

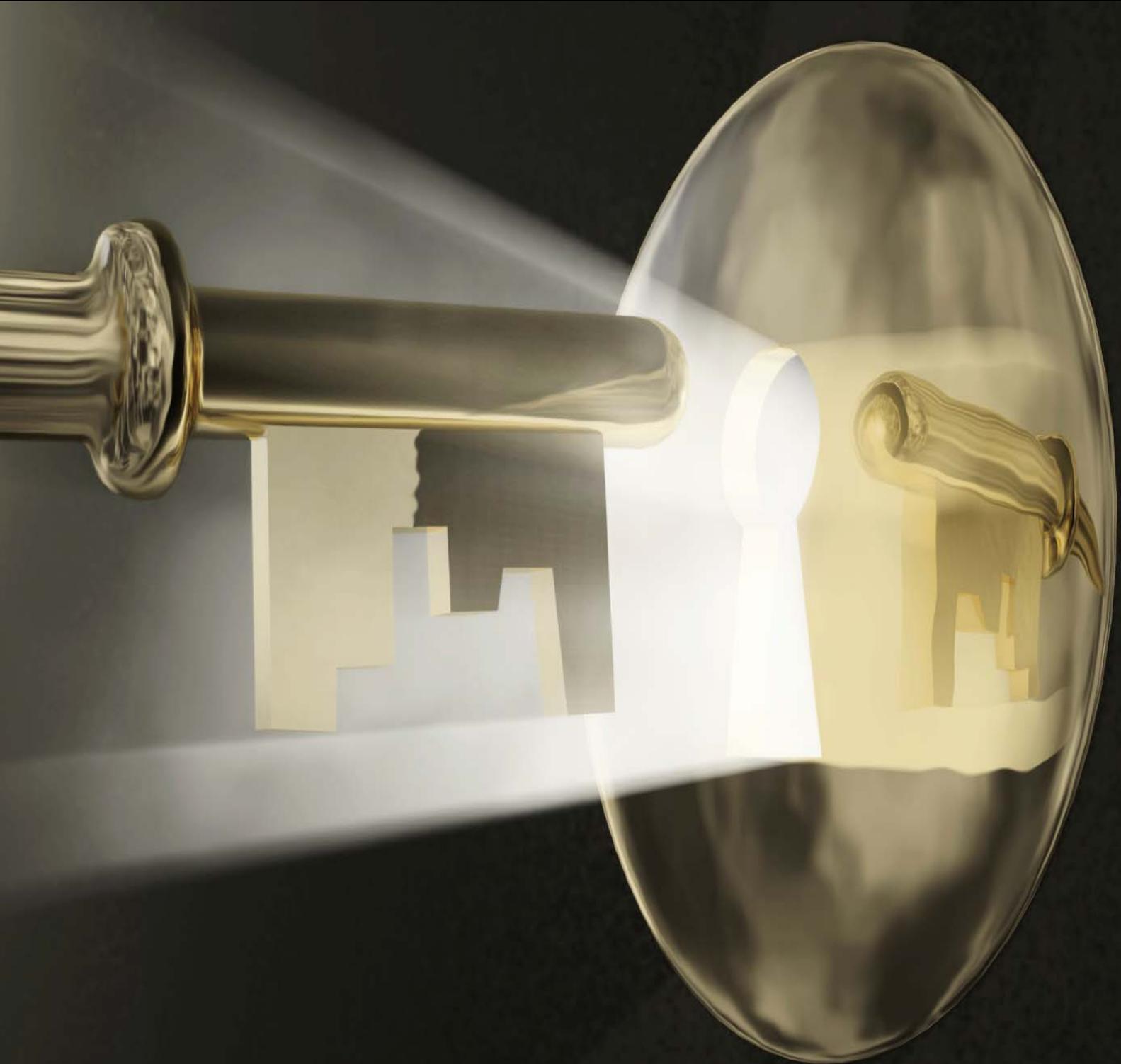


UBS Investment
Bank

UBS Structured Option and Loan Facility

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

Product Disclosure Statement Dated 28 February 2008



Important Notice

This Product Disclosure Statement (PDS) is dated 28 February 2008.

