Date	↑	↓

The descriptions in the table above of the expected impact on the Fair Value Adjustment of a change in a factor assumes, in each case, that all other factors remain unchanged.

For example, assume that:

- UBS determines that an Annual Rollover Date is an Early Final Maturity Date (ie an Annual Rollover Maturity Date);
- a Holder holds XYZ Equity Insulator Instalments at 6.00pm on the Annual Rollover Maturity Date with a Loan Amount of \$20.00 and a Closing Price of \$24.50 on the Annual Rollover Maturity Date;
- the Holder did not give a valid and effective Completion Notice or roll their Equity Insulator Instalments into a new Series;
- the VWAP of the Underlying Parcel on the Trading Day after the Annual Rollover Maturity Date is \$25.00;
- UBS determines that the Fair Value Adjustment is \$0.75; and
- there were no costs incurred in connection with the transfer of the Underlying Parcel.

In this example, the Holder would be entitled to receive an Rollover Termination Amount equal to \$5.75 per

Part 2: Key Features of Equity Insulator Instalments

Equity Insulator Instalment, calculated as the Closing Price plus the Fair Value Adjustment minus the Loan Amount (i.e. \$25.00 plus \$0.75 less \$20.00).

2.9 CONTRACTUAL TERMS OF THE EQUITY INSULATOR INSTALMENTS

The contractual terms of Equity Insulator Instalments are contained in the Instalment Deed which comprises the Instalment Deed and Nominee Deed (a summary of which is set out in Part 7) and a Loan Agreement (a sample of which is set out in Part 9). It is important that you read and understand the terms of the Instalment Deed and sample Loan Agreement before investing in Equity Insulator Instalments. You can obtain a copy of the Instalment Deed by contacting UBS on **1800 633 100**.

In addition to the key features of Equity Insulator Instalments described in this Part 2, the Instalment Deed also contains provisions (among others) dealing with:

- (a) the Separate Trusts and creation of the Security Interest (see Parts 7.6 and 7.15);
- (b) the rights, powers and obligations of the Security Trustee in respect of the Separate Trusts and Security Interest (see Parts 7.26 and 7.27);
- (c) the amendment of the Instalment Deed (see Part 7.33); and
- (d) limitations placed on voting rights of Holders in respect of the Underlying Parcel (see Part 7.14).

2.10 GROUPING OF DIVIDENDS AND OTHER DISTRIBUTIONS FOR EQUITY INSULATOR INSTALMENTS

ASX settlement procedures

Persons who hold Securities are generally entitled to dividends and distributions in respect of those Securities if they are on the register of holders on the Record Date. Persons who become registered holders of a Security after the Record Date are not generally entitled to the dividend or distribution to which the Record Date relates. Securities which carry an entitlement to the dividend or distribution are commonly referred to as being "cum" entitlement, and those without the entitlement as "ex" entitlement.

Securities traded on the ASX are subject to settlement procedures such that trades normally settle after a period of three Business Days after the date of the transaction. Because of this, Securities generally do not trade on a cum basis right up until the Record Date as the buyers of the Securities in these circumstances would not necessarily be registered holders by the Record Date and may, therefore, not be entitled to the dividend or distribution to which the Record Date relates.

To accommodate this situation, Securities generally commence trading on an ex basis four Business Days prior to the Record Date. This date is referred to as the "ex-date".

Dividend Record Dates

Where an Underlying Entity notifies ASX of a dividend Record Date for the payment of a dividend, distribution or other entitlement, UBS will endeavour to fix a dividend Record Date at the same time or as close as possible to that dividend Record Date of the Underlying Entity for distributions in respect of Equity Insulator Instalments relating to Securities in that Underlying Entity.

However, it is possible that a Security in more than one Underlying Entity for the same Equity Insulator Instalment Series will have dividend Record Dates falling within the same four Business Day period. Where this is the case, UBS will group the dividends or distributions (the "**Group Distribution**") in respect of those Underlying Entities (each a "**Group Company**"). The effect will be that Equity Insulator Instalments commence trading ex-Group Distributions on a single date (the "UBS Instalment Ex-Dividend Date"). The UBS Instalment Ex-Dividend Date will be the ex-date of the first Security of a Group Company in the Underlying Parcel to commence trading on an ex basis. In respect of a Group Distribution, CHESS will display a single record date for the Equity Insulator Instalments, being the date four Business Days after the UBS Instalment Ex-Dividend Date.

UBS will announce to the ASX prior to the UBS Instalment Ex-Dividend Date, the Group Distributions to which the UBS Instalment Ex-Dividend Date relates, the value of the Group Distributions and the corresponding dividend record date for the Equity Insulator Instalments.

Deferred settlement will apply from the ex-date of the first Security of a Group Company in the Underlying Parcel to trade on an ex basis until the last Record Date of the Securities of the Group Companies in the Underlying Parcel. This will mean that although you will be able to buy or sell an Equity Insulator Instalment during the deferred settlement period, settlement of the purchase or sale will not be completed until at least three Business Days after the last Record Date for distributions on the Securities of the Group Companies in the Underlying Parcel.

Part 3: Risks

3.1 GENERAL

You should note that there are risks associated with an investment in Equity Insulator Instalments. Equity Insulator Instalments may become significantly less valuable on maturity and in certain circumstances may automatically lapse. Further, you may lose money or even sustain a total loss on your investment.

The information in this PDS is general information only and does not take into account your investment objectives, financial situation or particular needs. Accordingly, nothing in this PDS nor any relevant Supplementary PDS is a recommendation by UBS, UBS Securities or any other person in relation to Equity Insulator Instalments, an Underlying Entity, Securities or any financial product.

You should reach an investment decision only after carefully considering, with your financial and taxation advisers, the suitability of Equity Insulator Instalments in light of your particular financial and taxation circumstances, objectives and needs.

3.2 ABILITY TO FULFIL OBLIGATIONS

3.2.1 Ability of UBS to fulfil its obligations

The value of Equity Insulator Instalments depends on, among other things, the ability of UBS to fulfil its obligations under the Instalment Deed.

The obligations of UBS under the Equity Insulator Instalments are unsecured contractual obligations, which will rank equally with UBS' other unsecured contractual obligations and unsecured debt (other than liabilities preferred by law or statute). Obligations created by the Equity Insulator Instalments do not constitute deposit obligations of UBS and are not covered by the depositor protection provisions of Division 2 of the *Banking Act 1959* (Cwlth).

Accordingly, investors have credit exposure to UBS. Investors must make their own assessment of the ability of UBS and its affiliates to meet its obligations and their general creditworthiness. See Part 6.1 for information about UBS.

3.2.2 Ability of Security Trustee to fulfil its obligations

The value of the Equity Insulator Instalments also depends on, among other things, the ability of the Security Trustee to fulfil its obligations under the Instalment Deed. The Security Trustee is a wholly owned subsidiary of UBS. See Part 6.2 for information about the Security Trustee. UBS does not guarantee or otherwise provide assurance in respect of the obligations of the Security Trustee.

3.3 NO GUARANTEE

The capacity of UBS to settle all outstanding Equity Insulator Instalments is not guaranteed by the ASX, the National Guarantee Fund or ASX Clear Pty Ltd.

Claims against the National Guarantee Fund may only be made in respect of secondary trading in Equity Insulator Instalments between ASX market participants and cannot be made in relation to the primary issue of Equity Insulator Instalments, an off market transfer of Equity Insulator Instalments or settlement obligations of UBS arising from the exercise or maturity of an Equity Insulator Instalment.

3.4 FACTORS AFFECTING THE VALUE OF EQUITY INSULATOR INSTALMENTS

There are a number of variable factors which impact on the value of Equity Insulator Instalments in the primary market and secondary market. See Part 4 "Fees and Other Costs" for more information.

General risks applicable to the equity markets on which the Underlying Securities are traded will also impact upon the value of Equity Insulator Instalments. These include changes in indices, interest rates, the strength of the Australian and world economy, investor perceptions, government policy and laws affecting the price and trading of options.

3.5 PRICE OF UNDERLYING PARCEL

The Equity Insulator Instalments may be of significantly less value if the market price of the Underlying Parcel falls, or of no value if the Closing Price of the Underlying Parcel falls below the Completion Payment payable to UBS in order to acquire the Underlying Parcel.

Investors should be prepared to sustain a total loss of their investment in the Equity Insulator Instalments.

3.6 CHANGE OF LAW

Changes to laws or their interpretation in Australia including taxation laws could have a negative impact on the returns to investors. This PDS (including Part 5 in respect of taxation matters) is based on Australian laws as at the date of this PDS. Investors should seek independent advice on the tax consequences which may apply to them when they invest in Equity Insulator Instalments and they should remain alert to any taxation changes.

3.7 ADJUSTMENTS TO THE UNDERLYING PARCEL AND/OR TERMINATION OF THE EQUITY INSULATOR INSTALMENTS

Equity Insulator Instalments may be terminated or the Underlying Parcel may be varied in response to corporate actions. See Parts 2.7, 2.8 and 7.16 to 7.25.

3.8 LEVERAGE/GEARING LEVELS

An investment in Equity Insulator Instalments may increase in value or decrease in value at a greater rate compared to a holding in the Underlying Security because of the leverage (gearing) incorporated in the Equity Insulator Instalments. The leverage (gearing) level is determined by comparing the Completion Payment and market price of the Underlying Security for the Equity Insulator Instalments.

UBS issues a variety of Equity Insulator Instalments with different gearing levels. Because of the lower

Part 3: Risks

gearing levels, moderately geared Equity Insulator Instalments have a higher First Payment and lower Completion Payment than highly geared Equity Insulator Instalments over the same Underlying Securities. The highly geared Equity Insulator Instalments have a greater return potential but also greater risks than the moderately geared Equity Insulator Instalments as well as higher Interest Amount and Borrow Fee (if any). The additional risks arise because the higher gearing has a magnifying effect on both the potential return and the risks. If the price of the Underlying Security performs negatively, or even stays the same, the value of the highly geared Equity Insulator Instalment will decrease at a greater rate than a moderately geared Equity Insulator Instalment (i.e. with a lower Completion Payment) over the same Underlying Security and with the same Final Maturity Date.

3.9 PAYMENT OF TFN AMOUNT

A Holder may be required to pay a TFN Amount to UBS or their Equity Insulator Instalments may lapse if they do not provide a TFN or ABN (unless an exemption applies) and a cash Special Dividend is paid with an unfranked portion (see Part 2.1.4).

3.10 POSSIBLE ILLIQUIDITY OF TRADING MARKET

Investors should note that at present there is no accurate indication as to how the Equity Insulator Instalments will trade in the secondary market and as to whether the market will be liquid or illiquid. However, UBS will, as and when practicable, arrange for buy and sell quotations to be made on the ASX for Equity Insulator Instalments.

3.11 EXERCISE OF DISCRETION BY UBS

Investors should also note that a number of provisions of the Instalment Deed confer discretions on UBS which could affect the value of the Equity Insulator Instalments. These include the powers to nominate certain events as extraordinary events and bring forward the Final Maturity Date (see Part 7.16), to terminate a Series on an Annual Rollover Date (refer Part 7.12), to deal with Adjustments Events (see Parts 7.18 to 7.25) and to amend the Instalment Deed in certain circumstances (see Part 7.33).

Holdings do not have the power to direct UBS concerning the exercise of any discretion. However, the ASX is required to approve some discretions that UBS may wish to exercise and UBS is subject to the requirement that it exercises its discretion in good faith and a commercially reasonable manner.

3.12 CONFLICTS OF INTEREST

UBS and its related bodies corporate may, in their discretion, buy and sell Equity Insulator Instalments, exchange traded options and other financial products relating to Equity Insulator Instalments or Securities, either as principal or agent. UBS and its related bodies corporate may also advise Underlying Entities (for which it may receive fees and commissions) in relation to matters not related to the Equity Insulator Instalments such as corporate advisory services,

mergers and acquisitions advisory and capital markets transactions. Please refer to the relevant Supplementary PDS for each Series for further information about conflicts of interests in respect of an Underlying Entity for a Series (if any).

3.13 SUSPENSION OF EQUITY INSULATOR INSTALMENT TRADING

Trading of Equity Insulator Instalments on the ASX may be halted or suspended if ASX deems that action appropriate in the interests of maintaining a fair and orderly market in Equity Insulator Instalments or otherwise deems the action advisable in the public interest or to protect investors.

3.14 LEGAL CONSEQUENCES OF HOLDING EQUITY INSULATOR INSTALMENTS

3.14.1 Relevant interests and disclosure by substantial holders

The acquisition and exercise of an Equity Insulator Instalment will have implications for Holders under Chapters 6 and 6C of the Corporations Act. The precise implications depend on the Holder's particular circumstances.

The following explanation is provided to assist Holders in identifying the practical obligations that may arise from holding and from exercising an Equity Insulator Instalment. The obligations of Holders will, however, be affected by circumstances peculiar to individual Holders and Holders should obtain their own advice on the obligations they may have under the Corporations Act.

Holdings will hold the Beneficial Interest in the Underlying Parcel and will also have power to control the exercise of the Security Trustee's right to dispose of the Underlying Parcel (by giving a Completion Notice, for example). This will generally give a Holder a "relevant interest" (as contemplated by section 608 of the Corporations Act) in the Securities constituting the Underlying Parcel at the time of acceptance of that Holder's Application or when the Equity Insulator Instalments are acquired in the secondary market. Shareholder Applicants and Rollover Applicants will have a "relevant interest" in the Securities constituting the Underlying Parcels at the time of submitting their Application and acceptance of that Application will not change their "relevant interest" in those Securities. The Holder's "relevant interest" may change as a result of having been deemed to have elected the Non-Cash Rollover Option for any Annual Rollover Date.

The consequence of having a "relevant interest" is that disclosure obligations under Chapter 6C of the Corporations Act and limitations on acquisitions under Chapter 6 of the Corporations Act affect Holders in respect of acquisitions, continuing holdings, and disposals of Equity Insulator Instalments. Whether the restrictions apply depends on the Holder's other "relevant interests" as provided in the Corporations Act. In addition, ASIC provides an exemption under section 655A pursuant to class order modifications 02/925 (10 September 2002), 02/926 (10 September

Part 3: Risks

2002), 02/927 (10 September 2002) with respect to section 609 of the Corporations Act.

3.14.2 Ownership restrictions

The acquisition and exercise of Equity Insulator Instalments may have implications for Holders under specific legislation such as the Foreign Acquisitions and Takeovers Act 1975 (Cth), the Broadcasting Services Act 1992 (Cth), the Financial Sector (Shareholdings) Act 1998 (Cth), the Telstra Corporation Act 1991 (Cth), the Qantas Sale Act 1992 (Cth) or the Gas Industry Restructuring Act 1986 (NSW), and under the constitutions of the specific Underlying Entities.

Potential investors and Holders should obtain independent legal advice applicable to their particular circumstances in relation to all aspects of their proposed investment in Equity Insulator Instalments including, but not limited to, the possible effects of the legislation referred to above.

3.15 SUPERANNUATION FUNDS

Superannuation entities are subject to restrictions on entering into borrowing arrangements, granting charges over fund assets, and on the type of investments that can be made. On 16 December 2002 the Australian Prudential Regulation Authority (“APRA”) and the ATO (together “the Regulators”) issued joint guidelines to superannuation entities investing in instalment warrants. In the guidelines, the Regulators restated that investments of this type require careful consideration by superannuation entities. In addition Equity Insulator Instalments are derivatives and the investor should consider whether an investment in Equity Insulator Instalments is in accordance with the investment strategy of the fund and should ensure that they have sufficient liquidity to make any required payments should they wish to exercise their rights in respect of the Equity Insulator Instalments.

Section 67A(1) of the Superannuation Industry (Supervision) Act 1993 (“SIS”) explicitly permits superannuation fund trustees to invest in certain types of instalment warrants. This is an express exception to the borrowing restriction contained in section 67(1) of SIS. However, the Regulators stated in the 16 December 2002 announcement that they have formed the view that an investment in instalment warrants by superannuation entities via a Shareholder Application is generally not appropriate as it is likely to contravene SIS Regulation 13.14 which prohibits trustees from giving a charge over assets of a fund. Such a charge would not be permitted by the exception in section 67A(1) of SIS. Consequently, UBS will not accept Shareholder Applications from superannuation entity applicants. This does not however, prohibit superannuation entities from acquiring Equity Insulator Instalments via a Cash Application or on the secondary market (e.g. purchase on ASX).

A superannuation entity that holds Equity Insulator Instalments may be liable to pay a TFN Amount to UBS where the Security Trustee is required to withhold and pay an amount to the ATO from any Special Dividends

paid on the Underlying Securities where the superannuation entity does not provide their TFN, ABN or proof of an exemption. As a result, a superannuation entity may be deemed to be borrowing in contravention of section 67 of the Superannuation Industry (Supervision) Act 1993 if it does not provide its TFN or ABN and a TFN Amount becomes due and payable to UBS. Accordingly, superannuation entities should not consider investing in Equity Insulator Instalments unless they intend to and are able to provide UBS with a TFN, ABN or proof of an exemption.

Equity Insulator Instalments are expected to come within the exception in section 67A(1) of SIS if acquired through a Cash Application or through purchase on ASX. **However, superannuation entities should obtain independent advice on the suitability of investing in instalment warrants such as Equity Insulator Instalments, including by taking into account the geared exposure to the Underlying Parcel acquired through Equity Insulator Instalments. No determination by the Regulators has been sought in respect of the Equity Insulator Instalments offered under this PDS and any relevant Supplementary PDS.**

A Rollover Application might be available to a trustee of a regulated superannuation fund (including a SMSF). Given the serious ramifications that a breach could have for a SMSF (including the loss of the entity’s concessional status), trustees of regulated superannuation funds should consider the terms of any new series of Equity Insulator Instalments and obtain their own advice before investing in an Equity Insulator Instalment by Rollover Application.

3.16 GROUPING OF DIVIDENDS AND OTHER DISTRIBUTIONS – DEFERRED SETTLEMENT

If Securities in the Underlying Parcel are grouped for the purposes of distributions as set out in Part 2.10 of this PDS, deferred settlement will apply from the ex-date of the first Security of a Group Company in the Underlying Parcel to trade on an ex basis until the last record date of the Securities of the Group Companies in the Underlying Parcel. This will mean that although you will be able to buy or sell an Equity Insulator Instalment during the deferred settlement period, settlement of the purchase or sale will not be completed until at least three Business Days after the last record date for distributions on the Securities of the Group Companies in the Underlying Parcel. For more details, see Part 2.10.

3.17 TERMINATION ON ROLLOVER DATE

UBS has discretion to terminate a Series on an Annual Rollover Date. Investors may not therefore have the opportunity to maintain their exposure under their Equity Insulator Instalments until the Final Maturity Date (refer Part 7.12).

3.18 ANNUAL ROLLOVER PROCEDURE

Prior to each Annual Rollover Date, UBS will notify the Holders of the timetable of events leading up to and

Part 3: Risks

occurring after the Annual Rollover Date. The Annual Rollover Procedure may involve a period of deferred settlement trading or suspended trading for a Series of Equity Insulator Instalments. During this time, UBS will determine the adjusted entitlement of Holders who are deemed to have elected the Non-Cash Rollover Option for that Series, or who have failed to pay any Annual Rollover Payment which is due. If a period of deferred settlement trading applies, Holders who are deemed to have elected the Non-Cash Rollover Option, or who have failed to pay any Annual Rollover Payment which is due will not know the exact quantity of their Equity Insulator Instalment holding until notified by the Registry (dispatch of holding statements showing the adjustments made will occur at the end of the deferred settlement period for that Series). There is a risk therefore that such a Holder may sell more than their actual holding of Equity Insulator Instalments before receiving such notification. Where trading in a Series is suspended, Holders will be prohibited from dealing with their Equity Insulator Instalments during the period of suspension.

Part 4: Fees and other costs

4.1 FEES AND EXPENSES THAT APPLY TO EQUITY INSULATOR INSTALMENTS

Interest Amount

The Interest Amount for an Interest Period will be determined by multiplying the Loan Amount by the Interest Rate by the number of days remaining until the earlier of next Annual Rollover Date or the Final Maturity Date divided by 365. The factors affecting UBS' determination of the Interest Rate are set out in the Investment Overview and in Part 2.2.3 above. The indicative Interest Rate on the Strike Date for each Series is set out in the relevant Supplementary PDS. You can find out the Interest Rate for any Series at a particular time by contacting UBS on **1800 633 100**.

The Interest Rate determined by UBS on each Annual Rollover Date will vary from the Interest Rate applicable to the First Interest Period because (among other factors) the Interest Rate for the First Payment will include a capital protection component, whereas the Interest Rate for a Subsequent Interest Period will not. That is, the cost of capital protection is only taken into account when setting the Interest Rate applicable on the Issue Date or Transfer Dates. See Part 2.3.3 above for further information.