You should ensure that you read and understand this PDS before deciding whether to invest in the UBS Structured Option and Loan Facility.

Applications

If you wish to invest in the Structured Option and Loan Facility, you must complete and return an Application Form attached to this PDS. The Structured Option and Loan Facility will only be issued to you upon receipt of an Application Form which was attached to this PDS.

The offer or invitation is only available to persons receiving the PDS within Australia.

Approved Securities

References in this PDS to Approved Securities or Underlying Securities are included solely for the purposes of identification of the securities or other underlying instruments to which the Structured Option and Loan Facility relates. None of the issuers of Approved Securities or Underlying Securities have authorised, been involved in the preparation of, or caused the issue of this PDS. The issuers of Approved Securities or Underlying Securities do not take any responsibility for any part of this PDS.

The Issuer

UBS AG, Australia Branch is an 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 no aspect of this product is a deposit product and this product 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.

Your decision to invest

It is important that you carefully read this PDS in its entirety before deciding to invest through the Structured Option and Loan Facility. Documents of this kind cannot take into account your own investment objectives, financial situation or particular needs. Accordingly, nothing in this PDS is a recommendation by UBS or UBSSAL or by any other person concerning investment through the Structured Option and Loan Facility. 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 through the Structured Option and Loan Facility for you (bearing in mind your investment objectives, financial situation and particular needs).

Restrictions on distribution of the PDS

The offer to which this PDS relates is only available to persons receiving this PDS in Australia. This PDS does not constitute an offer of the Structured Option and Loan Facility in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this PDS in jurisdictions outside Australia may be restricted by law and any person who resides outside Australia into whose possession this PDS comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions. The Structured Option and Loan Facility is not a security 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.

Disclosure of Interests

UBS and its related entities, and their directors and employees may have pecuniary or other interests in the Approved Securities or Underlying Securities. Customers who have received this PDS from a financial intermediary, adviser or broker should note that if you invest in the Structured Option and Loan Facility, UBS may pay that adviser/broker a commission or fee in the nature of an up front selling fee and/or a trail fee (which will be funded out of UBS's revenue from offering the product). These amounts will depend upon the Market Price of any Underlying Securities in relation to an Option, the Loan Balance in relation to any Loan, and the value of the Lent Securities sold in relation to the Exercise and Sale Facility. For more information see section 1.

Update of information

This PDS is current as at 28 February 2008. Information in this document is subject to change from time to time. To the extent that any change is not materially adverse to investors, it may be updated by UBS posting a notice of the change on its website at www.ubs.com/equitysolutions. UBS will provide to investors, free of charge, a paper copy of the updated information upon request.

Definitions

Certain expressions used in this PDS are as defined in the Glossary on page 109 of this PDS.



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.

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Section 1 – Summary of Key Features

Feature	Summary	Cross Reference
Structured Option and Loan Facility Description:	<p>The Structured Option and Loan Facility is a single account that enables you to take advantage of 3 different facilities:</p> <ul style="list-style-type: none"> - an Option Facility – to enable you to put in place a protection strategy for your shareholding, acquire a leveraged exposure to Underlying Securities or earn premium from selling Options; - a Loan Facility – to enable you to obtain a limited recourse Loan from UBS, secured by your Underlying Securities and/or Option Transactions; and - an Exercise and Sale Facility – to enable you to finance the exercise of Executive Options and sell the Underlying Securities through one simple arrangement. <p>Each Facility can be used separately or the Option Facility and the Loan Facility can be combined.</p>	See Sections 2, 3 & 4 starting on pages 9, 18 & 23
Issuer:	UBS AG, Australia Branch (ABN 47 088 129 613, AFSL 231087) (UBS)	See page 54 for more information on the Issuer
Nominee:	UBS Nominees Pty Limited (ABN 32 001 450 522, AFSL 231 088) (UBS Nominees) or any other entity nominated by UBS	
Broker:	UBS Securities Australia Limited (ABN 62 008 586 481, AFSL 231 098) (UBSSAL)	
Option Facility		
Option variations:	<p>You are able to:</p> <ul style="list-style-type: none"> ▪ purchase Put Options; ▪ purchase Call Options; ▪ purchase Collars (covered by Underlying Security collateral); ▪ purchase Put Spreads; ▪ purchase Call Spreads; ▪ purchase Put Spread Collars (covered by Underlying Security collateral); ▪ sell Call Options (covered by Underlying Security collateral); ▪ sell Put Options (covered by cash collateral equal to the Strike Price); or 	See page 9 for further information

	<ul style="list-style-type: none"> perform certain combinations of the above, subject to agreement by UBS, over a range of Approved Securities. 	
Option Term:	Generally 3 months to 5 years (shorter or longer terms may be agreed by UBS in its discretion).	
Approved Securities:	<p>Subject to UBS's approval, you may generally enter into Options over the following securities quoted on ASX:</p> <ul style="list-style-type: none"> For Put Options and Call Options – top 50 securities on the ASX by market capitalisation; and For Collars and Spread Options – top 100 securities on the ASX by market capitalisation. <p>Requests for UBS to enter into Options over other securities quoted on ASX will be considered by UBS on a case by case basis.</p> <p>UBS may elect not to enter into an Option over any security for any reason in its absolute discretion, including without limitation because the security is subject to a Corporate Action or affected by an Event of Default, is highly volatile or low volumes of the securities are traded on the ASX.</p>	See page 10 for further information
Minimum Size:	<p>The minimum size of any Option Transaction you may enter into is \$250,000.</p> <p>Minimum size in this context is measured by reference to the Market Price of all the Underlying Securities in relation to an Option Transaction on the Trade Date, except if you have sold Put Options in which case the minimum size is measured by reference to the Strike Price of the Put Options multiplied by the number of Underlying Securities attaching to the Option Transaction (the "Strike Value").</p> <p>This minimum size may be amended from time to time by UBS and published on the UBS website at www.ubs.com/equitysolutions</p>	See page 9 for further information
Option Fees and Costs:	<ul style="list-style-type: none"> On purchasing an Option you agree to pay the Premium Amount(s) as set out in your Confirmation. Generally, a First Premium Amount is due on the third Business Day after the Trade Date, unless the Option is a "zero cost" Collar or Put Spread Collar where the First Premium Amount is zero but a limit is imposed on upside gains or on downside protection. 	See page 12 for further information

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- If you purchase a Collar or Spread Option, on maturity of the Option you may also have to pay a Second Premium Amount.
 - On exercise of any Option you will be required to pay any costs and expenses associated with the transfer of Underlying Securities (including brokerage, if any) if you proceed with physical settlement.

Adviser commission:	UBS may pay an upfront commission of up to 3.3% (incl. GST) of the Market Price of the Underlying Securities in relation to any Option Transaction to your financial adviser.	See page 13 for further information
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Underlying Securities held by Nominee as Collateral:	<p>If you enter into a Collar or a Put Spread Collar with UBS, or you sell a Call Option to UBS, the relevant Underlying Securities must be transferred to and held on your behalf by the Nominee as collateral.</p> <p>You will retain beneficial ownership of the Underlying Securities and receive all dividends and distributions and have entitlement to all voting rights¹ (but note however that you must specifically direct the Nominee in writing to exercise your voting rights).</p> <p>You will grant a Mortgage (and the Nominee will grant a charge) over the Mortgaged Property held by the Nominee to UBS to secure your obligations under the Option and any Loan. You will also be required to grant a Mortgage over any Mortgaged Property you hold to UBS.</p>	See page 10 for further information
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Exercise:	All Options are European style exercise only (meaning they may only be exercised at Maturity), although UBS may consider entering into American style exercise Options (meaning they are exercisable at any time up to Maturity) in its discretion.
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Settlement:	<p>Each Option provides for physical settlement upon exercise at Maturity.</p> <p>If you decide that you do not wish to deliver or receive Underlying Securities pursuant to the exercise of an Option, you can request a close out of your Option and, if UBS agrees to an early close out, pay or receive the Early Termination Amount.</p>	See page 13 for further information
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¹ Provided UBS has not borrowed your Underlying Securities, as explained on page 113 and exercising your voting rights would not cause an Event of Default.