Borrow Fee

The Borrow Fee is the up-front fee, if any, charged by UBS for the Loan. The amount of the Borrow Fee will equal the amount of the upfront commission you agree with your adviser. UBS will pay an amount equal to the Borrow Fee to your adviser as a commission.

The maximum Borrow Fee for a Series is set out in the relevant Supplementary PDS.

A Borrow Fee is not payable when you buy Equity Insulator Instalments on the secondary market (e.g. ASX).

The proportion your Borrow Fee is to your First Payment amount will be a factor of the level of the Borrow Fee and the leverage level of your Equity Insulator Instalments on the applicable issue date (the higher the leverage level, the higher the proportion your Borrow Fee will be to your First Payment). If your Equity Insulator Instalments are highly leveraged, the percentage your Borrow Fee is to your First Payment could be significantly higher than the percentage your Borrow Fee is to your Completion Amount (i.e. Loan Amount).

For example, assume the Price of Underlying Securities for a Series of Equity Insulator Instalments is \$10, the Loan Amount is \$9.50, Interest Amount is \$1.40, and your Borrow Fee is 3.3% of the Loan Amount. The Borrow Fee will be \$0.3135 and your First Payment will be \$2.2135. In this example, the Borrow Fee is approximately 14% of the First Payment amount.

Annual Rollover Fee

An Annual Rollover Fee may also be payable on an Annual Rollover Date. The Annual Rollover Fee is only payable for Cash Rollovers. The amount of any Annual Rollover Fee will equal the amount of any trail commission you agree with your adviser. If you buy Equity Insulator Instalments on the secondary market (eg, on ASX), you will not pay any Annual Rollover Fee. UBS will pay an amount equal to the amount of the Annual Rollover Fee to your adviser as a commission.

The maximum Annual Rollover Fee for a Series is set out in the relevant Supplementary PDS.

For example, assume the Price of Underlying Securities for a Series of Equity Insulator Instalments is \$10, the Loan Amount is \$9.50, you elect for a Cash Rollover and your Annual Rollover Fee is 0.55% of the Loan Amount. The Annual Rollover Fee will be \$0.05225 per Equity Insulator Instalment.

Annual payments to the Arranger

UBS may also pay to the Arranger an annual payment when Equity Insulator Instalments are issued (pro rated where the First Interest Period is less than one year) and each Annual Rollover Date in respect of which a Holder pays the Annual Rollover Payment amount. The maximum Arranger payment for a Series is set out in the relevant Supplementary PDS. UBS pays the Arranger Payment out of its own money. However, in setting the Interest Rate for a Series, UBS will take into consideration its obligation to pay the Arranger payments. This will be reflected in the Interest Rate.

4.2 TAX LIABILITIES

As noted in Part 2.1.4, you will be liable to pay a TFN Amount to UBS where the Security Trustee is required to withhold and pay an amount to the ATO from any Ordinary Dividends or Special Dividends paid on the Underlying Securities where you do not provide your TFN, ABN or proof of an exemption.

4.3 COSTS OF ENFORCING SECURITY INTEREST AND TRANSFER OF UNDERLYING PARCEL ON FINAL MATURITY DATE

UBS may enforce the Security Interest over Equity Insulator Instalments in certain circumstances, such as when you are liable to pay UBS a TFN Amount or do not pay a Annual Rollover Payment. If UBS exercises the Security Interest, you will incur any fees, costs, Taxes and liabilities incurred by UBS or the Security Trustee in connection with enforcing the Security Interest. You will also incur any fees, costs, Taxes and liabilities incurred by UBS or the Security Trustee in connection with the transfer of the Underlying Parcel to UBS on the Final Maturity Date where you have not given a valid and effective Completion Notice for the Equity Insulator Instalment.

4.4 COSTS DEDUCTED IF UBS SELLS UNDERLYING PARCEL

If you hold Equity Insulator Instalments at 6.00pm on the Final Maturity Date and have not given a valid

Part 4: Fees and other costs

Completion Notice, or rolled your Equity Insulator Instalments into a new Series, any fees, costs, charges, liabilities, Taxes and expenses incurred by or payable to UBS or the Security Trustee in connection with the transfer of the Underlying Parcel to UBS or at its direction will be deducted from the Assessed Value Payment. UBS may elect not to deduct some or all of these amounts from your Assessed Value Payment amount. As at the date of this PDS, UBS does not intend to deduct any such fees, costs, charges, liabilities, Taxes or expenses incurred in connection with the transfer of Underlying Securities.

Part 5: Taxation summary

This summary has been prepared by Mallesons Stephen Jaques for the purposes of inclusion in this PDS. Any opinions expressed in this Part 5 are those of Mallesons Stephen Jaques. This summary sets out the views of Mallesons Stephen Jaques on the main Australian tax consequences for Australian resident individuals, companies and trustees of complying superannuation funds who acquire Equity Insulator Instalments otherwise than in the course of carrying on a business and who hold them on capital account.

Preliminary Comments

This Part contains a summary of some of the main Australian taxation consequences expected to arise for Australian resident taxpayers who are natural persons, companies or the trustees of complying superannuation funds, whose activities cannot be described as the conduct of a business of trading or dealing in shares or other marketable securities and who acquire and hold their Equity Insulator Instalments on capital account. (For example, Holders who acquire their Equity Insulator Instalments for the purpose of exercising them and holding the Underlying Parcel for long term investment should generally hold their Equity Insulator Instalments on capital account. In contrast, Holders who acquire Equity Insulator Instalments in the ordinary course of a business of trading or dealing in shares or other marketable securities, or for the purpose of disposing of them or the Underlying Parcel at a profit, should generally hold their Equity Insulator Instalments on revenue account.)

Except where otherwise expressly indicated, this Part is based on Australian tax laws, and the administrative practice of the Australian Taxation Office (“ATO”), as of the date of this PDS. However, the laws, their interpretation by the courts and administrative practice can change from time to time.

Importantly, this Part also assumes that Cash Applicants acquire their Equity Insulator Instalments for the purpose of producing assessable income and that Shareholder Applicants and Rollover Applicants apply any cash amount received for an assessable income producing purpose.

This Part does not cover the taxation consequences of corporate actions in respect of the Underlying Entity of the kind referred to in Part 2.7 of this PDS. Nor does it cover the tax (including GST) consequences for an Investor who acquires their Equity Insulator Instalments in the course of carrying on a business of trading or dealing in shares or other marketable securities, or for the purpose of disposing of them or the Underlying Parcel at a profit, or for a non-resident Investor.

Potential Investors should not rely on this summary but should seek their own taxation advice in relation to the taxation consequences of investing in Equity Insulator Instalments prior to making any investment decision, as those consequences may differ,

depending on the Investor’s own particular circumstances.

5.1 SUMMARY OF CONCLUSIONS

Subject to the general principles regarding the deductibility of interest and the rules regarding capital protected borrowings (both of which are discussed below), and to the detailed comments below, the main expected tax consequences of acquiring and holding an Equity Insulator Instalment may be summarised broadly as follows:

Deductibility of interest

- (a) Subject to paragraph (d) below, any Interest Amount which is prepaid by an individual who is a Cash Applicant or a Transferee in respect of a period no greater than 12 months should be deductible when paid, as long as the individual either does not incur the interest in carrying on a business or is a Small Business Entity taxpayer for the relevant year of income who does not elect for the deduction to be apportioned (see paragraph 5.3 below).
- (b) Any deductible Interest Amount which is prepaid by any other Cash Applicant or Transferee should be apportioned over the relevant interest period on a pro-rata basis (see paragraph 5.3 below).
- (c) The deductibility of any Interest Amount prepaid by a Shareholder Applicant or a Rollover Applicant depends on the particular circumstances (see paragraph 5.3 below).

Cost of Capital Protection

- (d) Under the rules related to capital protected borrowings, any original Applicant or Transferee of an Equity Insulator Instalment may be treated as having purchased a Notional Put Option (see paragraph 5.2 below). The deemed cost (if any) of that Notional Put Option would effectively reduce the amount of an Interest Amount which otherwise would be deductible (see paragraphs 5.2 and 5.3(a) below).

Distributions

- (e) Broadly, any distributions on the Underlying Parcel should be included in the Holder’s assessable income as if the Underlying Parcel was directly held by the Holder, and generally the Holder should be entitled to any associated tax benefits such as franking credits (see paragraph 5.5 below).

Capital Gains Tax (“CGT”)

- (f) A Cash Applicant and a Transferee should acquire the Underlying Parcel for CGT purposes at the time of issue or purchase of the Equity Insulator Instalments, respectively (see paragraph 5.14 below).
- (g) A Shareholder Applicant or Rollover Applicant neither acquires nor disposes of their Underlying Parcel for CGT purposes at the time of issue of the Equity Insulator Instalments (as the Holder

Part 5: Taxation summary

will previously have acquired the Underlying Parcel to which the Equity Insulator Instalment relates) (see paragraph 5.7 below).

- (h) The payment of the Completion Payment and the receipt of the Underlying Parcel should have no CGT consequences for the Holder in relation to the Underlying Parcel, as the Holder will be treated as already owning the Underlying Parcel (see paragraph 5.9 below).
- (i) The disposal of the Equity Insulator Instalments prior to the payment by the Holder of the Completion Payment should result in a disposal of the Underlying Parcel by the Holder, and the deemed expiry of any Notional Put Option, for CGT purposes (see paragraph 5.10 below).
- (j) If the Holder rolls over their Equity Insulator Instalment into a new UBS Series (if available), the roll over should not involve a CGT Event for the Holder in relation to the Underlying Parcel (see paragraph 5.11 below).
- (k) If the Holder fails to pay the Completion Payment when required, the Holder should be deemed to have disposed of the Underlying Parcel for CGT purposes, and, in the unexpected and rare case where the sale price of the Underlying Parcel is less than the Secured Moneys, (though the wording of the legislation is not clear) by exercising any Notional Put Option (if applicable) (see paragraph 5.12 below).
- (l) Any Notional Put Option should be regarded as having expired on the date of payment of the Completion Payment, or earlier disposal of the Equity Insulator Instalment, as the case may be, and also if the Holder fails to pay the Completion Payment when required but the Loan Amount is repaid in full to UBS. The deemed expiry should give rise to a capital loss to the Holder for CGT purposes, under CGT Event C2, equal to the amount (if any) of the deemed cost of the Notional Put Option (see paragraphs 5.9, 5.10 and 5.12 below).
- (m) The other consequences of a Transfer of an Equity Insulator Instalment are dealt with in detail in paragraph 5.10 below.

5.2 IS THERE A DEEMED COST OF CAPITAL PROTECTION UNDER THE CAPITAL PROTECTED BORROWINGS RULES?

The capital protected borrowings rules operate to determine what portion (if any) of a Holder's total expenses in relation to an Equity Insulator Instalment must be treated for tax purposes as the cost of capital protection in respect of the Loan.

Because the Loan is a limited recourse facility, it is a "capital protected borrowing" for the purposes of these rules. Accordingly, the Holder will be required to determine each income year whether the Holder has a capital protected borrowing cost for that year under the method statement in section 247-20(3) of the 1997 Tax Act that gives rise to a notional put option under section 247-20(6) of that Act. Thus,

even though an Equity Insulator Instalment does not confer an explicit put option on a Holder, in certain circumstances the rules can deem the Holder to have incurred an amount for a notional put option granted by UBS.

The rules are very specific and also involve a different methodology for fixed rate, compared to variable rate, loans. In determining which methodology to apply, a Holder should assume that an Equity Insulator Instalment involves a fixed rate for the period of up to one year to which each prepayment of interest relates (and not a variable rate for either the whole or any part of the term of the Equity Insulator Instalment). On that basis, the application of the rules to an Equity Insulator Instalment is summarised below.

How to determine if there is a Deemed Cost of a Notional Put Option under the new rules

Broadly, under the capital protected borrowings rules, if an Applicant or Transferee:

- (a) has incurred costs in an income year in respect of the Equity Insulator Instalment ("**Total Costs**" (described in detail further below)); which exceed
- (b) the total amount of interest that would have been incurred for the income year on a borrowing equal to the Loan Amount as at the Issue Date (or, in the case of a Transferee, the Transfer Date), or the relevant Annual Rollover Date (as adjusted for any Annual Rollover Payment on that Annual Rollover Date), at the Reserve Bank of Australia's Indicator Rate for Personal Unsecured Loans - Variable Rate (which may change – see below) on the date on which the relevant pre-paid Interest Amount was incurred (that is, the Issue Date/Transfer Date/Annual Rollover Date, as the case may be) ("**Incurred Date Benchmark Rate**"),

the excess amount (the "**capital protected borrowing cost**") would be deemed to be an amount paid to acquire a notional put option ("**Notional Put Option**"), under the so-called "ongoing methodology" in the capital protected borrowings rules.

For this purpose, the Holder's "Total Costs" for an income year include all amounts (whether revenue or capital in nature) incurred by the Holder in respect of the Equity Insulator Instalment for that income year. However, the Holder's Total Costs do not include amounts that are not for capital protection or interest. The Total Costs of:

- a Cash Applicant, a Shareholder Applicant or a Rollover Applicant should include any Interest Amount incurred in the income year, but not any Borrow Fee or Taxes; and
- a Transferee should include any Interest Amount incurred in the income year, but not any Transfer Costs or Taxes.

The Government has introduced *Tax Laws Amendment (2010 Measures No.5) Bill 2010* which

Part 5: Taxation summary

proposes to amend the Incurred Date Benchmark Rate from the Reserve Bank of Australia's Indicator Rate for Personal Unsecured Loans - Variable Rate to the Reserve Bank of Australia's Indicator Rate for Standard Housing Loans - Variable Rate, plus 100 basis points. If this Bill is enacted in its current form, it will change the calculation of the capital protected borrowing cost amount in (b) above. By way of general comment for the benefit of investors who are affected by the changes proposed in the Bill, the proposed Benchmark Rate is historically lower than the existing Benchmark Rate. Accordingly, it would be expected that a greater portion of the Total Costs incurred by investors would be included in the CGT cost base of the Notional Put Option, and so would not be deductible. However, the Senate Economics Legislation Committee has recommended that the benchmark rate in the Bill be amended to reflect a range between the variable rate for housing loans and the Reserve Bank of Australia's indicator rate for margin loans. The Committee recommended the actual benchmark interest rate be determined by the Treasurer to reflect market trends. The Committee also recommended that the Senate pass the Bill.

As at the date of this SPDS, no amendments have been made to the Bill to give effect to the Committee's first recommendation. If the Bill is passed as law, these changes will apply in respect of capital protected borrowing arrangements entered into after 7:30pm (AEST) on 13 May 2008.

5.3 IS THE INTEREST AMOUNT DEDUCTIBLE?

Subject to the comments in paragraphs (a) to (c) below and to the general principles regarding the deductibility of interest, any prepaid Interest Amount on so much of the funds borrowed on the Issue Date (in the case of an Applicant) or the Transfer Date (in the case of a Transferee) under the Loan, as adjusted for any Reset Payment or Reset Receipt on an Annual Rollover Date, should be allowed as a deduction if:

- a Cash Applicant or Transferee acquires their Equity Insulator Instalments for the purpose of producing assessable income; or
- a Shareholder Applicant applies the "excess Loan Amount" (referred to below) to produce assessable income; or
- a Rollover Applicant applies the funds borrowed under the Loan to repay the amount outstanding under the loan for the Existing Instalment, and, to the extent that the Rollover Applicant has an "excess Loan Amount" (referred to below), applies that "excess Loan Amount" to produce assessable income.

For a Shareholder Applicant, the "excess Loan Amount" is the proceeds of the Loan remaining after payment of their Interest Amount, Borrow Fee (if any) and Taxes (if any). For a Rollover Applicant, the "excess Loan Amount" is the proceeds of the Loan remaining after payment of their Interest Amount, Borrow Fee (if any) and the Final Instalment on any Eligible Instalments.

(a) *Capital protected borrowing rules*

If in any income year the Holder has a capital protected borrowing cost (under the ongoing methodology referred to in paragraph 5.2 above), a portion of the Interest Amount equal to the capital protected borrowing cost would not be deductible in that income year. (Instead, it should be treated as the cost of a Notional Put Option.)

(b) *Borrowing not incurred to produce assessable income*

The amount of an interest deduction might be further reduced, or denied, if the Holder's purpose in incurring the Interest Amount was other than to produce assessable income (for example, under section 51AAA of the 1936 Act, if, or to the extent that, the purpose was to produce capital gains).

(c) *Prepayment rules*

If a deductible prepaid Interest Amount relates to a borrowing period that ends after the income year in which the interest prepayment is made, the interest prepayment will generally be fully deductible in the year of payment if (i) the amount of the payment is less than \$1000; or (ii) the Holder either is an individual who does not incur the prepaid interest in carrying on a business or is a Small Business Entity taxpayer for the relevant year of income (who does not elect for the deduction to be apportioned) and in either case the period to which the interest prepayment relates is 12 months or less (and ends before the end of the following income year). In other cases, generally a Holder must spread the deduction on a straight line basis over the entire period to which the interest prepayment relates.

However, a Shareholder Applicant or Rollover Applicant will not be entitled to the full deduction in the year of payment, but instead must spread the deduction on a straight line basis over the entire period to which the prepayment relates, if the Shareholder Applicant or Rollover Applicant applies the "excess Loan Amount" in relation to a "tax shelter arrangement". (Generally, negatively geared investments in real property, interests in real property, units in certain widely held unit trusts or listed shares would not be "tax shelter arrangements".)

5.4 IS A BORROW FEE OR ANNUAL ROLLOVER FEE DEDUCTIBLE?

Provided an Applicant or other Holder acquires their Equity Insulator Instalments for the purpose of producing assessable income, the Borrow Fee or Annual Rollover Fee, being a payment for UBS making the Loan available, should be deductible to the Holder under section 25-25 of the 1997 Act. If the relevant Borrow Fee and/or Annual Rollover Fee is greater than \$100 in an income year, section 25-25 requires the deduction for the Borrow Fee or Annual Rollover Fee to be spread on a straight line basis over the shorter of the remaining term of the Loan and five years.

Part 5: Taxation summary

5.5 HOW ARE DISTRIBUTIONS TO BE TREATED FOR TAX PURPOSES?

Broadly, all of the distributions in respect of the Underlying Parcel while the Underlying Parcel is the subject of the Separate Trust should be considered to have been received by the Holder as they are made, as if the Holder directly held the Securities in the Underlying Parcel, and notwithstanding that they may be applied to reduce the Loan Amount. Specific issues are outlined below. The exact consequences depend on whether the Underlying Securities comprise shares in a company or units in a trust.

Dividends

Where the Securities in the Underlying Parcel are shares, Dividends will be in the form of a dividend or other distributions in respect of the shares.

Where a dividend or other distribution is franked, the Holder should include in their assessable income the amount of the Dividend and the franking credit attaching to the dividend. A Holder should generally be allowed a tax offset equal to the franking credit. This offset should reduce the tax liability of the Holder to the extent that the Holder has such a liability. Holders who are resident individuals or complying superannuation entities and who receive franking tax offsets in excess of their tax liability should be entitled to a refund of those excess tax offsets. Holders who are companies will not be entitled to a refund of any excess franking tax offsets, but may be entitled, in effect, to convert any excess tax offsets into tax losses.

However, this treatment assumes that the franking/imputation anti-avoidance provisions (which are aimed at ensuring that the benefit of the franking credits is available only to the true economic owner of the shares) do not apply. Potential investors and Holders should seek their own taxation advice in relation to the potential application of those provisions to their own particular circumstances from year to year.

Distributions from public trading trusts or corporate unit trusts

Where the Underlying Parcel is a unit in a trust that is a public trading trust or a corporate unit trust for the purposes of the Tax Act, distributions should be treated for tax purposes as if they were dividends or other distributions in respect of shares (that is, as described under the heading "Dividends" immediately above).

Distributions from trusts that are not public trading trusts or corporate unit trusts

Where the Securities in the Underlying Parcel are units in a trust other than a public trading trust or a corporate unit trust, the tax treatment of the distribution of income or capital will depend on the character of the amount in the trustee's hands before it was distributed to the Holder.

If the distribution represents an amount that was dividend income in the trustee's hands, the tax

consequences for the Holder of receiving the distribution should be the same as if the distribution were a dividend (see under the heading "Dividends" above). However, the application of the franking/imputation anti-avoidance provisions is even more complicated than where the Securities are shares.

If the distribution represents an amount that was a capital gain in the trustee's hands, broadly, the distribution should be treated as a capital gain for the Holder. The capital gain may be offset against revenue or capital losses of the Holder. Where the CGT discount has been applied by the trustee to the capital gain before distribution, the Holder will be required to gross up the discounted capital gain for the purposes of offsetting any capital losses, before applying the CGT discount.

If the distribution represents an amount that was not included in the taxable income of the trust (for example, an amount that was capital in the trustee's hands or that represents tax deductions available to the trust and which is typically referred to as a "tax deferred distribution"), the distribution will reduce the cost base of the Holder's units in the trust which are included in the Underlying Parcel. However, once the cost base has been reduced to zero, any excess distribution is assessable in full as a capital gain.

Interest refund if a Special Dividend is paid

Any Interest Refund paid by UBS to the Holder, consequent upon the payment of a Special Dividend in respect of an Underlying Security, will be assessable income to the Holder in the year of receipt, to the extent that the Holder has been entitled to a deduction for payment of the relevant Interest Amount.

5.6 WHAT IS THE HOLDER'S COST BASE IN THE UNDERLYING PARCEL FOR CGT PURPOSES?

The following comments assume that both the prepaid Interest Amount and any Borrow Fee are deductible in full to the Applicant. (If this is not the case, a Holder should seek their own specific advice on the taxation consequences for themselves.)

(a) *Cash Applicant*

The cost base for CGT purposes (see paragraph 5.14 below) of a Cash Applicant in the Security which is comprised in the relevant Underlying Parcel is the amount paid by the Security Trustee to acquire the Security. This is calculated as the sum of the First Payment and the Loan Amount as at the date of acquisition, less the sum of the Interest Amount and the Borrow Fee incurred as at that date.

(b) *Shareholder Applicant or Rollover Applicant*

The cost base in the Underlying Parcel:

- for a Shareholder Applicant is, broadly, whatever the Shareholder Holder originally paid or gave to acquire the Underlying Parcel; and
- for a Rollover Applicant is determined as set out in the PDS for the Existing Instalment. A Rollover

Part 5: Taxation summary

Applicant should not include any Rollover Payment to UBS in their cost base. (The effect of the Rollover Payment is merely to reduce the amount of the Loan in respect of the Underlying Parcel or to meet the Interest Amount, the Borrow Fee, Taxes or the Final Instalment on the Existing Instalment.)

The Shareholder Applicant or Rollover Applicant already holds the Underlying Parcel and may acquire another asset ("**3rd Asset**") with the "excess Loan Amount" (if any) (referred to in paragraph 5.3 above). The cost base in the 3rd Asset includes so much of the "excess Loan Amount" as is applied to acquire the 3rd Asset.

(c) *Transferee*

The cost base of a Transferee in the Underlying Parcel is the sum of the amount that the Transferee pays to the Transferor and the Loan Amount advanced by UBS to the Transferee at the time of Transfer, less the prepaid Interest Amount incurred by the Transferee at that time.

5.7 WHAT HAPPENS WHEN A SHAREHOLDER APPLICANT OR ROLLOVER APPLICANT TRANSFERS THEIR UNDERLYING PARCEL TO THE SECURITY TRUSTEE?

The transfer of the Underlying Parcel to the Security Trustee by a Shareholder Applicant or Rollover Applicant should not involve a CGT Event for CGT purposes.

5.8 WHAT HAPPENS WHEN A ROLLOVER APPLICANT TRANSFERS AN EXISTING INSTALMENT TO THE SECURITY TRUSTEE?

The transfer of an Existing Instalment to the Security Trustee should not involve a CGT Event for CGT purposes.

The Rollover Applicant's explicit or notional put option (if any) in respect of their Existing Instalment will cease when the Applicant "rolls over" to the Equity Insulator Instalment. The Applicant may thereby incur a capital loss equal to the cost base of any Existing Instalment explicit or notional put option.

5.9 WHAT HAPPENS IF THE HOLDER PAYS THE COMPLETION PAYMENT ON OR BEFORE THE FINAL MATURITY DATE AND SUBSEQUENTLY RECEIVES THE UNDERLYING PARCEL?

The Completion Payment is an amount equal to the aggregate of the outstanding Loan Amount.

If the Holder pays the Completion Payment, the Underlying Parcel should be delivered to the Holder. No CGT Event will occur for CGT purposes when the legal title to the Underlying Parcel is transferred by the Security Trustee to the Holder.

Under the capital protected borrowing rules, any Notional Put Option should be taken to have expired at the end of the term of a Loan if the Holder has repaid the full Loan Amount to UBS (including if the Holder pays the Completion Payment). In these circumstances, the Holder should incur a capital loss

equal to the cost base (if any) of the Notional Put Option. The cost base of the Notional Put Option is as described in paragraph 5.2 above.

5.10 WHAT HAPPENS IF THE HOLDER TRANSFERS THEIR EQUITY INSULATOR INSTALMENTS BEFORE THE FINAL MATURITY DATE?

On Transfer, the Transferor:

- disposes of their interest in the Underlying Parcel to the relevant Transferee (subject to the Security Interest);
- obtains from UBS an Interest Refund, which is applied to reduce the Loan Amount;
- may be required to pay to UBS, or be entitled to receive from UBS, Transfer Costs (any Transfer Costs payable by UBS to the Transferor are applied to reduce the Loan Amount); and
- repays the outstanding Loan Amount to UBS in full, as a result of the application of a new Loan made by UBS to the Transferee.

On Transfer, a separate CGT event happens for the Transferor in respect of the Underlying Parcel and any Notional Put Option.

(a) *Underlying Parcel*

The capital proceeds will include the amount received from the Transferee plus the Loan Amount, reduced by any Interest Refund.

The cost base of the Underlying Parcel for the Transferor will be as described in paragraph 5.6 above, plus any Transfer Costs the Transferor is required to pay to UBS.

In the case of a Shareholder Applicant or a Rollover Applicant, they would need to determine and consider when they acquired their relevant Underlying Parcel or their beneficial ownership of the relevant Underlying Parcel, respectively, in order to determine whether the disposal satisfies the 12 months requirement outlined in paragraph 5.14 below in order for any disposal of their Equity Insulator Instalments to be eligible for the CGT discount capital gains concession.

In the unexpected and rare case where the sale price of the Underlying Parcel is less than the Secured Monies (the difference being the "deficit amount"), the ATO will, based on current practice, reduce the cost base in the Underlying Parcel by the deficit amount.

(b) *Notional Put Option*

The Notional Put Option should be taken to have expired and the Transferor should make a capital loss equal to the deemed cost base of the Notional Put Option (described in paragraph 5.2 above).

(c) *Interest Refund*

Any Interest Refund paid by UBS to the Transferor will be assessable income to the Transferor in the year of receipt, to the extent that the Transferor has been

Part 5: Taxation summary

entitled to a deduction for payment of the relevant Interest Amount.

5.11 WHAT HAPPENS IF THE HOLDER ROLLS OVER THEIR EQUITY INSULATOR INSTALMENTS INTO A NEW UBS SERIES (IF AVAILABLE)?

The transfer of an Equity Insulator Instalment by the Holder to the Security Trustee in respect of the new UBS Series (if available) should not involve a CGT Event for CGT purposes in relation to the transfer of the Underlying Parcel.

The Holder's Notional Put Option (if any) in respect of their Equity Insulator Instalment would cease when the Holder "rolled over" to the new UBS Series (if available). The Holder may thereby incur a capital loss equal to the cost base of any Equity Insulator Instalment Notional Put Option (see paragraphs 5.2 and 5.3(a) above).

5.12 WHAT HAPPENS IF THE HOLDER DOES NOTHING ON THE FINAL MATURITY DATE (INCLUDING AN EARLY FINAL MATURITY DATE)?

On the Final Maturity Date the Holder can pay the Completion Payment (see paragraph 5.9 above), roll their Equity Insulator Instalments into a new Series of Equity Insulator Instalments (if available) (see paragraph 5.11 above), or do nothing and receive the Assessed Value Payment (if any).

If the Holder does nothing:

- For CGT purposes, (but subject to the next dot point) the Holder will be taken to have disposed of the Underlying Parcel to UBS; and for this purpose, the capital proceeds will be the sale price of the Underlying Parcel payable by UBS under paragraph 2.6.2(b) of this PDS and the cost base will be as described in paragraph 5.6 above. In addition, under the capital protected borrowing rules, any Notional Put Option should be taken to have expired if the Loan Amount is repaid in full to UBS. In these circumstances, the Holder should incur a capital loss equal to the cost base (if any) of the Notional Put Option. The cost base of the Notional Put Option is as described in paragraph 5.2 above.
- In the unexpected and rare case where the sale price of the Underlying Parcel is less than the Secured Monies (the difference being the "shortfall"), the Holder will not be required to pay the shortfall. But, if, under the capital protected borrowing rules, the Holder is deemed to have acquired a Notional Put Option, then the capital protection under the Equity Insulator Instalment will be taken to have been invoked. Accordingly, the Underlying Parcel that is sold to UBS should be taken to have been disposed of by the Holder as the result of the exercise of any Notional Put Option (if applicable). In these circumstances, the Holder should be taken to have made a capital loss in respect of the disposal of the Underlying Parcel equal to the aggregate of Holder's cost base in the Underlying Parcel plus the cost of any Notional Put Option, less the sale price of the

Underlying Parcel. However, the ATO will, based on current practice, reduce the cost base in the Underlying Parcel by the shortfall amount.

5.13 WHAT HAPPENS IF THERE IS AN EARLY FINAL MATURITY DATE?

If UBS elects (with the consent of the ASX) to bring forward the Final Maturity Date, then, in addition to the normal consequences described in paragraph 5.9, 5.11 or 5.12, as the case may be, any Interest Refund paid by UBS to the Holder will be assessable income to the Holder in the year of receipt, to the extent that the Holder has been entitled to a deduction for payment of the relevant Interest Amount.

5.14 CAPITAL GAINS TAX ("CGT")

The capital gains tax provisions in the Tax Act apply if a "CGT event" stipulated in the Tax Act occurs.

A capital gain will arise for a taxpayer if the "capital proceeds" received in respect of the occurrence of a relevant CGT event are greater than the "cost base" of the asset which is the subject of the CGT event. A capital loss will arise if the "reduced cost base" (which, in most cases, is equal to (and in the remainder of this Part, unless otherwise expressly indicated, is assumed to equal) the "cost base") exceeds the "capital proceeds".

If a capital gain arises and the asset has been held for at least 12 months (excluding the acquisition and disposal dates) prior to the date of the CGT event, the taxpayer may be able to claim the discount capital gains concession, which reduces the nominal capital gain by 50% for individuals and trusts and by 33⅓% for complying superannuation entities.

This Part 5 assumes that (as in the case of other instalment warrants) the ATO accepts that, even though the Underlying Securities are held by the Security Trustee on trust for the Holder, the Holder is to be treated as holding the Underlying Parcel for capital gain tax purposes.

The date of acquisition of the beneficial interest in the Underlying Parcel in the case of a Cash Applicant is the date of acceptance of their application by UBS, and in the case of a Transferee is the date of the contract for the transfer of the Equity Insulator Instalments.

As was noted above, in the case of a Shareholder Applicant or a Rollover Applicant, they would need to determine and consider when they acquired their relevant Underlying Parcel or their beneficial ownership of the relevant Underlying Parcel, respectively, in order to determine whether the disposal of their Equity Insulator Instalments or the relevant Underlying Parcel satisfies the 12 months requirement outlined above in order for any disposal of their Equity Insulator Instalments to be eligible for the CGT discount capital gains concession.

Capital losses cannot be used to reduce the tax payable on ordinary income, but they can be offset against any capital gains arising in the current or future income years.

Part 5: Taxation summary

5.15 REGIME FOR TAXATION OF FINANCIAL ARRANGEMENTS

The *Tax Laws Amendment (Taxation of Financial Arrangements) Act 2009* (the “**TOFA Act**”) has been enacted.

The TOFA rules represent a separate regime for the taxation of gains and losses from financial arrangements.

The TOFA Act states that generally the TOFA rules are to apply to financial arrangements entered into from the first tax year beginning on or after 1 July 2010. (However, under the TOFA Act, a taxpayer may elect for the TOFA rules to apply to all financial arrangements that the taxpayer starts to have in the income years commencing on or after 1 July 2009.) Under the TOFA Act, a taxpayer may also elect for the TOFA rules to apply to all financial arrangements existing at the start date.

Individuals are generally excluded from the TOFA rules if:

- the arrangement is to end not more than 12 months after they start to have it; or
- the arrangement is not a “qualifying security” for the purposes of Division 16E in Part III of the Tax Act.

Based on the TOFA Act, the TOFA regime should not apply to the Holder of an Equity Insulator Instalment who is an individual, unless the Holder elects for the TOFA regime to apply.

The TOFA regime may also not apply to a Holder of an Equity Insulator Instalment that is not an individual if either paragraph (a) or (b) above is satisfied and the entity is (very broadly):

- (a) a superannuation entity or a managed investment scheme with assets of less than \$100 million;
- (b) a financial entity with an aggregated turnover of less than \$20 million; or
- (c) any other kind of entity with an aggregated turnover of less than \$100 million, financial assets of less than \$100 million and total assets of less than \$300 million,

unless they elect for the TOFA regime to apply.

Other Holders may be subject to the TOFA regime. Prospective investors and Holders should seek their own advice in relation to the potential applicability of the rules contained in the TOFA Act in light of their own particular circumstances.

5.16 GST

Generally, GST applies to the supply of goods, services or other things. A range of supplies are input tax “financial supplies” and are not subject to GST.

No direct GST implications should arise to a Holder where the supplies they acquire or make as a result of their investment in an Equity Insulator Instalment do not relate to the carrying on of an enterprise (that is, an activity which constitutes a business or trade).

A Holder should seek and rely on their own GST advice where the supplies they acquire or make in connection with their investment in an Equity Insulator Instalment relate to the carrying on of an enterprise by them.

5.17 STAMP DUTY

Assuming that the Equity Insulator Instalments and the relevant Underlying Securities will be quoted on the ASX at the time of the relevant transaction, there should be no stamp duty payable in respect of:

- (a) the issue or creation of Equity Insulator Instalments;
- (b) the on-market transfer of an Equity Insulator Instalment as a consequence of the on-market purchase or sale of an Equity Insulator Instalment;
- (c) any transfer of an Underlying Security to the Security Trustee on acceptance of an Application by UBS;
- (d) the transfer of Underlying Securities to a Holder on or following payment of the Completion Payment;
- (e) the Loan; or
- (f) the Security Interest.

The comments in this paragraph 5.17 assume that:

- (a) no Holder (together with any related or associated persons for the purposes of stamp duty law) will hold 90% or more of the interests in the Underlying Entity (including through the Equity Insulator Instalments);
- (b) the Security Trustee does not and will not hold the Underlying Parcel on the day of the grant of the Security Interest; and
- (c) the Security Interest will be granted prior to the issue of any Accretions to the Holder with respect to the relevant Underlying Security in relation to a relevant Underlying Parcel.

5.18 TFN/ABN

As outlined in paragraphs 2.1.4 and 3.9 of this PDS, if the Holder does not provide the Security Trustee with their Tax File Number or Australian Business Number (as applicable) or proof of an exemption, the Security Trustee may be required to withhold an amount from any dividends or distributions paid on the Underlying Securities.

5.19 TAX REFORM

The Government has announced that it will amend the income tax law to confirm the practice of treating the investor in an instalment warrant over a single exchange traded security in a company, trust or stapled entity as the owner of the listed security for income tax purposes. This is consistent with the tax treatment outlined above.

However, draft legislation in relation to these amendments has not yet been released. Prospective investors should monitor developments.

Part 6: Description of UBS, Security Trustee and Mason Stevens

The information in this Part 6 is intended to be a brief summary only of UBS and the Security Trustee. Investors must make their own assessment of the ability of UBS and the Security Trustee to meet their obligations in relation to the Equity Insulator Instalments. Nothing in this PDS is, or may be relied upon as, a representation as to any future event or a promise as to the future.

6.1 UBS AG, AUSTRALIA BRANCH

UBS AG was formed on 29 June 1998 from the merger of Swiss Bank Corporation and Union Bank of Switzerland. UBS AG with its subsidiaries is a client-focused financial services firm that offers a combination of wealth management, asset management and investment banking services on a global and regional basis. By delivering a full range of advice, products and services to its private, corporate and institutional clients, UBS aims to generate sustainable earnings, create value for its shareholders and become economically profitable in every segment, market and business in which it operates. Securities in UBS AG are listed on the New York Stock Exchange and the SIX Swiss Exchange.

As of 1 January 2004, UBS AG, Australia Branch is an Authorised Deposit-Taking Institution under section 9 of the Banking Act 1959 (Cth). It is therefore regulated by the Australian Prudential Regulation Authority.

UBS will provide a copy, free of charge, of any of the following documents to any person who requests such copies during the life of this PDS, by contacting UBS on 1800 633 100:

- the latest available annual financial report of UBS; and
- the latest available quarterly financial report of UBS.

UBS' latest available annual and half-yearly financial reports can also be downloaded from www.ubs.com.

6.2 SECURITY TRUSTEE

The Security Trustee is the trustee of the Separate Trusts and holds the Underlying Securities on trust for the Holder. The Security Trustee is a wholly owned subsidiary of UBS and holds an Australian financial services licence number 231088. Its principal activities are to act as a custodian.

6.3 MASON STEVENS

Mason Stevens Pty Limited ("**Mason Stevens**") is the Arranger to the issue.

Mason Stevens is an independent wealth management business that provides investment solutions for its clients that includes advice and transactional capabilities across;

- Domestic and international shares;
- Domestic and global bonds;
- Professionally managed portfolios for;
 - domestic shares;

- international equities;
- fixed income; and
- listed property.

- Asset protection and risk management strategies;
- Tailored investment solutions; and
- Packaged equity solutions.

Mason Stevens endeavours to provide flexibility in the provision of its investment solutions, working with its clients and their advisers to facilitate tailored portfolios across a range of different asset classes that take into account their specific risk and return objectives.

Reporting

The Mason Stevens website, www.masonstevens.com.au, gives its clients and their advisors a view of their investment portfolios and access to a full range of market data.

The Management Team

Mason Stevens has brought together a team based on their individual expertise in both wholesale and retail equity markets. This range of expertise and its commitment to its clients allows Mason Stevens to deliver innovative and relevant ideas. The Equity Insulator, arranged by Mason Stevens, is an example of their comprehensive offering.

Mason Stevens' Services

- Managed accounts
- Portfolio accounts
- Wholesale equities
- Packaged equity solutions

Part 7: Summary of Terms of Equity Insulator Instalments

This summary of the terms of the Instalment Deed does not purport to be a comprehensive summary of all the terms of the Instalment Deed but highlights particular provisions that UBS wishes to encourage prospective investors to consider in detail and discuss with their professional advisers. Prospective investors should contact their financial adviser or UBS in order to obtain a copy of the complete Instalment Deed.

Clause references are to clauses in the Instalment Deed.

7.1 STRUCTURE

UBS (as issuer) and UBS Nominees Pty Ltd (as Security Trustee) are parties to the Instalment Deed. The Instalment Deed sets out the terms of issue of any Equity Insulator Instalments offered under this PDS and any relevant Supplementary PDS.

Pursuant to the Instalment Deed, the Security Trustee has executed a Nominee Deed in respect of Equity Insulator Instalments issued under the Instalment Deed and this PDS and any relevant Supplementary PDS. Under the Nominee Deed, the Security Trustee undertakes to hold each Underlying Parcel transferred to the Security Trustee (or its nominee) by UBS, or an Applicant, as bare trustee for the Applicant on a Separate Trust until the Final Maturity Date or, if earlier, payment of the Completion Payment.

The Security Trustee may appoint a nominee to hold the Underlying Security and Accretions on trust. Each Separate Trust will terminate on the Security Trustee (or its nominee) ceasing to hold the legal title to the Underlying Security. The Security Trustee is a wholly owned subsidiary of UBS, and has a limited range of discretions, choices and responsibilities beyond those required by the ASX Operating Rules, the ASX Listing Rules and the ASX Settlement Operating Rules.

7.2 COPIES OF THE INSTALMENT DEED

The Instalment Deed (which includes as a schedule the form of the Nominee Deed) is available for inspection at the Office. A copy of the Instalment Deed is available free of charge by contacting UBS on 1800 633 100.

The following is a summary of the material terms of the Instalment Deed.

7.3 INTERPRETATION (CLAUSE 1)

The Instalment Deed has been prepared such that the Equity Insulator Instalments to be issued conform to the ASX Operating Rules and the ASX Settlement Operating Rules, and the Instalment Deed is to be interpreted so that it conforms to any applicable relief on which UBS wishes to rely under the Corporations Act, ASX Operating Rules or ASX Settlement Operating Rules.

7.4 RIGHTS AND OBLIGATIONS OF THE HOLDER (CLAUSE 1)

Each Holder is entitled to the benefit of the obligations of the Security Trustee and UBS under the Instalment Deed. Each Holder is bound by the Instalment Deed.

7.5 APPLICATION PROCESS OF EQUITY INSULATOR INSTALMENTS (CLAUSE 2)

The Instalment Deed contains provisions which set out the process for applying for Equity Insulator Instalments. This process is described in Part 2.3 of this PDS and differs depending on whether the Applicant is a Cash Applicant, Shareholder Applicant or Rollover Applicant.