Stock Borrow Agreement:	If the Stock Borrow Agreement is specified as applicable in your Confirmation then UBS may borrow Underlying Securities which are Mortgaged Property from you under the terms of the Stock Borrow Agreement. Any Stock Loan will be for a term of less than 12 months. If Underlying Securities are on loan at the time of a dividend or distribution record date, UBS will pay you (or the Nominee on your behalf) the cash dividend or distribution amount and either provide you with a franking statement or gross up the payment by the value of any associated franking credits. Neither you nor the Nominee may exercise voting rights whilst the Underlying Securities are on loan to UBS.	See Appendix 1 on page 113 for further information
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Loan Facility

Loan Facility:	<p>You may obtain a limited recourse Loan from UBS by mortgaging Underlying Securities and/or other property, including Options or cash to UBS. Any Loan will be for a fixed term and the maximum amount that you can borrow (the "Facility Amount") will be as specified by UBS in your Confirmation. Subject to you drawing down at least the Minimum Initial Drawdown Amount you are not obliged to draw down your entire Loan on the first Drawdown Date. At any point in time the maximum amount of cash that you can extract is equal to the Available Amount.</p> <p>UBS's recourse to you personally in respect of the Loan Balance at Maturity is limited to the Mortgaged Property securing that Loan.² This in effect gives you a form of price protection in respect of your Underlying Securities at Maturity because if the Market Price of the Underlying Securities at Maturity multiplied by the number of Underlying Securities is less than the Facility Amount then your obligation to repay the Loan Balance will be satisfied by UBS exercising its rights as mortgagee over the Mortgaged Property securing that Loan.</p> <p>Drawdown Amounts are repayable on Repayment Dates agreed with UBS and specified in your Confirmation or a Drawdown Notice. The total amount drawn down at any time must not exceed the Available Amount, each Drawdown Amount must be repaid on its Repayment Date and the total amount drawn must be repaid by the Maturity Date. Full or partial early repayment of principal for any reason may lead to the imposition of an Early Termination</p>	See page 18 for further information
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² UBS's recourse to you in respect of other obligations under the Loan (such as Interest, Early Termination Amounts and Loan Establishment Fees) is personal and is not limited to the Mortgaged Property.

	<p>Amount.</p> <p>You do not need to enter into an Option to use the Loan Facility.</p>	
Interest Payments:	<p>Interest is payable from the relevant Drawdown Date to the relevant Repayment Date and is payable on the outstanding Loan Balance from time to time. Where funds are borrowed for more than 1 year, the Loan term is divided into multiple Interest Periods (each being 12 months or less).</p> <p>Generally, an amount equal to the Interest Amount is drawn down under your Loan by UBS at the start of each Interest Period and applied towards the prepayment of Interest for that Interest Period. UBS may in its discretion agree to accept payment of Interest in arrears.</p> <p>The Interest Rate charged will vary depending on market interest rates, the Underlying Security, the term of the Loan, the Facility Amount, the Repayment Date(s) and the Interest payment schedule (amongst other things). Current indicative Interest Rates can be obtained by contacting your financial adviser or UBS.</p>	See page 20 for further information
Executive Options	You can also use a Loan to finance the exercise of Executive Options.	See page 52 for further information
Combining the Option Facility and the Loan Facility:	You may combine a Loan with one or more Options at the time you enter into a Loan. Alternatively, if you purchase a Put Option or a Collar, you may subsequently apply for a Loan from UBS by granting a mortgage over the relevant Underlying Securities and the Put Option or Collar to UBS. The Facility Amount will be equal to a percentage ³ of the Strike Price of the Options securing the Loan and the Maturity Date of the Loan will be no later than the Maturity Date of the Put Option or Collar.	See page 18 for further information
Increasing the Facility Amount:	You can, by agreement with UBS, increase your Facility Amount after entering into a Loan, however a Facility Adjustment Fee may be payable or your Interest Rate may be increased. The amount of the Facility Adjustment Fee or change in your Interest Rate will be as advised by UBS. See section 3 for more information. Increasing your Facility Amount may also involve increasing the Strike Price of any associated Options or increasing	See page 18 for further information