7.6 THE SEPARATE TRUSTS (CLAUSE 3)

Each Holder is the beneficiary under a Separate Trust established under the Nominee Deed in relation to each Underlying Security corresponding to the Equity Insulator Instalment held by the Holder.

The Security Trustee must keep separate and must not pool the interests or property of or in the Separate Trusts. However, it may aggregate holdings in certain circumstances and deposit monies in respect of the Separate Trusts into the same bank account.

Each Equity Insulator Instalment corresponds to an individual Underlying Security registered in the name of the Security Trustee, and UBS must allocate or cause to be allocated discrete numbers to each Underlying Security and its related Equity Insulator Instalment.

Where a Completion Notice is given in respect of some but not all of a Holder's Equity Insulator Instalments, or if the amount or proceeds of a cheque for a Completion Payment is insufficient, or a Disposal Event happens in relation to some but not all of a Holder's Underlying Securities, the Security Trustee or UBS may determine which of the Underlying Parcels will be retained and remain subject to any Security Interest.

No Encumbrance (except for the Security Interest) may be created or permitted to subsist in respect of the Underlying Parcel.

7.7 NO THIRD PARTY INTERESTS (CLAUSE 3)

No person may control the transfer or disposal of Underlying Securities (other than the Holder and the Security Trustee in accordance with the Instalment Deed or the Nominee Deed) except in certain circumstances which includes for the purposes of complying with the Instalment Deed in relation to the Equity Insulator Instalments, or pursuant to the Security Interest.

Part 7: Summary of Terms of Equity Insulator Instalments

7.8 HOLDING STATEMENTS (CLAUSE 4)

UBS does not have to issue a certificate evidencing the Holder's title to an Equity Insulator Instalment but it must comply with the ASX Settlement Operating Rules governing CHESSE and the ASX Operating Rules concerning the issue of notices relating to the Equity Insulator Instalments.

Each Holder, however, will receive a holding statement concerning the Holder's Equity Insulator Instalments as required by the Corporations Act, the ASX Operating Rules and the ASX Settlement Operating Rules.

7.9 THE REGISTER (CLAUSE 4)

UBS must establish and maintain, or direct the Registrar to establish and maintain, a Register of Holders in respect of each Series.

The Register must be open at all reasonable times during business hours on Business Days for inspection by Holders. Except as required by law, no notice of any trust will be entered in the Register.

7.10 TRANSFER (CLAUSE 5)

No fee will be charged for the registration of a Transfer of Equity Insulator Instalments.

Transfers must be in accordance with Division 4 of Part 7.11 of the Corporations Act and the applicable ASX Settlement Operating Rules. The Transfer takes effect on the name of the Transferee being entered into the Register.

The Instalment Deed contains provisions which set out process for transferring Equity Insulator Instalments. This process is described in Part 2.4 of this PDS.

7.11 RECORD DATES (CLAUSE 6)

UBS must use reasonable endeavours to ensure that the Registrar fixes Record Dates at the same time (or as nearly as possible) as fixed by the relevant Underlying Entity for Dividends and other entitlements in respect of Underlying Parcels.

Division 4 of Part 7.11 and Regulation 7.11.39 of the Corporations Regulations apply as far as possible to determine the entitlement of Holders to Dividends and Accretions.

7.12 ANNUAL ROLLOVER DATES (CLAUSE 6)

UBS, the Holder and the Security Trustee agree to do all things contemplated by the Loan Agreement in respect of the Annual Rollover Procedure.

On each Annual Rollover Date, UBS may:

- (a) terminate the relevant Series of Equity Insulator Instalments by revising the Final Maturity Date to that Annual Rollover Date; or
- (b) in its discretion, determine that the Annual Rollover Procedure will apply on the Annual Rollover Date and the Interest Amount for the next Interest Period will be payable for the relevant Series of Equity Insulator Instalments in accordance with the Loan Agreement.

If UBS determines to do either (a) or (b) above, notice of the Annual Rollover Date will be sent to Holders twenty Business Days before the Annual Rollover Date notifying Holders that either (as applicable):

- (a) the Annual Rollover Procedure will apply to that Series of Equity Insulator Instalments, in which case the notice of the Annual Rollover Date will contain the Interest Amount due on the Annual Rollover Date, and the Annual Rollover Fee (if any); or
- (b) UBS has determined to terminate a Series of Equity Insulator Instalments on the Annual Rollover Date, in which case the notice will contain information about the options available to Holders on the Annual Rollover Date.

7.13 ORDINARY DIVIDENDS AND SPECIAL DIVIDENDS (CLAUSE 7)

Where the relevant Underlying Entity pays an Ordinary Dividend wholly or partly in cash, subject to withholding tax obligations, the Security Trustee must pay the cash amount of that distribution to the Holder as soon as practicable after receipt and clearance of the distribution.

Each Holder irrevocably directs the Security Trustee to pay all or such part (which may be none) of any cash Special Dividends to UBS (at UBS' discretion) which will apply all, part or none (as applicable) of the cash Special Dividend to reduce the Loan Amount on the relevant Equity Insulator Instalment. The amount remaining (if any) is paid to the Holder.

If a Holder holds Equity Insulator Instalment as trustee of a trust, the Holder must immediately notify the Registrar and, if required, provide to the Security Trustee all information required for the Security Trustee to make a "correct UB (i.e. ultimate beneficiary) statement" under section 102UG of the Tax Act. The Security Trustee must, at the direction of UBS, take all reasonable action to disclose to the Holder information necessary to determine their entitlement of any franking credit or tax offset.

If a distribution is paid to the Security Trustee after the Final Maturity Date in respect of an Underlying Parcel for which a valid Completion Notice has been given, or which has been disposed of ex-distribution by the Security Trustee, then the cash amount of the

Part 7: Summary of Terms of Equity Insulator Instalments

distribution will be payable by the Security Trustee to the Holder, but not otherwise.

The Instalment Deed contains provisions which may require a TFN Amount to be paid to UBS as described in Part 2.1.4 of this PDS.

The Security Trustee and the Holder will not participate in any dividend reinvestment plan or other distribution plans in relation to an Underlying Security.

7.14 VOTING (CLAUSE 8)

Holders are not entitled to receive notices of meetings or attend at any meeting of members of the relevant Underlying Entity or compel the Security Trustee to attend or speak on behalf of the Holder.

The Security Trustee may not vote in respect of an Underlying Security at any meeting of members of an Underlying Entity.

7.15 SECURITY INTEREST (CLAUSE 9)

UBS has an equitable mortgage over the trust property (including each Underlying Security and Accretion) of each Separate Trust granted to it by the Security Trustee. This Security Interest secures the repayment of the Secured Monies, and UBS has a first right to receive the Secured Monies from the net proceeds of sale of any Underlying Parcel.

If the Loan is not repaid by the Final Maturity Date, the Holder fails to pay a TFN Amount to UBS, has not paid an Annual Rollover Payment to UBS on or before an Annual Rollover Date, or if the Holder fails to pay Taxes in accordance with the Instalment Deed, then UBS may exercise its power of sale and dispose of the Underlying Parcel and pay the proceeds in accordance with the Order of Payment and/or appoint one or more Receivers.

7.16 EARLY FINAL MATURITY DATE (CLAUSE 10)

UBS may at its discretion, with the consent of the ASX, nominate any of the following events as an extraordinary event and determine an Early Final Maturity Date for one or more Series of Equity Insulator Instalments:

- (a) Underlying Securities or other financial products comprising Underlying Parcels in respect of a Series of Equity Insulator Instalments:
 - (i) are the subject of a buy-back offer; or
 - (ii) are the subject of a proposed takeover offer, a proposed scheme of arrangement or merger in the

nature of a scheme or arrangement; or

- (iii) are de-listed, cease to be quoted on any stock exchange or financial market or are suspended; or
- (b) a Series of Equity Insulator Instalments is de-listed, withdrawn from admission to trading status or suspended otherwise than as a result of the acts of UBS; or
- (c) if there is a Tax Change; or
- (d) it becomes impossible for UBS to hedge its exposure pursuant to the Equity Insulator Instalments due to either of the following occurring:
 - (i) a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement, lending or clearance services in any of those countries; or
 - (ii) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for at least one full day on which that exchange is open for trading; or
- (e) the Loan Amount on any day is equal to zero.

UBS must give at least ten Business Days' written notice of the Early Final Maturity Date to each relevant Holder.

7.17 COMPLETION PAYMENT AND ASSESSED VALUE PAYMENTS (CLAUSE 11)

The Instalment Deed contains provisions in connection with the Holder giving a valid and effective Completion Notice and being delivered the Underlying Parcel or paid the Assessed Value Payment. Information about these matters is contained in Parts 2.4, 2.5 and 2.6 of this PDS.

7.18 DISPOSAL EVENTS (CLAUSE 12)

If a Disposal Event occurs and the Security Trustee is obliged to sell some or all Underlying Parcels in respect of which Holder(s) have a Beneficial Interest, the Security Trustee must sell those Underlying Parcels in accordance with that obligation. The proceeds of any sale in these circumstances must be applied by the Security Trustee in accordance with the Order of Payment.

Part 7: Summary of Terms of Equity Insulator Instalments

The Holder has no right to challenge the validity of such a transfer. A certificate given by the Security Trustee that a Disposal Event has occurred will be sufficient evidence of the Security Trustee's right to sell the Underlying Parcels.

7.19 TAKEOVER OFFERS AND SCHEMES OF ARRANGEMENT (CLAUSES 13 AND 15)

If an announcement of an intention to either make a takeover offer, or enter into a scheme of arrangement or quasi-scheme of arrangement or merger, is made in relation to Underlying Parcels, UBS may at its discretion (with the consent of ASX) bring forward the Final Maturity Date but the Security Trustee must not accept the offer, and has no obligation to Holders concerning the offer.

If Underlying Securities comprising the Underlying Parcels are compulsorily acquired the proceeds of the compulsory acquisition (including the proceeds of sale of any non-cash consideration) must be applied in accordance with the Order of Payment, and the relevant Equity Insulator Instalments will be cancelled.

If Underlying Securities are subject to a scheme of arrangement or quasi-scheme of arrangement or merger, the Security Trustee may retain or distribute some or all the proceeds in accordance with the Order of Payment, and if the whole of the proceeds and property are distributed, the relevant Equity Insulator Instalments will be cancelled.

7.20 TAKEOVER OFFERS FOR INSTALMENTS (CLAUSE 14)

If an offer is made to acquire all outstanding Equity Insulator Instalments neither the Security Trustee nor any UBS Entity has any obligation to respond.

7.21 BUY-BACKS (CLAUSE 16)

If a buy-back or withdrawal offer is made for Underlying Securities, UBS may bring forward the Final Maturity Date but the Security Trustee is not obliged to accept the offer.

7.22 BONUS ISSUES (CLAUSE 17)

If an Underlying Entity makes a bonus issue of Securities to the Security Trustee, such Securities are Accretions and form part of the relevant Underlying Parcels and will be subject to the Security Interest.

7.23 RIGHTS AND ENTITLEMENTS (CLAUSE 18)

If an Underlying Entity gives the holder of the Underlying Securities rights or entitlement to acquire or be allocated Securities, such rights or entitlements are not part of the Underlying Parcel and may be dealt with by UBS in its discretion. The Loan Amount is deemed to be reduced by the Rights Value of those rights if they are exercised or sold and the benefit is not conferred on the Holder.

For the purposes of the above, a priority, right, entitlement or allocation to the Holders of:

- (a) Securities which are not of the same Underlying Entity and class of Securities as

the Underlying Securities forming part of the Underlying Parcel; or

- (b) Securities stapled to those Underlying Securities,

will not result in a reduction of the Loan Amount.

However, if the ASX determines that adjustments are made to Options Market Contracts over Underlying Securities, the Loan Amount may at the discretion of UBS, be reduced if ASX determines that adjustments are to be made as a result of such priority, right, entitlement or allocation.

7.24 REDUCTION OF CAPITAL (CLAUSE 19)

If the capital of the Underlying Entity is reduced without making capital distributions to the security holders and without cancelling any Underlying Securities or other financial products, the Security Trustee and UBS do not have any obligations as a consequence.

If the capital of the Underlying Entity is reduced without cancelling any Underlying Securities or other financial products, and the Underlying Entity makes a capital distribution in cash or other assets, then the Security Trustee or UBS as mortgagee for the Holder shall, either:

- (a) receive and pay any cash and if directed by UBS sell the securities or other assets and pay the proceeds of sale of any distribution of securities or other assets; or
- (b) if some or all of the cash or other assets are compulsorily applied to acquire new securities, receive and pay any remaining cash and, if directed by UBS at its discretion, sell the remaining securities, remaining assets and new securities and pay the proceeds of all such sales,

in accordance with the Instalment Deed as if the distribution of cash is a Special Dividend.

If an Underlying Entity reduces its capital by cancelling Underlying Securities or other financial products comprised in the Underlying Parcel, UBS as mortgagee shall receive and pay any cash distribution or proceeds from the sale of any distribution or securities in accordance with the Order of Payment.

Where the securities cancelled are comprised in Underlying Parcels there will also be a corresponding cancellation of the relevant Equity Insulator Instalments and Underlying Parcels.

7.25 UBS DISCRETION AND OTHER ADJUSTMENTS (CLAUSE 20)

Any determination made by UBS will be made in its sole discretion, acting in good faith and in a commercially reasonable manner.

Where UBS determines before an adjustment is made under clauses 12 to 19 of the Instalment Deed (which relate to Disposal Events, takeover bids for the Underlying Securities, takeovers of Equity Insulator Instalments, schemes of arrangements, buy backs,

Part 7: Summary of Terms of Equity Insulator Instalments

bonus issues, rights or entitlements to acquire or be allocated Underlying Securities and reduction of capital of the Underlying Entity), that those provisions are not appropriate in any particular circumstances it may make any alterations it considers necessary or reasonable to prevent the rights of Holders from being prejudiced or to preserve the economic position of Holders and UBS (and its related bodies corporate) in relation to the Equity Insulator Instalments provided such alteration is not unfair (as defined in Section 12BG of the ASIC Act).

If any of the events described in clauses 12 to 20.1 (as summarised above) occur or any other event occurs (other than the payment of cash Ordinary Dividends or Special Dividends), despite clauses 12 to 20.1 UBS may instead under clause 20.2, in its discretion, nominate that one or more of the following will apply:

- (a) to consolidate or divide the number of Equity Insulator Instalments in a Series in response to a consolidation or subdivision of the Underlying Securities with the consent of the ASX; or
- (b) the property or benefit or Underlying Parcel which is the subject of the event or the proceeds of sale of such property or rights be:
 - (i) paid in accordance with the Order of Payment, and if the proceeds are in respect of the whole of the Underlying Parcel, the Equity Insulator Instalments will be cancelled;
 - (ii) treated as an Accretion; or
 - (iii) distributed to the Holder.

UBS may also, with the consent of the ASX, take such other action as it deems appropriate in relation to an event that is not covered by the adjustment process in clause 20 or an extraordinary event nominated under clause 10.

UBS may reconstruct any Series of Equity Insulator Instalments with the approval of 75% of the votes cast by Holders of the Series.

7.26 POWERS AND DUTIES OF THE SECURITY TRUSTEE (CLAUSE 22)

The Security Trustee has limited powers, duties, rights and discretions.

The Security Trustee has specific powers of sale in the circumstances described in this summary, and has general powers to administer the Separate Trusts, including powers to maintain bank accounts, and to give acknowledgements and undertakings to the ASX and ASIC.

The Security Trustee also has power to lend Underlying Parcels to UBS or related bodies corporate in certain circumstances where UBS or a related body corporate of UBS is the Holder. The Holder is under certain restraints in such circumstances.

The Security Trustee also has the power to borrow, grant security, give indemnities and make certain payments.

7.27 OBLIGATIONS OF THE SECURITY TRUSTEE (CLAUSE 23)

The Security Trustee's liability is limited to the extent to which the liability can be satisfied under the Instalment Deed out of the Separate Trusts except for liability arising in certain circumstances (for example as a result of the Security Trustee's dishonesty, wilful breach of trust or gross negligence). The Security Trustee is indemnified by UBS for liabilities properly incurred. The Security Trustee is not liable for the gross negligence, dishonesty or default of UBS, the Holders or any other person.

The Security Trustee is not required to monitor Underlying Entities, UBS or the Registrar.

The Security Trustee has no responsibility for any acts or omissions of a nominee appointed pursuant to the Nominee Deed, nor for any breach of the Nominee Deed or the Instalment Deed caused by the nominee.

The Security Trustee is not required to prepare accounts or tax returns for the Separate Trusts.

The Security Trustee may appoint attorneys and may rely on advice from advisers engaged by the Security Trustee. The Security Trustee is not liable for anything done or suffered by it in good faith in reasonable reliance upon such advice.

UBS does not guarantee the Security Trustee will perform or comply with its obligations under the Instalment Deed.

7.28 REPLACEMENT OF SECURITY TRUSTEE (CLAUSE 23)

The Security Trustee may resign and UBS may appoint a replacement approved by the ASX. UBS may remove the Security Trustee and appoint an ASX approved replacement if the Security Trustee breaches the Instalment Deed and the breach is not remedied for thirty days after notice is given to the Security Trustee.

7.29 TAXES (CLAUSE 24)

Where the Security Trustee receives a demand or assessment for any Tax in respect of a Holder of Equity Insulator Instalments or any Underlying Parcel then, if the Security Trustee determines, on advice, to pay that amount, the relevant Holder must pay such amount to the Security Trustee within a specified period.

If the Holder fails to pay the Taxes in accordance within the specified period, UBS shall pay the Taxes on behalf of the Holder and the amount paid is recoverable by UBS from the Holder as a debt due to UBS.

The Holder must pay to UBS or the Security Trustee any GST payable for any supply by UBS or the Security Trustee. The Holder must also indemnify UBS and the Security Trustee from any GST or penalties arising from the failure to pay the GST.

Part 7: Summary of Terms of Equity Insulator Instalments

7.30 PAYMENTS TO THE SECURITY TRUSTEE (CLAUSE 25)

The Security Trustee has no recourse to the Separate Trusts for any remuneration or reimbursement of expenses except in limited circumstances. The Security Trustee is entitled to reimbursement by UBS in respect of the costs, charges and expense incurred in connection with the administration of the Separate Trusts.

7.31 AUDIT (CLAUSE 26)

UBS must procure an audit of the conduct of each of the Separate Trusts and the Register, if required by and in accordance with the Corporations Act and the ASX Operating Rules.

7.32 PROVISION OF INFORMATION (CLAUSES 29 AND 30)

Holders are required to provide information reasonably requested by UBS or the Security Trustee, and must provide the Registrar on request with details of its holdings of Underlying Securities or other financial products comprising the Underlying Parcel and any interest it has in them.

Holders agree to the tape recording of telephone conversations with UBS concerning Equity Insulator Instalments, and the retention and use of such tape recordings as evidence of the contents of the recorded conversation.

7.33 AMENDMENTS TO INSTALMENT DEED (CLAUSE 32)

UBS and the Security Trustee may amend the Instalment Deed in certain circumstances, which include amendments required to comply with any legal or ASX requirements, to rectify any defect, if the amendment is authorized by a resolution of Holders, or if the amendment does not in the reasonable opinion of UBS materially prejudice the interests of Holders.

Part 8: Additional Information

8.1 DEFERRED SETTLEMENT BASIS

Trading in Equity Insulator Instalments may initially be on a deferred settlement basis as set out (if at all) in the relevant Supplementary PDS for the Series.

8.2 CLEARING HOUSE ELECTRONIC SUBREGISTER SYSTEM ("CHESS")

The Equity Insulator Instalments will be CHESS Approved Products in accordance with the ASX Operating Rules and the ASX Settlement Operating Rules. In addition to the CHESS subregister, an electronic Issuer Sponsored Subregister will be maintained. These two subregisters together will provide UBS' principal register of holdings.

Under CHESS, on issue of Equity Insulator Instalments, instead of certificates, Holders will be provided with a holding statement (similar to a bank statement) which sets out the number of Equity Insulator Instalments issued (or subsequently transferred) to each Holder. The holding statement will also advise the Holder of the HIN in the case of a CHESS holding or the security holder reference number in the case of an Issuer Sponsored Subregister holding. A holding statement will be provided to Holders after the end of any month during which there has been a change in the balance of the holding.

An Applicant will need to be either a participant in CHESS or be sponsored by a participant in CHESS in order to hold Equity Insulator Instalments on the CHESS subregister. Equity Insulator Instalments not held on the CHESS subregister will be entered on to the Issuer Sponsored Subregister.

8.3 BROKER

UBS Securities as broker to the issue will receive a commission or fee from UBS in respect of Equity Insulator Instalments sold on the ASX by UBS Securities.

8.4 COMPLAINTS

If you have a complaint about the service provided to you by UBS, or any of its representatives in respect of the Equity Insulator Instalments, you should take the following steps.

- (a) Contact the UBS representative with whom you have been dealing and tell that person about your complaint.
- (b) If your complaint is not satisfactorily resolved within three Business Days, please contact our "regional manager" in your State or put your complaint in writing and send it to us at the following address:

The Complaints Officer
c/- Legal & Compliance Department
UBS
Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

We will try to resolve your complaint quickly and fairly.

- (c) If you still do not get a satisfactory outcome, you have the right to complain to the Financial Ombudsman Service ("FOS") at:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Telephone: 1300 78 08 08
Fax: 03 9613 6399
Email: info@fos.org.au

FOS is an independent dispute resolution scheme. Subject to FOS rules, a claim must be under AUD 500,000 for FOS to consider it (unless UBS and the Holder agree otherwise in writing).

- (d) ASIC also has a free call infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

If you require further information including a copy of our internal complaint policy, please contact your adviser.

8.5 CONSENTS

None of the parties referred to below have authorised or caused the issue of this PDS, any relevant Supplementary PDS nor make or purport to make any statement in this PDS nor any Supplementary PDS (or any statement on which a statement in this PDS or Supplementary PDS is based) other than as specified below.

Computershare Investor Services Pty Limited has given its consent to the statements naming it as Registrar in this PDS in the form and context in which those statements are included.

UBS Securities has given its consent to the statements naming it as broker in this PDS in the form and context in which those statements are included.

The Security Trustee has given its consent to the statements in this PDS describing it and its role in relation to Equity Insulator Instalments in the form and context in which those statements are included.

Mason Stevens Pty Limited has given and has not withdrawn its consent to be named in this PDS as the Arranger and to the inclusion of the descriptions of Masons Stevens Pty Limited on the inside front cover and in part 6 of this PDS. Mason Stevens Pty Limited has not authorized or caused the issue of this PDS, does not make, or purport to make, any statement in this PDS, and takes no responsibility for any part of this PDS other than references to its name and the statements referred to in the preceding sentence (except to the extent required by the Corporations Act).

Mallesons Stephen Jaques ("Mallesons") has given its consent to being named as legal adviser to UBS and the inclusion of, and takes responsibility for, the Taxation Summary in Part 5 of this PDS in the form and context in which it is included. Mallesons have not caused the issue of this PDS or made any statement that is included in this PDS or any statement on which a statement in this PDS is based, except as stated above. Other than where they are specifically referred to, they expressly disclaim and take no responsibility for any statements in, or

omissions from, this PDS. This applies to the maximum extent permitted by law and does not apply to any matter and to the extent to which consent is given above.

8.6 LABOUR STANDARDS AND ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS

UBS does not take into account labour standards or environmental, social or ethical considerations in selecting, retaining or realising investments in connection with Equity Insulator Instalments. Applicants should make their own enquiries as to whether labour standards or environmental, social or ethical considerations are taken into account by the Underlying Entities whose Securities make up the Underlying Parcel of the Equity Insulator Instalments.

8.7 FINANCIAL SERVICES GUIDES

The financial services guides of UBS Securities and the Security Trustee, which contain information about the services provided by UBS Securities and the Security Trustee are available from www.ubs.com/instalments or by contacting UBS on 1800 633 100. You should read and ensure you fully understand the financial services guides of UBS Securities and the Security Trustee before investing in Equity Insulator Instalments.

8.8 IDPS DISCLOSURE

UBS authorises the use of this PDS as disclosure to investors investing through an investor directed portfolio service or wrap account ("Indirect Investors") and prospective Indirect Investors. To do so, please contact the provider of that service ("Platform Operator").

If you are an Indirect Investor investing in Equity Insulator Instalments through a wrap account or an investor directed portfolio service, your Platform Operator (or its custodian) will hold your Equity Insulator Instalments on your behalf. This means that the rights that apply to a person who invests directly in Equity Insulator Instalments are not available to Indirect Investors, but rather to the Platform Operator (or its custodian). The Platform Operator (or its custodian) will be recorded in the register as the holder of the Equity Insulator Instalments.

Part 9: Form of Loan Agreement

This is the form of investment Loan Agreement entered into between a successful Applicant or Transferee and UBS where the Applicant or Transferee are not already parties to such Loan Agreement in respect of Equity Insulator Instalments.

Each Applicant acknowledges that by entering into the Loan Agreement it may only use the Loan for business or investment purposes.

THIS AGREEMENT is made with effect from the Issue Date for Applicants and Transfer Date for Transferees.

BETWEEN:

UBS AG , Australia Branch (ABN 47 088 129 613) of Level 16, Chifley Tower, 2 Chifley Square, Sydney NSW 2000 ("**UBS**"); and

The successful **Applicant or Transferee** of Equity Insulator Instalments

IT IS AGREED AS FOLLOWS:

1. LOAN

1.1 UBS to fund

For each Equity Insulator Instalment issued to the Applicant or transferred to the Transferee, UBS agrees to provide a Loan in accordance with this agreement.

1.2 Limited recourse Loan

The Loan is a limited recourse facility whereby the recourse of UBS against the Holder is limited to the total amount received by UBS on disposal of the Underlying Parcel relating to the Equity Insulator Instalment held by the Holder (whether by exercising a power of sale or otherwise). UBS will not take any action against the Holder in relation to the Loan to recover any amount beyond enforcing the Security Interest or otherwise in accordance with the Instalment Deed. This clause 1.2 does not apply to a Holder's liability to pay any TFN Amount to UBS.

1.3 Direction to UBS

An Applicant irrevocably authorises and directs UBS to apply the Loan Amount on the Issue Date in accordance with clause 2.5 of the Instalment Deed.

2. USING THE LOAN

2.1 Initial advance

An Applicant or Transferee (as applicable) is automatically taken to have requested an advance on the Issue Date or Transfer Date (as applicable) of the Loan for the Loan Amount for the relevant Series of Equity Insulator Instalments on that date.

3. INTEREST

3.1 Interest on Application

An Applicant agrees to pay interest on the Loan in advance on the Issue Date up to (but excluding) the earlier of the next Annual Rollover Date or Final

Maturity Date, at the Interest Rate applicable on the Issue Date.

3.2 Interest on Transfer

A Transferee agrees to pay interest on the Loan in advance on the Transfer Date up to (but excluding) the earlier of the next Annual Rollover Date and the Final Maturity Date, at the Interest Rate applicable on the Transfer Date.

3.3 Interest and Annual Rollover Fee on each Annual Rollover Date

A Holder on the Record Date for an Annual Rollover Date agrees to pay interest in advance on the relevant Annual Rollover Date, in respect of the Interest Period starting on that Annual Rollover Date and ending on the earlier of the next Annual Rollover Date or the Final Maturity Date.

In addition to interest, UBS may charge an Annual Rollover Fee at its discretion (for Cash Rollovers only). An Annual Rollover Fee (if any) charged on an Annual Rollover Date will form part of the Rollover Costs. The amount of Annual Rollover Fee payable (if any) can be ascertained by contacting UBS. The Annual Rollover Fee will be applied to pay commissions due to financial intermediaries whose stamp appears on the Application Form or Rollover Notice. Annual Rollover Fees charged are non-refundable.

3.4 Interest Refund on Transfer

Where a Holder (Transferor) elects to Transfer an Equity Insulator Instalment, the Transferor is entitled to a refund in respect of the Interest Amount it has prepaid, equal to the Interest Amount prepaid for the period from the Transfer Date to the earlier of the next Annual Rollover Date or the Final Maturity Date.

3.5 Interest Refund on reduction in Loan from Special Dividends

Where Special Dividends are applied to reduce the Loan, the Holder is entitled to an Interest Refund, calculated on a pro rata basis based on the prevailing BBSY Rate plus a margin of 1% per annum for the portion of the Loan that is reduced for the period from the relevant expected payment date of the Special Dividend to the Final Maturity Date.

3.6 Interest Refund on Early Maturity

Where the Final Maturity Date is brought forward due to an extraordinary event (as nominated in accordance with the terms of the Instalment Deed), except if an Early Final Maturity Date is nominated pursuant to clause 10.1(e) of the Instalment Deed, the Holder is entitled to an Interest Refund, calculated on a pro rata basis based on the prevailing BBSY Rate less an amount representing the cost to UBS of breaking its funding in respect of the relevant Equity Insulator Instalments (or redeploying amounts received early) for the period from the Early Final Maturity Date to the earlier of the next Annual Rollover Date and the Final Maturity Date (before it was brought forward due to the extraordinary event).

Part 9: Form of Loan Agreement

3.7 Interest Refund payment

Interest Refunds under clauses 3.4, 3.5 or 3.6 are payable by UBS applying the refund against the Transferor's or Holder's Loan (as applicable) to reduce the amount of the Loan.

4. REPAYING

4.1 Repayment of Loan

Any Completion Payment will, and Special Dividends may, be used to repay the Loan Amount in accordance with the Instalment Deed.

UBS will apply any Completion Payment made to repay the Loan within ten Business Days following the relevant Completion Notice Date.

5. SECURITY

The Holder acknowledges that the Security Trustee has granted a security interest in the Underlying Parcel to UBS to secure the payment of any TFN Amount to UBS, amounts owing to UBS under the Loan. The terms of the Security Interest are set out in the Instalment Deed.

Where the Holder:

- (a) has not repaid the Loan within five Business Days after the Final Maturity Date;
- (b) is liable to pay a TFN Amount to UBS; or
- (d) become a bankrupt or insolvent,

UBS may declare all amounts owing under the Loan to be due and payable and/or direct the Security Trustee to exercise UBS' power of sale in respect of the Underlying Parcel, in its discretion.

UBS may in its discretion, apply the proceeds otherwise payable to the Holder following the exercise of the power of sale in respect of some or all of the Holder's Equity Insulator Instalments, to pay the amounts due by the Holder under the Loan in accordance with the Instalment Deed.

To the extent permitted by law, the Security Trustee has dispensed with any right to notice of lapse of time required by any law for the enforcement of a Security Interest or the exercise of any power by UBS under this agreement or the Instalment Deed.

6. TRANSFERS

6.1 Process of Transfers

On registration of a Transfer of an Equity Insulator Instalment, the following occurs:

- (a) a Loan will be made for the relevant Series of Equity Insulator Instalments to the Transferee equal to the Loan Amount for that Series on the Transfer Date;
- (b) the balance of the Transferor's Loan is paid out and the obligations arising from the Transferor's Loan are extinguished; and
- (c) Transfer Costs are payable:

- (i) by UBS to the Transferor where the Transferor's Interest Refund is less than the Transferee's Interest Amount, with such costs equal to the difference between those amounts payable by UBS applying the costs against the Transferor's Loan to reduce the amount of the Loan; or
- (ii) by the Transferor to UBS where the Transferee's Interest Amount is less than the Transferor's Interest Refund, with such costs equal to the difference between those amounts payable by the costs being added to the Transferor's Loan to increase the amount of the Loan.

6.2 Transferee's new Loan

The amount advanced to the Transferee under the Loan for each Equity Insulator Instalment transferred will be applied at the irrevocable direction of the Transferee:

- (a) to the outstanding amount which exists under the Transferor's Loan in respect of the transferred Equity Insulator Instalment; and
- (b) a prepayment of the Transferee's Interest Amount and to pay any Transfer Costs of the Transferor under clause 6.1.

7. LOAN ANNUAL ROLLOVER FEATURE

7.1 Rollover of Loan Amount

At the Closing Time on each Annual Rollover Date, UBS will, in respect of each Series of Equity Insulator Instalments, either:

- set a new Interest Amount for the Interest Period commencing on that Annual Rollover Date; or
- terminate a Series of Equity Insulator Instalments.

7.2 Notification to Holders

Prior to an Annual Rollover Date, UBS will determine the new Interest Amount and Annual Rollover Fees (if any) applicable to the following Interest Period and the relevant Record Date.

7.3 Annual Rollover Payment

- (a) If a Record Date Holder has not given an effective Completion Notice in respect of its Equity Insulator Instalments, the Record Date holder will be required to pay to UBS the Annual Rollover Payment.
- (b) The Annual Rollover Payment is equal to the Rollover Costs.
- (c) The Record Date Holder must pay the Annual Rollover Payment to UBS by the Closing Time on the relevant Annual Rollover Date.

Part 9: Form of Loan Agreement

- (d) The obligation of the Record Date Holder to pay the Annual Rollover Payment can be satisfied:
 - by the Record Date holder making a payment in cleared funds to UBS accompanied by a Rollover Notice by Closing Time on the relevant Annual Rollover Date; or
 - if UBS has not received an effective Rollover Notice from the Record Date holder by Closing Time on the relevant Annual Rollover Date, by UBS enforcing its Security Interest in respect of all or some of that Holder's Equity Insulator Instalments.
- (e) Where UBS enforces its Security Interest in respect of the Mortgaged Property, the Equity Insulator Instalments relating to the affected Mortgaged Property will be cancelled.
- (f) If a Series is terminated for whatever reason, UBS will refund any Annual Rollover Payment amounts received from the Record Date Holder without interest, within ten Business Days after the relevant Record Date.

7.4 Termination

- (a) If UBS decides to terminate the Equity Insulator Instalments under clause 7.1(b) on an Annual Rollover Date, UBS will send Record Date Holders written notice of this decision, including the options available to the Holders on the Annual Rollover Date. The Loan of the Record Date Holder will become immediately repayable at the Closing Time on that Annual Rollover Date.
- (b) If UBS determines that in its reasonable opinion, the Record Date Holder is likely to retain less than 60% of the number of Equity Insulator Instalments held by it immediately prior to UBS enforcing its Security Interest pursuant to clause 7.3(d), UBS may, in its discretion terminate the Equity Insulator Instalments of the Record Date Holder at Closing Time on the relevant Annual Rollover Date. If this occurs, the Loan of the Record Date Holder will become immediately repayable at Closing Time on the Annual Rollover Date, and UBS will notify the Record Date Holder in writing of the termination of its Equity Insulator Instalments within ten Business Days following the relevant Record Date.

8. TERM OF LOAN

The term of the Loan will end on the earlier of the Transfer of the Equity Insulator Instalment corresponding to the Loan and the Final Maturity Date.

9. GENERAL

- (a) UBS may exercise a right or remedy or give or refuse its consent under this agreement in any way it considers appropriate (including by imposing conditions).
- (b) If UBS does not exercise a right or remedy under this agreement fully or at a given time, UBS may still exercise it later.

- (c) UBS is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising, a right or remedy under this agreement.
- (d) The rights and remedies of UBS under this agreement are in addition to other rights and remedies given by law independently of this agreement.
- (e) Rights given to UBS under this agreement and the Holder's liability under it are not affected by anything which might otherwise affect them at law.
- (f) The Holder agrees to do anything UBS asks (such as obtaining consents, signing and producing documents and getting documents completed and signed):
 - (i) to bind the Holder and any other person intended to be bound under this agreement;
 - (ii) to show whether the Holder is complying with this agreement.
- (g) This agreement is governed by the laws of New South Wales. The parties submit to the exclusive jurisdiction of the Courts of New South Wales.
- (h) The Holder agrees that one or more terms of the Loan may be adjusted in accordance with the Instalment Deed.

11. INCORPORATION OF DEFINITIONS

Capitalised terms defined in this agreement have the meaning given to them in the PDS entitled Equity Insulator Instalments dated 19 May 2011.

Executed as an agreement.

Part 10: Glossary

The following words have these meanings in this PDS:

Accretions means all rights, distributions, accretions, benefits and entitlements whether cash or otherwise attaching to the Underlying Security or Underlying Parcel after the date of issue of the Equity Insulator Instalment (other than cash Ordinary Dividends and Special Dividends and distributions and reductions of capital) including all shares, units, notes, options, non-cash Ordinary Dividends and Special Dividends or other financial products that are exercisable, declared, paid, issued, made, arise or accrue directly or indirectly in respect of the Underlying Security or Underlying Parcel.

Annual Rollover Date means, for a Series of Equity Insulator Instalments, each date specified as an Annual Rollover date in the relevant Supplementary PDS for that Series.

Annual Rollover Fee means the fee payable by you on an Annual Rollover Date. The amount of the fee will equal the amount of any trail commission you agree with your adviser. UBS will pay an amount equal to the amount of the Annual Rollover Fee to your adviser as a commission. The maximum Annual Rollover Fee for a Series is set out in the relevant Supplementary PDS.

Annual Rollover Maturity Date means an Annual Rollover Date for a Series that UBS determines is an Early Final Maturity Date.

Annual Rollover Payment means the Rollover Costs payable by the relevant Holder to UBS on the relevant Annual Rollover Date;

Annual Rollover Procedure means the procedure set out in clause 7 of the Loan Agreement paying the Interest Amount for an Equity Insulator Instalment on an Annual Rollover Date.

Applicant means a Cash Applicant, Shareholder Applicant or Rollover Applicant, as applicable.

Application means a Cash Application, Shareholder Application or Rollover Application, as applicable.

Application Form means the form to be completed by an Applicant for a Series of Equity Insulator Instalments set out in Part 12.

Application Number means a number provided to an Applicant (or their representative) by UBS in respect of the Applicant's Application.

Arranger means Mason Stevens Pty Limited (ABN 91 141 447 207, AFSL 351578).

ASIC means the Australian Securities and Investments Commission.

Assessed Value Payment means, in respect of an Equity Insulator Instalment, the amount (if any) paid to a Holder where the Holder does not give a Completion Notice before the Closing Time on the Final Maturity Date (other than an Annual Rollover Maturity Date) that is or becomes valid and effective as described in Part 2.6.2.

ASX means ASX Limited (ABN 98 008 624 691) or the market conducted by ASX Limited, as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Operating Rules means the operating rules of the ASX.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532) or any clearing house or other entity which is substituted for it.

ASX Settlement Operating Rules means the operating rules of the clearing and settlement facility operated by ASX Settlement.

ATO means the Australian Taxation Office.

BBSY Rate means the 1 year bid rate per cent per annum shown on Reuters Monitor System page "BBSY" or another page that replaces the BBSY page on that system at or about 10.15 am.

Beneficial Interest means the beneficial interest of a Holder in an Underlying Parcel under a Separate Trust.

Borrow Fee means the up-front fee, if any, charged by UBS for the Loan. The amount of the Borrow Fee will equal the amount of any upfront commission you agree with your adviser. UBS will pay an amount equal to the Borrow Fee to your adviser as a commission. The maximum Borrow Fee for a Series is set out in the relevant Supplementary PDS.

Business Day has the meaning given in the ASX Operating Rules.

Calculation Agent means UBS Securities Australia Ltd (ABN 62 008 586 481) or such other person appointed by UBS under the Instalment Deed.

Cash Applicant means a person who makes a Cash Application.

Cash Application means an application whether oral or in writing to UBS for Equity Insulator Instalments on the terms set out in the Application Form that requires the payment of the First Payment to be made to UBS.

Cash Rollover Option means the option which may be elected by giving a Rollover Notice, as described in

Part 10: Glossary

Part 2.2.5 and **Cash Rollover** has a corresponding meaning.

CHESS means the Clearing House Electronic Subregister System.

CHESS Approved Product means a CS Approved Product as defined in the ASX Operating Rules.

Closing Price means, in relation to an Underlying Security, the official closing price for such Security as quoted by the principal exchange (or any successor thereto) on which such Security is listed.

Closing Time means 6:00 pm.

Completion Notice means a notice for making the Completion Payment in the form set out in Part 12.

Completion Notice Date means, in respect of a valid and effective Completion Notice for an Equity Insulator Instalment:

- (a) if the Completion Notice is received by UBS at the Office on a Business Day before the Closing Time, that Business Day; or
- (b) if the Completion Notice is received by UBS at the Office on a day which is not a Business Day or on a Business Day but on or after the Closing Time, the following Business Day; or
- (c) where the Underlying Securities of the Equity Insulator Instalment are trading on a deferred settlement basis and the Underlying Securities cease to trade on a deferred settlement basis, the occurrence of the date that the Securities cease to trade on a deferred settlement basis.

Completion Payment means, on any day, for an Equity Insulator Instalment in a Series the aggregate of the outstanding Loan Amount for an Equity Insulator Instalment in that Series.

Corporations Act means the Corporations Act 2001 (Cwlth).

Disposal Event means an event which gives rise to an obligation on the Security Trustee under law to dispose of all or part of an Underlying Parcel other than certain events contemplated under the Instalment Deed.

Dividend means both Ordinary Dividends and Special Dividends.

Early Final Maturity Date means, for Equity Insulator Instalments in a Series, an early final maturity date determined in accordance with the Instalment Deed as described in Part 2.8.

Encumbrance means an interest or power:

- (a) reserved in or over any interest in any asset including, without limitation, any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of any debt or any other monetary obligation or the performance of any other obligation and whether existing or agreed to be granted or created.