³ This percentage is as specified by UBS in its discretion.

	the amount of Mortgaged Property that you have provided to secure the Loan.	
Loan Establishment Fee	<p>A Loan Establishment Fee of up to 2.2% may be charged on the Facility Amount and payable on the first Drawdown Date.</p> <p>The Loan Establishment Fee is zero unless an amount is specified in your Confirmation.</p>	See page 19 for further information
Adviser commission:	UBS may pay a commission of up to 2.2% (incl. GST) upfront and up to 1.1% (incl GST) per annum of the Loan Balance from time to time to your financial adviser.	See page 19 for further information
Exercise and Sale Facility		
Exercise Executive Options:	<p>The Exercise and Sale Facility is used where you want to exercise Executive Options and immediately sell the Underlying Securities.</p> <p>UBS will not make the Exercise and Sale Facility available to you unless the relevant Executive Options are presently exercisable and fully vested in you, and the Underlying Securities are unencumbered and not subject to any transfer restrictions or blackout period.</p>	See page 23 for further information
Approved Securities	UBS will only make the Exercise and Sale Facility available in respect of Approved Securities quoted on ASX in respect of which UBS can enter into stock borrowing or other hedging arrangements which are acceptable to UBS in its absolute discretion. The availability of acceptable stock borrowing arrangements will vary from day to day but is generally restricted to the top 300 securities quoted on ASX. The securities borrowed from UBS are described as "Lent Securities".	See page 23 for further information
Fees and Costs	<p>You must pay an Arrangement Fee and Brokerage on the value of the Lent Securities sold on your behalf by UBS.</p> <p>The minimum Arrangement Fee is \$5,000 but may be higher depending on the Underlying Security and the length of time between the exercise date for the relevant Executive Options and the allotment date of the Underlying Securities, or if the Arrangement Fee is consideration for a taxable supply. Brokerage rates vary between 0.44% and 0.825% (incl. GST) of the gross proceeds of sale of the Underlying Securities depending on the value of the Lent Securities sold.</p>	See page 24 for further information

Adviser commission	UBS may pay a commission to your financial adviser of up to 0.4125% (incl. GST) of the value of Lent Securities sold.	See page 24 for further information
Minimum Size	The minimum size of any Exercise and Sale Facility is \$250,000. This is calculated by multiplying the current market price of the Underlying Security by the number of Underlying Securities in respect of which the Executive Options are to be exercised.	
General		
Complaints	UBS has established a complaints handling and disputes resolution process for investors.	See page 66 for further information
Cooling Off	There is no cooling off period available to investors in respect of any Transaction or the Exercise and Sale Facility.	
Guarantor	UBS may in certain circumstances require a Guarantor to guarantee your obligations under any or all of the Facilities.	

Section 2 – The Option Facility

What is the Option Facility?

The Option Facility allows you to enter into Options over securities quoted on ASX directly with UBS. These are normally referred to as “Over-the-Counter” or “OTC” Options because your Options are entered into directly with UBS and there is no securities or derivatives exchange on which the Options are quoted or can be traded. The commercial terms of your Options are agreed between you and UBS at the time of entering into the Options, including the Underlying Securities, Maturity Date, Premium Amounts and Strike Price. The commercial terms of Options are therefore not standardised like an Exchange Traded Option (“ETO”).

Each Option will be governed by the Agreement contained in Section 13.

The Option Facility can be used in conjunction with the Loan Facility to allow a Loan to be drawn and secured against Options and the relevant Underlying Securities. The Loan Facility is described in section 3.