Equity Insulator Instalment means a warrant (as that term is defined in regulation 1.0.02(1) of the Corporations Regulations) issued in accordance with the Instalment Deed pursuant to this PDS and any relevant Supplementary PDS.

Ex-Dividend Date means the date on which the basis for quotation of Underlying Securities on the ASX is changed to signify that trading in those Underlying Securities no longer carries certain entitlements to an Accretion including without limitation Ordinary Dividends and Special Dividends.

Existing Instalment means an existing instalment warrant that is the subject of a Rollover Application.

Fair Value Adjustment has the meaning given in Part 2.8.3.

First Interest Period for a Holder for an Equity Insulator Instalment, means the Interest Period in which the Equity Insulator Instalment is issued, or, if the Holder acquired the Equity Insulator Instalment on the secondary market (eg on ASX), the Interest Period in which the Holder acquired the Equity Insulator Instalment

Final Instalment means, in respect of an Existing Instalment, the completion payment for that Existing Instalment or, if applicable, such lesser amount agreed to by UBS and the Rollover Applicant.

Final Maturity Date means, for Equity Insulator Instalments in a Series, the date specified as the final maturity date in the relevant Supplementary PDS for the Series, or an Early Final Maturity Date.

First Payment means, for an Equity Insulator Instalment in a Series, the amount specified by UBS (including more than once a day) as the amount payable by a Cash Applicant for an Equity Insulator Instalment in the Series.

Government Agency means a government or government department, or governmental or semi-governmental person and a person (whether autonomous or not) charged with administration of any applicable law.

Part 10: Glossary

GST means any goods and services tax or any Tax applying to a transaction contemplated by this deed in a similar way, together with any additional Tax, penalty tax, fine, interest or other charge under a law for such Tax.

HIN means holder identification number and has the meaning given in the ASX Settlement Operating Rules.

Holder means, in relation to an Equity Insulator Instalment, the person recorded in the Register as the holder of that Equity Insulator Instalment.

Indemnified Party means:

- (a) the Security Trustee; or
- (b) UBS; or
- (c) any successor, substitute or assign of any of the above.

Instalment Deed means the deed relating to Equity Insulator Instalments between UBS and the Security Trustee dated 2 October 2007 (as amended from time to time).

Interest Amount means the amount of interest payable on a Loan for an Equity Insulator Instalment to UBS on the Issue Date, Annual Rollover Date or Transfer Date (as applicable) under the Loan Agreement.

Interest Period, in respect of a Series, means for the first Interest Period a period from the Issue Date until the earlier of the next Annual Rollover Date or the Final Maturity Date, and for subsequent Interest Periods means the period from the relevant Annual Rollover Date until the earlier of the next Annual Rollover Date or the Final Maturity Date

Interest Rate means the interest rate applicable to a Series of Equity Insulator Instalments as determined by UBS at any time on a particular day (including more than once on each day).

Interest Refund means an amount payable to the Holder under clause 3.4, 3.5 or 3.6 of the Loan Agreement.

Issue Date means the date on which UBS issues an Equity Insulator Instalment to an Applicant in accordance with the Instalment Deed.

Issuer Sponsored Subregister has the meaning given in the ASX Settlement Operating Rules.

Loan means, for an Equity Insulator Instalment in a Series, the loan granted to an Applicant or Transferee (as applicable) by UBS in respect of that Equity Insulator Instalment under the Loan Agreement.

Loan Agreement means the loan agreement in the form set out in Part 9, entered into between UBS and

each successful Applicant and between UBS and each Transferee.

Loan Amount means, for each Equity Insulator Instalment in a Series at any time, the outstanding amount of a Loan for an Equity Insulator Instalment in that Series.

Mason Stevens and Mason Stevens Custodian means Mason Stevens Pty Limited (ABN 91 141 447 207, AFSL 351578).

Nominee Deed means a declaration of trust dated 2 October 2007 executed by the Security Trustee substantially in the form set out in the schedule to the Instalment Deed.

Non-Cash Rollover Option means the default position for Holders on an Annual Rollover Date, as described in Part 2.2.6.

Notification Date means the date described in Part 2.2.1.

Office means Level 16, Chifley Tower, 2 Chifley Square, Sydney, NSW, 2000.

Options Market Contract has the meaning given in section 7100 of the ASX Operating Rules.

Order of Payment means the payment of the proceeds of a sale or disposal of all or part of an Underlying Parcel or of a surplus or other amount received by UBS or the Security Trustee in connection with the Underlying Parcel in the following order:

- (a) firstly, to the Security Trustee, all costs, charges, liabilities and expenses of the Security Trustee which have been incurred in or are incidental to the exercise or performance or attempted exercise or performance of a power or duty under or in connection with this PDS in respect of the relevant Underlying Parcel, including Taxes and any other amount payable to the Security Trustee from the relevant Separate Trust in accordance with the Instalment Deed;
- (b) secondly, to UBS, the Secured Monies; and
- (c) thirdly, to the Holder, any balance (without interest and in full discharge of all liability of the Security Trustee and UBS to the Holder).

Ordinary Dividend means in respect of an Equity Insulator Instalment over shares, a dividend or distribution in respect of Securities in the Underlying Parcel and, in respect of an Equity Insulator Instalment over interests in a trust, a distribution of income or capital in respect of Securities in the Underlying Parcel, but is not a Special Dividend.

PDS means this product disclosure statement.

PID means participant identifier and has the meaning given in the ASX Settlement Operating Rules.

Reasonable Action means action taken by UBS, or by the Security Trustee after consultation with UBS,

Part 10: Glossary

which is lawful and in the circumstances is reasonable and practicable and does not create a risk of liability for UBS nor the Security Trustee which is unacceptable to it.

Receiver means a receiver or receiver and manager appointed under the Instalment Deed.

Record Date means the date and time at which entitlements are determined for Holders registered at that time and has the meaning given in the ASX Listing Rules.

Record Date Holder means a person registered or who becomes registered as the Holder of an Equity Insulator Instalment as at Closing Time on a Record Date.

Register means the register of Holders of a Series of Equity Insulator Instalments maintained in accordance with the Instalment Deed.

Registrar means Computershare Investor Services Pty Ltd (ABN 48 078 279 277) or any other registrar appointed by UBS.

Rights Value means in respect of a right to acquire Securities:

- (a) where the right is renounceable on the ASX, the weighted average sale price of that right on the ASX (calculated in accordance with the Instalment Deed); or
- (b) otherwise, the value determined by the Calculation Agent in consultation with the ASX to be the fair market value of that right.

Rollover Applicant means a person who makes a Rollover Application.

Rollover Application means an application whether oral or in writing to UBS for Equity Insulator Instalments on the terms set out in the Application Form for making an application with Existing Instalments.

Rollover Cashback means the amount (if any) agreed between a Rollover Applicant and UBS or determined under the Instalment Deed and payable by UBS to a Rollover Applicant in relation to an Application for an Equity Insulator Instalment.

Rollover Costs means for an Annual Rollover Date, in respect of each Equity Insulator Instalment which has not been terminated, the sum of the following amounts:

- (a) the Interest Amount for the Interest Period commencing at Closing Time on that Annual Rollover Date;
- (b) Annual Rollover Fees (if any) determined at the discretion of UBS for that Annual Rollover Date; and
- (c) any Taxes in connection with the Loan or the Security Interest.

Rollover Notice means a notice for electing the Cash Rollover Option.

Rollover Payment means the amount (if any) agreed between a Rollover Applicant and UBS or determined under the Instalment Deed and payable by a Rollover Applicant to UBS in respect of an Application for an Equity Insulator Instalment.

Rollover Termination Amount for an Equity Insulator Instalment means the amount (if any) paid to a Holder where the Holder does not give a Completion Notice before the Closing Time on the Annual Rollover Maturity Date, as described in Part 2.8.3.

Secured Monies means, in respect of a Equity Insulator Instalment:

- (a) all monies which a Holder is, or at any time may become, actually or contingently liable to pay to UBS under or in connection with the Loan made in respect of that Equity Insulator Instalment;
- (b) any TFN Amount which a Holder is liable to pay to UBS in respect of that Equity Insulator Instalment; and
- (c) all fees, costs, charges, liabilities, Tax and expenses incurred by and payable to UBS under the Instalment Deed directly in relation to the relevant Underlying Parcel and the sale of that Underlying Parcel.

Security has the meaning given in section 92(1) of the Corporations Act.

Security Interest means the equitable mortgage granted to UBS in respect of an Underlying Parcel by the Security Trustee on behalf of the Holder under the Instalment Deed to secure repayment of the Secured Monies.

Security Trustee means the trustee of the Separate Trusts from time to time being UBS Nominees Pty Ltd (ABN 32 001 450 522) at the date of this PDS.

Separate Trust means each of the trusts, one for each Underlying Parcel, constituted under the Nominee Deed.

Series means Equity Insulator Instalments relating to Underlying Securities of a particular Underlying Entity and which have the same rights including Loan Amount, Strike Date, Annual Rollover Dates and Final Maturity Date.

Shareholder Applicant means a person who makes a Shareholder Application.

Shareholder Application means an application whether oral or in writing to UBS for Equity Insulator Instalments on the terms set out in the Application Form that requires Securities in the relevant Underlying Entity to be transferred to the Security Trustee.

Shareholder Cashback means the amount (if any) agreed between the Applicant and UBS or determined under the Instalment Deed and payable by UBS to a Shareholder Applicant in relation to an Application for an Equity Insulator Instalment.

Part 10: Glossary

SMSF means a self-managed superannuation fund.

Special Dividend means any special or abnormal dividend or distribution (including a distribution of income or capital) in respect of Securities and includes a dividend or distribution described by an Underlying Entity declaring that dividend or distribution as:

- (a) special, abnormal, extraordinary, additional or extra;
- (b) part of a scheme of arrangement or takeover consideration; or
- (c) part of a special distribution involving a return of capital,

or are otherwise characterised by the ASX as a special dividend or special distribution.

Strike Date means, for Equity Insulator Instalments in a Series, the date specified as the strike date in the relevant Supplementary PDS for the Series.

Subsequent Interest Period for a Holder for an Equity Insulator Instalment, means an Interest Period after the First Interest Period.

Supplementary PDS means a supplementary PDS to this PDS.

Tax includes any tax, levy, impost, deduction, charge, rate, duty, compulsory loan or withholding which is levied or imposed by a Government Agency including GST, and any related interest, penalty, charge, fee or other amount, excluding stamp duty payable on the Instalment Deed or Nominee Deed or on the transfer of Underlying Securities to or by UBS or the Security Trustee.

Tax Act means the Income Tax Assessment Act 1997 and the Income Tax Assessment Act 1936.

Tax Change means any development in relation to Tax which, in the opinion of the Calculation Agent, has or may have a material financial impact on the holding, transfer, exercise or expiry of an Equity Insulator Instalment.

Tax Invoice means a tax invoice complying with the requirements of any law about GST.

TFN Amount means an amount the Holder is liable to pay to UBS under the Instalment Deed as described in Part 2.1.4.

Trading Day has the meaning given in the ASX Operating Rules.

Transfer means the transfer of an Equity Insulator Instalment pursuant to the Instalment Deed.

Transfer Costs means costs payable by UBS or the Transferor on a Transfer in accordance with clause 6.1(c) of the Loan Agreement.

Transfer Date means the date on which a Transfer of an Equity Insulator Instalment is recorded in the Register.

Transferee means a person who acquires an Equity Insulator Instalment from a Transferor.

Transferor means a person who disposes of an Equity Insulator Instalment to a Transferee.

UBS means UBS AG, Australia Branch (ABN 47 088 129 613).

UBS Credit Margin means the additional margin that is added to the market interest rates to determine the rate which UBS will pay on money deposited or money lent.

UBS Entity means UBS AG, Australia Branch (ABN 47 088 129 613) and any of its subsidiaries or related entities.

UBS Securities means UBS Securities Australia Ltd (ABN 62 008 586 481).

Underlying Entity means, for a Series of Equity Insulator Instalments, the entity (or entities for stapled Securities) as specified in the relevant Supplementary PDS for the Series that is the issuer of the Securities comprising the Underlying Parcel.

Underlying Parcel means, in respect of a Series, one Underlying Security for that Series and all Accretions conferred in respect of that Underlying Security as varied, if at all, pursuant to the Instalment Deed.

Underlying Security means a Security in the relevant Underlying Entity for a Series of Equity Insulator Instalments.

VWAP means, in respect of an Underlying Parcel, the aggregate of the volume weighted average price of the Underlying Securities comprised in the Underlying Parcel (excluding special, late and overseas sales) on the ASX and, in respect of any property not traded on the ASX, the value of the property determined by UBS with the consent of the ASX to be the fair market value of that item of property.

Part 11: How to Apply

READ THIS PRODUCT DISCLOSURE STATEMENT AND THE RELEVANT SUPPLEMENTARY PDS

This PDS and the relevant Supplementary PDS contain important information regarding the Equity Insulator Instalments offered by UBS. You should read the entire PDS and the relevant Supplementary PDS to ensure you understand the terms, conditions and risks involved in investing in Equity Insulator Instalments.

This document does not take into account your financial situation or your particular needs. Nothing in this PDS nor any relevant Supplementary PDS is a recommendation by UBS nor any other person concerning an investment in Equity Insulator Instalments. You should seek independent financial and taxation advice before making a decision whether to invest in Equity Insulator Instalments.

A. IDENTIFY WHICH TYPE OF APPLICANT YOU ARE

Applications types

Three types of Applications can be made under this PDS with different first instalments as follows:

- (a) Cash Applications - make the First Payment in cash to UBS;
- (b) Shareholder Applications - transfer a Security in the relevant Underlying Entity to the Security Trustee; and
- (c) Rollover Applications - roll an Existing Instalment over Securities in the relevant Underlying Entity into a new Series.

Once listed on the ASX, investors may purchase Equity Insulator Instalments on the secondary market by placing an order with their broker or investment adviser. If you wish to purchase Equity Insulator Instalments on the ASX, you do not need to complete an Application Form.

1. CASH APPLICANTS

The First Payment for each Equity Insulator Instalment will vary depending on various factors including the price of the Underlying Securities.

You (or your investment adviser) can contact UBS to set ("lock in") the First Payment amount.

If you lock in your First Payment amount then you (or your investment adviser) will be given a unique Application Number which must be inserted in your Application Form.

If you do not lock in the First Payment then UBS will set the First Payment amount once the duly completed Application Form has been received along with cleared application monies. The number of Equity Insulator Instalments you will receive will depend on the First Payment amount that is set by UBS.

Cash Applications in connection with Initial Public Offerings ("IPO") of Securities

UBS may issue Equity Insulator Instalments in connection with an IPO for Securities of particular Underlying Entities. An Application is made by making a Cash Application to UBS. Further information relating to Applications in connection with an IPO for Securities will be included in the relevant Supplementary PDS for the Series of Equity Insulator Instalments over the IPO Securities. If you are making a Cash Application that relates to IPO Securities:

- you must read the relevant disclosure document for the IPO as specified in the relevant Supplementary PDS for the Series of Equity Insulator Instalments;
- be aware that the issue of Equity Insulator Instalments in connection with an IPO for Securities is generally conditional on the Securities the subject of the IPO trading on an unconditional basis on the ASX and being issued and transferred to applicants under the relevant disclosure document for the IPO of the Securities.

2. SHAREHOLDER APPLICANTS

You (or your investment adviser) can contact UBS to lock in the Shareholder Cashback amount for your Application. If you lock in your Shareholder Cashback amount then you (or your investment adviser) will be given a unique Application Number which must be inserted in your Application Form.

If you do not lock in the Shareholder Cashback then UBS will determine the Shareholder Cashback in accordance with the Instalment Deed (see Part 2.3.4) once the relevant Security has been transferred to the Security Trustee. The number of Equity Insulator Instalments you will receive will depend on the Shareholder Cashback determined in accordance with the Instalment Deed. The Shareholder Cashback is reinvested in further Equity Insulator Instalments of the same Series unless you elect to receive the Shareholder Cashback in cash or elect to reinvest it in a different Series of Equity Insulator Instalments.

3. ROLLOVER APPLICANTS

You (or your investment adviser) can contact UBS to lock in the amount of the Rollover Cashback or Rollover Payment (as applicable) for your Application. If you lock in your Rollover Cashback or Rollover Payment amount then you (or your investment adviser) will be given a unique Application Number which must be inserted in your Application Form.

If you do not lock in the Rollover Cashback or Rollover Payment then UBS will determine the Rollover Cashback or Rollover Payment in accordance with the Instalment Deed (see Part 2.3.4) once the Final Instalment has been paid on your Existing Instalment and the relevant Security

Part 11: How to Apply

transferred to the Security Trustee for the Equity Insulator Instalment. The number of Equity Insulator Instalments you will receive will depend on the Rollover Cashback or Rollover Payment determined in accordance with the Instalment Deed. The Rollover Cashback is reinvested in further Equity Insulator Instalments of the same Series unless you elect to receive the Rollover Cashback in cash or elect to reinvest it in a different Series of Equity Insulator Instalments.

B. APPLICATIONS THROUGH ADVISERS OR DIRECTLY WITH UBS

You may apply for Equity Insulator Instalments:

- (a) Through a broker or investment adviser who is a UBS approved financial intermediary (please ask your broker or investment adviser for confirmation that they are approved, or contact UBS' Warrant Desk on 1800 633 100); or
- (b) Directly to UBS.

If you apply directly to UBS, you must supply the client vetting information listed below with your Application Form. UBS will be unable to process your Application if you apply directly to UBS and do not supply the client vetting information as requested.

Please note that the following client vetting information is not required if you apply through a UBS approved financial intermediary, or if you purchase Equity Insulator Instalments on the secondary market.

CLIENT VETTING INFORMATION

UBS requires the following information for each investor category to satisfy its client vetting requirements. Please refer to the appropriate investor category when submitting your Application Form.

(a) Private Individual Applicants

The following information is required with your Application Form if you are applying for Equity Insulator Instalments as a private individual:

- **Certified copy** of your current passport or driver's licence;
- **Original or certified copy** of a utility bill or bank statement dated within the last 3 months, evidencing the residential address provided in the Application Form;
- A statement from you stating:
 - (a) your nationality, country of birth and occupation; and
 - (b) your source of wealth (brief sentence advising how you generated your wealth, e.g. savings from employment, line of business if self-employed).

(b) Company Applicants or Corporate Trustee Applicants

The following information is required with your Application Form if you are applying for Equity Insulator Instalments as a company or a corporate trustee:

- For at least two directors (or one director if sole director company), all of the information requested for private individuals above; and
- In the event of a company acting in the capacity of trustee (e.g. for a superannuation fund), an original or certified copy of the trust deed.

(c) Individual Trustee or Partnership Applicants

The following information is required with your Application Form if you are applying for Equity Insulator Instalments as an individual trustee or a partnership:

- Certified copy of trust deed, partnership agreement, or deed of formation.
- The names of all trustees, partners, or equivalent officers.
- For at least two trustees, partners or equivalent officers, all of the information requested for private individuals above.

In all cases, documents must either be an original, or a certified copy of an original. Copies can be certified by any of the categories of acceptable referees provided below. Faxed copies will not be accepted.

In all cases, UBS reserves the right to request additional information for the purpose of determining the identity, beneficial ownership, or source of funds of an Applicant.

CATEGORIES OF ACCEPTABLE REFEREES

1. A member of:
 - (a) the Institute of Chartered Accountants in Australia; or
 - (b) the Australian Society of Certified Practising Accountants; or
 - (c) the National Institute of Accountants.
2. A member of a municipal, city, town, district or shire council of a State or Territory.
3. An employee of a financial institution who is authorised by the financial institution to open accounts with the institution.
4. An agent of a financial institution who is authorised by the financial institution to open accounts with the institution.
5. A full-time employee of:
 - (a) a financial institution (other than an employee mentioned in item 3); or
 - (b) a corporation that is a registered corporation within the meaning of the *Financial Corporations Act 1974*;who has been employed continuously for at least 5 years by one or more financial bodies.
6. An employee of a bank carrying on business outside Australia:
 - (a) that does not have an authority under section 9 of the Banking Act 1959; and
 - (b) that is engaged in a transaction with a cash dealer;who is authorised by the bank to open accounts with the bank.
7. A full-time employee of a company carrying on insurance business who has been employed continuously for at least 5 years by one or more companies of that type.
8. A legal practitioner (however described) of a Federal, State or Territory court.

Part 11: How to Apply

9. A registrar, clerk, sheriff or bailiff of a Federal, State or Territory court.
10. An officer within the meaning of the Defence Act 1903.
11. An individual registered or licensed as:
 - (a) a dentist; or
 - (b) a medical practitioner; or
 - (c) a pharmacist; or
 - (d) a veterinary surgeon;under a law of a State or Territory providing for that registration or licensing.
12. An individual who holds the position of nursing sister and is registered as a nurse under a law of a State or Territory providing for that registration.
13. A diplomatic or consular officer of an Australian Embassy, High Commission or Consulate, in Australia or overseas.
14. A holder of an office established by a law of the Commonwealth, a State or Territory in respect of which annual salary is payable, other than an office mentioned in item 15.
15. A judge or master of a Federal, State or Territory court.
16. A stipendiary magistrate of the Commonwealth or of a State or Territory.
17. A justice of the peace of a State or Territory.
18. A member of the Parliament or a State Parliament.
19. A member of the Legislative Assembly of the Australian Capital Territory, the Northern Territory or Norfolk Island.
20. A minister of religion within the meaning of the Marriage Act 1961 who is registered under Division 1 of Part IV of that Act.
21. A notary public.
22. A member of the Australian Federal Police, or of the police force of a State or Territory, who, in the normal course of his or her duties, is in charge of a police station.
23. A member of the Australian Federal Police, or of the police force of a State or Territory, of or above the rank of sergeant.
24. A manager of a post office.
25. An individual employed as an officer or employee by one or more of the following:
 - (a) The Commonwealth, a State or Territory; or
 - (b) an authority of the Commonwealth, a State or Territory; or
 - (c) a local government body of a State or Territory; who has been so employed continuously for a period of at least 5 years, whether or not the individual was employed for part of that period as an officer and for part as an employee.
26. An individual employed as a full-time teacher or as a principal at one or more of the following educational institutions:
 - (a) a primary or secondary school forming part of the education system in State or Territory; or
 - (b) an institution listed in section 4 or paragraphs 34(4)(b)-(j) (inclusive) of the Higher Education Funding Act 1988;who has been so employed continuously for a period of at least 5 years.
27. An individual who, in relation to an Aboriginal community:
 - (a) is recognised by the members of the community to be a community elder; or
 - (b) if there is an elected Aboriginal council that represents the community – is an elected member of the council.
28. An individual who is an agent of a totalisator agency board if:
 - (a) the individual conducts an agency of the totalisator agency board at particular premises; and
 - (b) that agency is not ancillary to any other business conducted at those premises.
29. A commissioner for oaths of a State or Territory.
30. An individual who is registered as a tax agent under part VIIA of the Income Tax Assessment Act 1936.
31. A member of the Chartered Institute of Company Secretaries in Australia Limited.
32. A member or fellow of the Association of Taxation and Management Accountants.
33. A member of the Institution of Engineers, Australia, other than a member with the grade of student.
34. A fellow member of the National Tax and Accountants' Association Limited.
35. The holder, or an authorised representative of, a licence under section 913B of the *Corporations Act 2001* who has known another person for at least 12 months is an acceptable referee in respect of the other person for the purposes of the definition of 'acceptable referee' in subsection 3(1) of the *Financial Transaction Reports Act 1988*.
36. The holder of, or an authorised representative of, a licence under section 913B of the *Corporations Act 2001*, who has complied with the requirements of section 912A of that Act and Australian Securities and Investments Commission Policy Statement 122 in relation to another person is an acceptable referee in respect of that other person for the purposes of the definition of 'acceptable referee' in subsection 3(1) of the *Financial Transaction Reports Act 1988*. (In this situation there is no requirement for an existing 12 month relationship).

PRIVACY ACT

Should you apply for Equity Insulator Instalments by lodging an Application Form with UBS, you acknowledge and agree that:

- (a) you are required to provide UBS with certain information that may be personal information for the purposes of the Privacy Act 1988 (Cwlth) (as amended) (the "**Privacy Act**"); and
- (b) UBS (and the Registrar on its behalf) may collect, hold and use that personal information in order to process your Application Form, administer your Equity Insulator Instalments and to provide you with services related to your Equity Insulator Instalments. To do that, we may disclose your personal information to any UBS Entity, agents, contractors or third party. UBS may also be required to transfer all or some of your personal information to:
 - (i) related bodies corporate both onshore and offshore that might not be governed by Australian laws;

Part 11: How to Apply

- (ii) third party service providers to whom UBS outsources services, including but not limited to share registries, external contractors, custodians, mailing functions, fraud monitoring systems, registry services, accounting services and certain software providers who may be onshore or offshore (the “**Service Providers**”) on the basis that they deal with such information in accordance with the UBS Privacy Policy;
- (iii) to any potential acquirers of UBS or a UBS Entity on the basis that they deal with such information in accordance with the UBS Privacy Policy; and
- (iv) regulatory authorities such as the ASX, AUSTRAC or other international exchanges or regulators.

The Security Trustee may disclose your personal information to fulfil legal obligations. The Security Trustee may also disclose your personal information to a regulatory agency in compliance or purported compliance with regulatory obligations.

All personal information collected from you will be collected, used and stored by UBS in accordance with the UBS Privacy Policy, a copy of which can be made available to you on request by contacting the UBS Warrants Desk on 1800 633 100.

You acknowledge that UBS may also use your personal information for marketing purposes, and to tell you about other products and services offered by UBS or a UBS Entity. In order to do that we may also disclose your information to other UBS Entities, or to their Service Providers.

AML/CTF Laws

UBS aims to prevent, detect and not knowingly facilitate money laundering and terrorism financing. UBS does this to comply with the AML/CTF Laws. To meet its regulatory and compliance obligations under the AML/CTF Act, its contractual obligations and its internal due diligence requirements, UBS will be implementing a number of measures and controls including carefully identifying, verifying and monitoring its investors and, where required by law, reporting any suspicious matters to the regulator, AUSTRAC.

We ask you to note:

- our right to collect and identify information and to verify documents under the AML/CTF Laws;
- our right not to provide a designated service in certain circumstances;
- that transactions may be delayed, blocked, frozen or refused where reasonable grounds are established that the transaction breaches Australian law or sanctions, or the law or sanctions of any other country;
- that where transactions are delayed, blocked, frozen or refused, we are not liable for any loss you suffer (including consequential loss) as a

result of our compliance with the AML/CTF Act as it applies to the product;

- from time to time during the term of your investment, you may be required to provide additional information to assist us in the above process;
- we have reporting obligations in relation to the AML/CTF regulatory regime and must report certain matters to AUSTRAC;
- that the tipping off prohibition requirements under the AML/CTF regulatory regime may prevent us from informing you that any such reporting has taken place; and
- that we may have other legal obligations to disclose the information gathered about you to regulatory and/or law enforcement agencies, including AUSTRAC and to other bodies, including a related company that forms part of our Designated Business Group (if any), if required by law.

Part 12: Instructions for Application Form

THE APPLICATION FORM CAN BE USED IF YOU ARE MAKING A CASH APPLICATION, A SHAREHOLDER APPLICATION OR ROLLOVER APPLICATION.

Please complete the Application Form in accordance with the following instructions.

Applicant Details

- A.** Enter your full name(s) here. Applications can be made jointly by two (2) Applicants if desired.

IF YOU ARE APPLYING DIRECTLY TO UBS, PLEASE REFER TO THE CLIENT VETTING INFORMATION REQUESTED IN PART 11: HOW TO APPLY. UBS WILL BE UNABLE TO PROCESS YOUR APPLICATION IF YOU APPLY DIRECTLY TO UBS AND DO NOT SUPPLY THE CLIENT VETTING INFORMATION AS REQUESTED.

Where the Applicant is a company, the Application Form must be completed in the name of the company and include the requested director details.

Where the Applicant is a trustee, the Application Form must be completed in the name of the trustee and signed by the trustee without reference to the trust.

- B.** If you are a Cash Applicant, enter your postal address here for all correspondence.

If you are a Shareholder Applicant, enter your address here exactly as it appears on your current holding statement for the Securities to be transferred to the Security Trustee.

If you are a Rollover Applicant, enter your address here exactly as it appears on your current holding statement for the Existing Instalments.

- C.** Enter your telephone contact details here.
- D.** For delivery of Equity Insulator Instalments, an Applicant who is already sponsored by a participant in CHESS may give the PID of the relevant CHESS participant and the Applicant's HIN or forward a signed Application Form to the Applicant's sponsoring participant for completion prior to lodgement. If no CHESS details are completed on the Application Form, UBS will arrange for the Equity Insulator Instalments holding to be registered on the Issuer Sponsored Subregister.
- E.** If you are required to make a First Payment (for Cash Applicants) or Rollover Payment (for Rollover Applicants) to UBS, nominate your preferred method of payment by ticking the appropriate box. If you wish to make the payment by direct debit from your account, please complete the Direct Debit Request Form and attach this to your Application Form.

- F.** Enter your bank account details here if you wish to have any cash payments including a Shareholder Cashback or Rollover Cashback deposited directly to your account. If this is left blank, a cheque for any cash payments will be sent to the address provided.
- G.** You are not obliged to provide either your tax file number ("TFN") or Australian Business Number ("ABN") but if you do not provide either your TFN or ABN, UBS will be required to deduct tax at the highest marginal tax rate (plus Medicare levy) and, in certain circumstances you may be liable to pay a TFN Amount to UBS. If you fail to pay the TFN Amount then UBS may recover the TFN Amount (and other amounts owed to it) by enforcing the Security Interest over the Underlying Security and lapsing some or all of your Equity Insulator Instalments. By inserting the ABN and signing this Application Form, you declare that this investment is made in the course or furtherance of your enterprise. In order for UBS to meet the ATO's requirements, collection of TFN information is authorised and its use and disclosure are strictly regulated by tax laws and the Privacy Act.

Equity Insulator Instalment Details

- H. For Applications where you have locked in the First Payment (for Cash Applicants), Shareholder Cashback (for Shareholder Applicants) or Rollover Cashback/Rollover Payment (for Rollover Applicants)**

Enter the ASX Code of the Equity Insulator Instalments you wish to apply for in each Series in the first column.

- (i) Enter the number of Equity Insulator Instalments you wish to apply for in each Series. The minimum number of Equity Insulator Instalments which may be applied for is 100 and thereafter in multiples of 1.
- (ii) Enter in brackets (as the amount is payable to UBS) the fixed First Payment (for Cash Applicants) or fixed Rollover Payment (if any) (for Rollover Applicants) per Equity Insulator Instalment. Alternatively, enter without brackets (as the amount is payable to you) the fixed Shareholder Cashback (for Shareholder Applicants) or fixed Rollover Cashback (for Rollover Applicants) per Equity Insulator Instalment.
- (iii) The "Total Amount Receivable/Payable" to be entered in this section is equal to the fixed First Payment (for Cash Applicants), fixed Shareholder Cashback (for Shareholder Applicants) or fixed Rollover Payment/Rollover Cashback (for Rollover Applicants) per Equity Insulator Instalment multiplied by the "Number Applied For".

Part 12: Instructions for Application Form

- (iv) If you are a Shareholder Applicant or a Rollover Applicant and your existing Security holding or Existing Instalment (as applicable) is broker sponsored, please insert your PID and HIN. If your existing Security holding is issuer sponsored, please insert your SRN.

You (or your investment adviser) would have received an “Application Number” when setting the First Payment, Shareholder Cashback, Rollover Cashback/Payment which needs to be inserted at the top of the Application Form.

For Applications direct to UBS

If you apply direct to UBS and do not lock in the First Payment (for Cash Applicants), Shareholder Cashback (for Shareholder Applicants) or Rollover Cashback/Payment (for Rollover Applicants) then UBS will determine the relevant amount in accordance with the Instalment Deed (see Part 2.3.4) once the application monies has been received in cleared funds, the relevant Security has been transferred to the Security Trustee or the Final Instalment has been paid on the Existing Instalment. The number of Equity Insulator Instalments you will receive will depend on the First Payment, Shareholder Cashback or Rollover Cashback/Payment determined in accordance with the Instalment Deed.

Enter the ASX Code of the Equity Insulator Instalments you wish to apply for in each Series in the first column.

- (i) If you are a Shareholder Applicant or Rollover Applicant, enter the number of Equity Insulator Instalments you wish to apply for in each Series. The minimum number of Equity Insulator Instalments which may be applied for is 100 and thereafter in multiples of 1. Leave this part blank if you are a Cash Applicant.
- (ii) Leave this part blank.
- (iii) If you are a Cash Applicant and you are applying for a fixed dollar amount of Equity Insulator Instalments, enter the dollar amount here. The minimum dollar amount of Equity Insulator Instalments that may be applied for per Series is \$1,000. Leave this part blank if you are a Shareholder Applicant or a Rollover Applicant that will receive a Rollover Cashback. Rollover Applicants that are required to make a Rollover Payment to UBS should contact UBS to lock in the amount of the Rollover Payment.
- (iv) If you are a Shareholder of Rollover Applicant and your holding is broker sponsored, please insert your PID and HIN. If your current holding is issuer sponsored, please insert your HIN. If you are a Cash Applicant, leave this part blank.

- I. Enter the “Total Amount Received/(Payable)” by you here. This amount should correspond to the amount of your cheque if applicable.
- J. Enter your cheque details here if applicable.
- K. Only to be completed by Advisers. Provide the requested details if you are an Adviser authorised to enter into the RCTI Agreement.
- L. If you are a Cash Applicant or would like your Shareholder Cashback or Rollover Cashback to be reinvested in further Equity Insulator Instalments of the same Series, leave this question blank.

If you are a Shareholder Applicant or a Rollover Applicant and you wish to receive a cashback in cash or reinvest it in a different Series then tick the box in this section L and make the declaration in Investor Declaration 1.

Signature and Acknowledgement

Each Applicant must read this section.

If you are a Cash Applicant, you do not need to sign Investor Declaration 1.

If you are a Shareholder Applicant or a Rollover Applicant, you must sign both Investor Declaration 1 and Investor Declaration 2.

Joint Applications must be signed by all Applicants.

Where the Application Form is executed by a company, it must be executed either under common seal or otherwise in accordance with section 127 of the Corporations Act or under a power of attorney. Section 127 of the Corporations Act allows a company to execute a document without using a common seal if the document is signed by two directors, a director and company secretary or (if applicable) the sole director who is also the company secretary.

If the Application Form is signed under a power of attorney, the attorney by signing certifies that it has not received notice of revocation of that power of attorney. A certified copy of the power of attorney must be lodged with the Application Form.

Note that by executing the Application you agree to be bound by the Instalment Deed and Nominee Deed (see Part 7) and the Loan Agreement (see Part 9).

Lodging the Application:

Applications, together with a cheque for the total First Payment amount if applicable, may be lodged with your adviser or sent to the address at the top of the Application Form.

Part 12: Instructions for Application Form

If you are a Shareholder Applicant, your Application Form must be lodged with a copy of the holding statement for the relevant Securities.

If you are a Rollover Applicant, your Application Form must be lodged with a copy of the holding statement for the relevant Existing Instalments.

Cheques for the “Total Amount Payable” should be made payable to UBS AG, Australia Branch and crossed “Not Negotiable”. Unless otherwise advised by UBS, Applicants should ensure that cheques for payment are received by UBS by the third business day after the “Application Number” is obtained from UBS.

Applications may be lodged at any time on or after the date of this PDS and the date of the relevant Supplementary PDS for the Series up until the Final Maturity Date, subject to the right of UBS to close the offer at an earlier date without prior notice.

Applications will not be effective until the proceeds of all cheques received with that Application have been cleared. UBS reserves the right to reject any Application in whole or part without giving any reason. Where an Application is rejected the monies received will be refunded to the Applicant (without interest).

Applications for Equity Insulator Instalments can only be made by completing and lodging an Application Form attached to this PDS. Application Forms must not be distributed (whether electronically or otherwise) by any person to any other person unless accompanied by or attached to a complete and unaltered copy of this PDS.

A free copy of the non-electronic PDS is available from UBS upon request.

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Application Form

Equity Insulator Instalments

THIS FORM IS TO BE USED IF YOU ARE MAKING A CASH APPLICATION, A SHAREHOLDER APPLICATION OR A ROLLOVER APPLICATION FOR EQUITY INSULATOR INSTALMENTS

ONLY PERSONS WITHIN AUSTRALIA MAY USE THIS APPLICATION FORM TO APPLY FOR EQUITY INSULATOR INSTALMENTS.

Application Number:
Financial Adviser Stamp
Adviser Name:
Telephone:
Email:
Upfront Adviser Commission (Borrow Fee): _____
Annual trail commission (Annual Rollover Fee): _____

APPLICATION FOR EQUITY INSULATOR INSTALMENTS

To: Equity Insulator Instalment Applications
 UBS AG, Australia Branch
 Level 16, Chifley Tower
 2 Chifley Square, Sydney NSW 2000
 Fax: (02) 9324-2312

Please refer to the Instructions in the PDS when filling out this Application Form.

The PDS and relevant Supplementary PDS for the relevant Series of Equity Insulator Instalments contain important information about investing in Equity Insulator Instalments which you are advised to read before completing this Application Form. UBS, Australia Branch (ASFL No. 231087) will send you paper copies of the PDS and any relevant Supplementary PDS to which this Application Form relates on request and without charge. Terms defined in the PDS have the same meaning in this Application Form. I/we hereby apply for the following Equity Insulator Instalments to be issued by UBS pursuant to the Product Disclosure Statement dated 19 May 2011 (the "PDS") as supplemented by the Supplementary PDS for each relevant Series:

If you wish to apply for Equity Insulator Instalments through the Mason Stevens custodial service, please contact Mason Stevens to arrange the application.

A. Full Details of Applicant:

If an individual applicant, please provide full name, date of birth, residential address and occupation under 1) below

If a company applicant, please provide the full name of the company and ABN/ACN/ARBN under 2) below and the details of 2 directors under 1) below.

If a super fund applicant, please provide the full name of the super fund and ABN under 2) below and the details of the trustees under 1) below and the names only of the beneficiaries under 3) below.

If a trust applicant with an individual trustee, please provide the full name of the trust under 2) below and the details of the trustees under 1) below and the names only of the beneficiaries under 3) below.

If a trust applicant with a corporate trustee, please provide the full name of the trust under 2) below and the details of 2 directors of the trustee under 1) below and the names only of the beneficiaries under 3) below.

If a partnership applicant, please provide the full name of the partnership under 1) below.

1) Applicant 1 / Trustee / Director Name

First Name	Middle Name	Last Name
<input type="text"/>	<input type="text"/>	<input type="text"/>

Date of Birth	Occupation
<input type="text"/>	<input type="text"/>

Residential Address (number and street; suburb, city or town; state; and postcode – **Please note that PO Box is not accepted**)

Application Form

Equity Insulator Instalments

Applicant 2 / Trustee / Director Name

First Name Middle Name Last Name

Date of Birth Occupation

Residential Address (number and street; suburb, city or town; state; and postcode – **Please note that PO Box is not accepted**)

If there are more than two applicants please tick this box and provide the same details for each of them as set out above on a separate page to be attached to this application form:

Yes, additional applicants' details are attached.

If there are more than two directors please provide the name of each additional director, and if there are more than two trustees please provide the full name and address of each additional trustee, in the box below:

2) Company/Trust/Super Fund Name

Name

ABN / ACN / ARBN

3) Names of Trust/Super Fund Beneficiaries

B. Postal Address Details:

Number and Street (PO Box is acceptable for a postal address):

Suburb, City or Town:

State:

Postcode:

C. Telephone Details:

Daytime Number
(include area code)

Contact Name

D. CHES Details (for delivery of Equity Insulator Instalments):

Broker

PID

HIN

E. Method of Payment:

Cheque payable to
"UBS AG, Australia Branch"

Direct Debit Request
Form attached

 **Biller Code : 505370**

Your BPay reference number is your Application Number – please write this at the top of this form.

Application Form

Equity Insulator Instalments

\$	\$
\$	\$
I. TOTAL	\$

J. Cheque Details:

Drawer	Bank	Branch	Amount of Cheque

K. ADVISER RCTI AGREEMENT (for Adviser use only)

This section relates to supplies made by an Adviser (acting on behalf of the entity (“**Supplier**”) that holds the requisite Australian Financial Services Licence) to UBS in consideration of a placement fee or trail fee.

By completing the details below and affixing its stamp to this application form, and in consideration of the placement fee and trail fees, the Adviser:

- (a) represents and warrants that it is authorised to enter into this agreement on the Supplier’s behalf;
- (b) represents and warrants that the Supplier is registered for ABN and GST purposes and that it will promptly notify UBS if it ceases to be so registered; and
- (c) agrees that UBS will self generate tax invoices (called “Recipient Created Tax Invoices” or “RCTIs”) in respect of the supplies that the Supplier has made (or will make) to UBS; and
- (d) agrees that the Supplier will not issue tax invoices for those same supplies, except where first agreed in writing with UBS.

UBS declares that it is registered for GST purposes and that it will promptly notify the Adviser if it ceases to be so registered or if it ceases to be entitled to produce RCTIs.

Name of Firm or Dealer Group holding the Australian Financial Services Licence (AFSL)

Firm Australian Financial Services Licence (AFSL) Number

Adviser Name (and Adviser Firm if different to the name provided above)

ABN

Application Form

Equity Insulator Instalments

L. Investment of Cashback Amount for Shareholder Applicants and Rollover Applicants:

If you are a Shareholder Applicant or a Rollover Applicant, your Shareholder Cashback or Rollover Cashback (as applicable) will automatically be reinvested in further Equity Insulator Instalments of the same Series. However, please tick the box below and sign Investor Declaration 1 below if you would like to elect to receive the Shareholder Cashback or Rollover Cashback in cash or reinvest it in a different Series of Equity Insulator Instalments. You will also still need to complete and sign below Investor Declaration 2. Do not tick either of the boxes if you would like your Shareholder Cashback or Rollover Cashback (as applicable) to be reinvested in further Equity Insulator Instalments of the same Series.

If you wish to receive your Shareholder Cashback or Rollover Cashback in cash please tick the box below:

Yes, I/We wish to receive any Shareholder Cashback or Rollover Cashback due to me/us in cash.

If you wish to reinvest your Shareholder Cashback or Rollover Cashback in a different Series of Equity Insulator Instalments then please tick the box below and include the details of the relevant Series for the cashback to be reinvested in:

Yes, I/We wish to reinvest any Shareholder Cashback or Rollover Cashback due to me/us in the following Series of Equity Insulator Instalments:

ASX Code of Equity Insulator Instalments applied for through a Shareholder Application or Rollover Application	ASX Code of Equity Insulator Instalments for the relevant Shareholder Cashback or Rollover Cashback to be reinvested into

SIGNATURE AND ACKNOWLEDGEMENT

Investor Declaration 1

If you are a Cash Applicant, or a Shareholder Cashback or Rollover Cashback Applicant (as applicable) reinvesting in further Equity Insulator Instalments of the same Series, you will not need to make this Investor Declaration 1. Please proceed to Investor Declaration 2.

Business Purpose Declaration - Loan ("credit")

Note: UBS AG, Australia Branch ("credit provider") will make loans to you as a Holder of Equity Insulator Instalments. The declaration below records your agreement that these loans are provided as part of the Equity Insulator Instalments, which are an investment product.

I/We declare that the credit to be provided to me/us by UBS is to be applied wholly or predominantly for business or investment purposes (or for both purposes).

IMPORTANT

You should **not** sign this declaration unless this loan is wholly or predominantly for business or investment purposes. By signing this declaration you may **lose** your protection under the Consumer Credit Code.

Application Form

Equity Insulator Instalments

SIGNED, SEALED AND DELIVERED by:

(Individual Applicant or Joint Applicants)

Date of signing:

_____ First Applicant's Signature	_____ Second Applicant's Signature (if applicable)
_____ First Applicant's Name	_____ Second Applicant's Name (if applicable)

If there are additional Applicants please provide signatures for each of them as above, on the separate page to be attached in accordance with 1) above.

(Company Applicant including corporate trustee)

Date of signing:

_____ Name of Company/Corporate Trustee (This form is executed by the Company in accordance with the Corporations Act)	
_____ Director / Secretary Signature	_____ Director Signature
_____ Director / Signature Name	_____ Director Name

You also have to sign on Page 64, and if you are providing direct debit details, also on Page 71.

Investor Declaration 2

General Declarations

1. BY THIS POWER OF ATTORNEY, I/we for valuable consideration irrevocably appoint UBS Nominees Pty Ltd (AFSL No. 231088) or its nominee as my nominee on the terms of the Nominee Deed in respect of any Securities to which this Application relates.
2. BY THIS POWER OF ATTORNEY, I/we for valuable consideration irrevocably appoint UBS, or any employee of UBS whose title includes the word "director", severally as my/our attorney to do:
 - (a) everything necessary or expedient to bind me/us to the Loan Agreement substantially in the form set out in Part 9, complete any blanks in the Loan Agreement and date and execute the Loan Agreement on my/our behalf;
 - (b) anything which I/we must do under or in relation to the Loan Agreement or any other agreement or arrangement between me/us and UBS relating to the Loan; and
 - (c) anything incidental or necessary in relation to the above (including, but not limited to, completing any blanks in this Application Form and appointing any person as sub-attorney to do any of the above).
3. I/We indemnify the attorney against all claims, losses, damages and expenses suffered or incurred as a result of anything done under this power of attorney.
4. I/We have read and understood, and agree to accept the Equity Insulator Instalments on the conditions set out in the PDS and the relevant Supplementary PDS for each Series. In particular, I/we:
 - (a) acknowledge that I/we am/are aware of the restrictions in respect of ownership that apply to the Securities. In particular, I/we have read Part 3.14 of the PDS;

Application Form

Equity Insulator Instalments

- (b) represent that if the relevant Underlying Parcel(s) is/are delivered to me/us those restrictions on ownership will not be breached;
 - (c) acknowledge that if by reason of the restrictions on ownership applicable in respect of the Securities:
 - (i) UBS or the Security Trustee is prevented from delivering the relevant Underlying Parcel(s) to me/us;
 - (ii) I/we am/are prevented from taking delivery of the relevant Underlying Parcel(s); or
 - (iii) I/we am/are required to divest any or all of the Underlying Parcel(s);UBS will not be required to make any payment to me/us in substitution for the Underlying Parcel(s) and will not otherwise be liable to me/us for damages or otherwise;
 - (d) acknowledge that I/we received a complete copy/print-out of the PDS and relevant Supplementary PDS for the Equity Insulator Instalments applied for under this Application Form before I/we completed this Application Form;
 - (e) agree to be bound by the Instalment Deed, and as the borrower by the Loan Agreement on the terms set out in Part 9 of this PDS, and as the beneficiary by the Nominee Deed;
 - (f) acknowledge that neither UBS nor any of its related entities have provided any tax advice or otherwise made any representations regarding the tax consequences of an application for or an investment in Equity Insulator Instalments;
 - (g) agree to receive financial services guides and supplementary financial services guides from UBS or its related entities (including UBS Securities and the Security Trustee) by having them made available via www.ubs.com/instalments or such other internet website notified to me/us and represent and warrant that I/we have received in printable form and read and understood the Financial Services Guides of UBS Securities and the Security Trustee prior to signing this application form;
 - (h) acknowledge that to the extent I/we deem appropriate, I/we have or will obtain my/our own financial and taxation advice from an independent professional adviser;
 - (i) waive and agree not to assert any claim against UBS or any of its related entities with respect to the tax aspects of this investment in Equity Insulator Instalments; and
 - (j) acknowledge that (i) Equity Insulator Instalments are not deposits with UBS and are subject to investment risk, including possible delays in repayment and loss of principal invested; and (ii) none of UBS, or any other UBS Entity guarantees any particular return or the performance of the Equity Insulator Instalments.
5. Where bank account details have not been provided to enable direct credit of funds to my/our account, I/we acknowledge that I/we will receive Dividends, distributions and other cash payments by cheque. I/we acknowledge that UBS may impose a charge reflecting the cost of processing cheque payments, provided UBS gives prior notice to me/us of its intention to impose such a charge. Neither UBS nor the Registry will be responsible for any delays in crediting funds to my/our nominated account as a result of transaction procedures or errors by any financial institution.

Shareholder Applicant and Rollover Applicant Declarations

If I am/we are a Shareholder Applicant or Rollover Applicant, by completing the Applicant Form, I/we further acknowledge, represent, warrant and undertake as follows:

1. BY THIS POWER OF ATTORNEY, I/we for valuable consideration irrevocably appoint UBS Nominees Pty Ltd (AFSL No. 231088) or its nominee as my nominee on the terms of the Nominee Deed in respect of any Existing Instalments ("**My Instalments**") or underlying parcels of My Instalments or Securities held by me/us ("**My Securities**") to which this Application relates; and authorise and direct the Security Trustee to do all things necessary for it or its nominee to become the registered holder of My Instalments or My Securities (as applicable); and do anything incidental or necessary to complete any of the above.
2. BY THIS POWER OF ATTORNEY, I/we for valuable consideration irrevocably appoint UBS, or any employee of UBS whose title includes the word "director", severally as my/our attorney to do where the Final Instalment for my Existing Instalments becomes payable on the giving of a notice or the exercise of a right or anything to be done by the Rollover Applicant, give such notice or exercise such right or do such thing;
3. I/we direct UBS Securities to do anything necessary to effect the transfer to the Security Trustee of any of My Instalments, and My Securities (as applicable), including, but not limited to, completing the second payment notice or completion notice in respect of my Existing Instalments.
4. I/we represent and warrant that: I am/we are the sole legal and beneficial owner(s) of My Instalments and that I/we will not transfer any of My Instalments other than to the Security Trustee in accordance with the PDS; I/we will not transfer My Securities other than to the Security Trustee in accordance with the PDS; I/we am/are the beneficial owner of My Securities and if applicable, am/are entitled to become the legal owner of My Securities upon payment of the Final Instalment; My Instalments or My Securities (as applicable) are free from any Encumbrances and I/we am/are able to pay my/our debts as and when they become due and that no step has been taken to make me/us bankrupt or commence winding up proceedings, appoint a controller or administrator, seize or take possession of any of my/our assets to make an arrangement, compromise or composition with any of my/our creditors.

ONLY PERSONS WITHIN AUSTRALIA MAY USE THIS APPLICATION FORM TO APPLY FOR EQUITY INSULATOR INSTALMENTS.

Application Form

Equity Insulator Instalments

UBS AG, Australia Branch is an authorised foreign Authorised Deposit-Taking Institution under the Banking Act 1959 (Cth), and is supervised by the Australian Prudential Regulation Authority. However, it is important for you to note that your investment in Equity Insulator Instalments is not a deposit product and will not be covered by the depositor protection provisions set out in Division 2 of the Banking Act 1959 (Cth), as these provisions do not apply to foreign Authorised Deposit-Taking Institutions.

An investment in Equity Insulator Instalments is subject to investment risk, including possible delays in repayment and loss of income or principal invested. Neither UBS nor any of its related bodies corporate guarantees the performance of or repayment of principal or any particular rate of return from the Equity Insulator Instalments.

DATED: _____

SIGNED, SEALED AND DELIVERED by:

(Individual Applicant or Joint Applicants)

First Applicant's Signature

Second Applicant's Signature
(if applicable)

First Applicant's Name

Second Applicant's Name
(if applicable)

(Company Applicant)

Executed by (insert name of
company) in accordance with the
Corporations Act:

Director/
Secretary

Director

Completion Notice

Equity Insulator Instalments

Cheque Details:

Drawer	Bank	Branch	Amount of Cheque
--------	------	--------	------------------

DATED:

(Individual Holder or Joint Holders)

First Holder's Signature

Second Holder's Signature
(if applicable)

First Holder's Name

Second Holder's Name
(if applicable)

(Company Holder)

Executed by (insert name) of company in
accordance with the Corporations Act

Director/Secretary

Director

Rollover Notice

Equity Insulator Instalments

Application Number:
Financial Adviser Stamp
Adviser Name:
Telephone:
Email:

NOTICE FOR ELECTING THE CASH ROLLOVER OPTION

To: The Manager, Equity Operations
UBS Securities Australia Ltd
Level 16, Chifley Tower
2 Chifley Square, Sydney NSW 2000

This notice is to be used only for exercising the Cash Rollover Option on an Annual Rollover Date

This Rollover Notice must be completed in accordance with the instructions provided.

Dear Sir/Madam,

This is to notify you that I/we, being the Holder(s)/entitled to be registered as Holder(s) of the number of Equity Insulator Instalments in the Series specified below and issued on the terms of the Product Disclosure Statement ("PDS") issued by UBS AG, Australia Branch and dated 19 May 2011 hereby give a Rollover Notice in respect of those Equity Insulator Instalments, pursuant to the terms of the Cash Rollover Option. Terms defined in the PDS have the same meaning in this notice.

I/We understand that I/we have the option to:

- (a) exercise my/our Equity Insulator Instalments and take delivery of the Underlying Parcels by giving a valid Completion Notice accompanied by payment in cleared funds of the Completion Payments; or
- (b) sell my/our Equity Insulator Instalments on the secondary market prior to cessation of trading of the Equity Insulator Instalments before the Closing Time on the relevant Annual Rollover Date; or
- (c) elect the Cash Rollover Option by returning this notice, and providing payment in cleared funds of any Annual Rollover Payment amount due to UBS.

I/we understand that if I/we do not elect to do any of the above, then:

- **I/we will be deemed to have elected the Non-Cash Rollover Option as defined in the UBS Instalment Deed; and**
- **where an Annual Rollover Payment is required, my/our holding of Equity Insulator Instalments will be reduced, under the Non-Cash Rollover Option.**

I/we understand that this notice will only become effective if I/we, am/are or become the relevant Record Date Holder.

Name of Holder:

Address:

Number and Street

Suburb, City or Town

State

Postcode

Rollover Notice

Equity Insulator Instalments

CASH ROLLOVER OPTION

Rollover Details:

ASX Code	Number of Equity Insulator Instalments For Cash Rollover Option	Annual Rollover Payment*	Total Annual Rollover Payment*	PID + HIN, or SRN for Existing Equity Insulator Instalments**
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
TOTAL			\$	

* As advised by UBS by telephone.
 ** If your existing instalment holding is broker sponsored, please insert your PID and HIN. If your existing instalment holding is issuer sponsored, please insert your SRN.

Cheque Details:

Drawer	Bank	Branch	Amount of Cheque
--------	------	--------	------------------

Where, in respect of the Equity Insulator Instalments specified in this notice, an Annual Rollover Payment is required, this notice is accompanied by payment in cleared funds (e.g. a bank cheque) for the Annual Rollover Payment due in favour of UBS AG, Australia Branch.

IMPORTANT – you should **not** sign this declaration unless the loan is wholly or predominantly for business purposes. By signing this declaration you may **lose** your protection under the Consumer Credit Code.

IMPORTANT

You should **not** sign this declaration unless this loan is wholly or predominantly for business or investment purposes. By signing this declaration you may **lose** your protection under the Consumer Credit Code.

Rollover Notice

Equity Insulator Instalments

DATED:

SIGNED, SEALED AND DELIVERED by:

(Individual Holder or Joint Holders)

First Holder's Signature

Second Holder's Signature
(if applicable)

First Holder's Name

Second Holder's Name
(if applicable)

(Company Applicant)

Executed by [insert name of company] in
accordance with the Corporations Act:

Director/Secretary

Director

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Direct Debit Request Form

Please complete this form if you wish to make a payment to UBS by direct debit from your account.

Request and Authority to debit the account named below to pay UBS Securities Australia Ltd	
Request and Authority to debit	<p>Surname / company name _____</p> <p>Given names / ACN / ABN _____ (“you”)</p> <p>request and authorise UBS Securities Australia Ltd (User ID number 181244) to arrange, through its own financial institution, for any amount UBS Securities Australia Ltd or UBS AG, Australia Branch may debit or charge you to be debited through the Bulk Electronic Clearing System from an account held at the financial institution identified below and paid to UBS Securities Australia Ltd, subject to the terms and conditions of the Direct Debit Request Service Agreement.</p>
Insert the name and address of financial institution at which account is held	<p>Financial institution name _____</p> <p>Address _____</p> <p>_____</p>
Insert details of account to be debited	<p>Name of account _____</p> <p>BSB number - </p> <p>Account number </p> <p>Must exactly match the bank account details in Section F of your Application Form.</p>
Acknowledgement	<p>By signing this Direct Debit Request you acknowledge having read and understood the terms and conditions governing the debit arrangements between you and UBS Securities Australia Ltd as set out in this Request and in your Direct Debit Request Service Agreement (refer to Appendix 1 of this Request).</p>
Insert your signature and address	<p>Signature 1 _____</p> <p>Signature 2 _____</p> <p>1. If you have a joint account both signatures are required.</p> <ul style="list-style-type: none"> ▪ If signing for a company, sign and print full name and capacity for signing (e.g. Director). <p>Address _____</p> <p>_____</p> <p>Date ___ / ___ / ___</p>

Direct Debit Request Service Agreement

Appendix 1

Definitions:

“Account” means the account held at Your Financial Institution from which We are authorised to arrange for funds to be debited.

“Agreement” means this Direct Debit Request Service Agreement between You and Us.

“Banking Day” means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia.

“Debit Day” means the day that payment by You to Us is due.

“Debit Payment” means a particular transaction where a debit is made.

“Direct Debit Request” means the Direct Debit Request between Us and You .

“Us” or “We” means UBS AG , Australia Branch, the Debit User You have authorised by signing a Direct Debit Request.

“You” means the customer who signed the Direct Debit Request.

“Your Financial Institution” is the financial institution where You hold the Account that You have authorised Us to arrange to debit.

2. Debiting Your account

- 2.1 By signing a Direct Debit Request, You have authorised Us to arrange for funds to be debited from Your Account. You should refer to the Direct Debit Request and this Agreement for the terms of the arrangement between Us and You.
- 2.2 We will only arrange for funds to be debited from Your Account as authorised in the Direct Debit Request.
- 2.3 If the Debit Day falls on a day that is not a Banking Day, We may direct Your financial institution to debit Your Account on the following Banking Day. If You are unsure about which day Your Account has or will be debited You should ask Your financial institution.

2. Changes by Us

We may vary any details of this Agreement or a Direct Debit Request at any time by giving You at least fourteen (14) days’ written notice.

3. Changes by You

- (a) Subject to 3.2 and 3.3, You may change the arrangements under a Direct Debit Request by contacting Us on 1800 633 100.
- (b) If You wish to stop or defer a Debit Payment You must notify Us in writing at least fourteen (14) days before the next Debit Day. This notice should be given to Us in the first instance.
- (c) You may also cancel Your authority for Us to debit Your Account at any time by giving Us fourteen (14) days notice in writing before the next Debit Day. This notice should be given to Us in the first instance at the following address:

Equity Insulator Instalments

Equity Operations
GPO Box 4151
Sydney NSW 2001

4. Your obligations

- 4.1 It is Your responsibility to ensure that there are sufficient clear funds available in Your Account to allow a Debit Payment to be made in accordance with the Direct Debit Request.
- 4.2 If there are insufficient clear funds in Your Account to meet a Debit Payment:
 - (a) You may be charged a fee and/or interest by Your financial institution;
 - (b) You may also incur fees or charges imposed or incurred by Us; and
 - (c) You must arrange for the Debit Payment to be made by another method or arrange for sufficient clear funds to be in Your Account by an agreed time so that We can process the Debit Payment.
- 4.3 You should check Your Account statement to verify that the amounts debited from Your Account are correct

Direct Debit Request Service Agreement

4.4 If UBS AG, Australia Branch is liable to pay goods and services tax ("**GST**") on a supply made in connection with this Agreement, then You agree to pay UBS AG, Australia Branch on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

5. Dispute

5.1 If You believe that there has been an error in debiting Your Account, You should notify Us directly on 1800 633 100 and confirm that notice in writing with Us as soon as possible so that We can resolve Your query more quickly.

5.2 If We conclude as a result of our investigations that Your Account has been incorrectly debited We will respond to Your query by arranging for Your financial institution to adjust Your Account (including interest and charges) accordingly. We will also notify You in writing of the amount by which Your Account has been adjusted.

5.3 If We conclude as a result of our investigations that Your Account has not been incorrectly debited We will respond to Your query by providing You with reasons and any evidence for this finding.

5.4 Any queries You may have about an error made in debiting Your Account should be directed to Us in the first instance so that We can attempt to resolve the matter between Us and You. If We cannot resolve the matter You can still refer it to Your financial institution which will obtain details from You of the disputed transaction and may lodge a claim on Your behalf.

6. Accounts

You should check:

- (a) with Your financial institution whether direct debiting is available from Your Account as direct debiting is not available on all Accounts offered by financial institutions.
- (b) Your Account details which You have provided to Us are correct by checking them against a recent Account statement; and
- (c) with Your financial institution before completing the Direct Debit Request if You have any queries about how to complete the Direct Debit Request.

7. Confidentiality

7.1 We will keep any information (including Your Account details) in Your Direct Debit Request confidential. We will make reasonable efforts to keep any such information that We have about You secure and to ensure that any of our employees or agents who have access to information about You do not make any unauthorised Use, modification, reproduction or disclosure of that information.

7.2 We will only disclose information that We have about You:

- to the extent specifically required by law; or
- for the purposes of this Agreement (including disclosing information in connection with any query or claim).

8. Notice

8.1 If You wish to notify Us in writing about anything relating to this Agreement, You should write to Us at the following address:

Equity Insulator Instalments

Equity Operations
GPO Box 4151
Sydney NSW 2001.

8.2 We will notify You by sending a notice in the ordinary post to the address You have given Us in the Direct Debit Request.

8.3 Any notice will be deemed to have been received on the third Banking Day after posting.

Directory

WARRANT-ISSUER

UBS AG, Australia Branch

Level 16	Level 16
Chifley Tower	8 Exhibition Street
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BROKER

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