What are the different Options I can enter into?

The Option Facility is designed to be flexible and enables you to choose from a number of different Option strategies. Those strategies are:

- Purchase a Put Option – purchase an option to sell the Underlying Securities to UBS at a fixed price (the Strike Price) at Maturity.
- Purchase a Call Option – purchase an option to buy the Underlying Securities from UBS at a fixed price (the Strike Price) at Maturity.
- Purchase a Collar – purchase an option to sell the Underlying Securities to UBS at a fixed price (the Strike Price) at Maturity. You will be liable to pay a First Premium Amount upfront (unless the Collar is structured as a “zero cost” Collar) plus a contingent Second Premium Amount to UBS if the Market Price of the Underlying Securities is above the Contingent Payment Level at Maturity. The Underlying Securities are provided as collateral to cover the potential Second Premium Amount.
- Purchase a Put Spread – purchase an option to sell the Underlying Securities to UBS at a fixed price (the Strike Price) at Maturity. You will be liable to pay a First Premium Amount upfront plus a contingent Second Premium Amount at Maturity if the Market Price of the Underlying Securities is below a pre-specified Contingent Payment Level at Maturity.
- Purchase a Call Spread – purchase an option to buy the Underlying Securities from UBS at a fixed price (the Strike Price) at Maturity. You will be liable to pay a First Premium Amount upfront plus a contingent Second Premium Amount at Maturity if the Market Price of the Underlying Securities is above a pre-specified Contingent Payment Level at Maturity.
- Purchase a Put Spread Collar – purchase an option to sell the Underlying Securities to UBS at a fixed price (the Strike Price) at Maturity. You will be liable to pay a First Premium Amount upfront (unless the Put Spread Collar is structured as a “zero cost” Put Spread Collar) plus a contingent Second Premium Amount to UBS if the Market Price of the Underlying Securities is above the Upper Contingent Payment Level at Maturity or is below the Lower Contingent Payment Level at Maturity. The Underlying Securities are provided as collateral to cover the potential Second Premium Amount.
- Sell a Call Option – sell an option for UBS to buy the Underlying Securities at a fixed price (the Strike Price) at Maturity. The Underlying Securities are provided to UBS as collateral in case the Option is exercised by UBS.
- Sell a Put Option – sell an option for UBS to sell the Underlying Securities to you at a fixed price (the Strike Price) at Maturity. Cash collateral equal to the Strike Price must be provided to UBS in case the Option is exercised by UBS.
- Combinations of the above, as permitted by UBS in its discretion.

The minimum size of any Option Transaction you may enter into is \$250,000. Minimum size in this context is measured by reference to the Market Price of all the Underlying Securities in relation to an Option Transaction on the Trade Date, except if you have sold Put Options in which case the minimum size is measured by reference to the Strike Price of the Put Options multiplied by the number of Underlying

Securities underlying the Option Transaction. The different strategies are explained in more detail in Section 6.

What are the Approved Securities I can enter into Options over?

It is entirely at UBS's discretion which securities quoted on ASX it will deal in Options over. However, as a general guide:

- Put Options and Call Options – UBS will generally enter into Options over the top 50 securities on the ASX by market capitalisation;
- Collars and Spread Options – UBS will generally enter into Options over the top 100 securities on the ASX by market capitalisation;

In assessing whether it will enter into an Option, UBS will generally have regard to whether the security has an average weekly turnover for the preceding 12 months of at least 1.5% of its market capitalisation and the notional Strike Value of the Option Transaction being no greater than the average daily volume measured over the past 12 months. This will be a key consideration for UBS in deciding whether to enter into Options over a stock outside of the ASX top 100 securities by market capitalisation, in addition to the market activity of ETOs over the security, implied volatility, trading history, underlying business and the existence of any corporate activity.

You should contact your financial adviser or UBS if you wish to confirm whether UBS will enter into Options in respect of a particular security quoted on ASX.

What Collateral Must I Provide?

If you wish to:

- purchase a Collar;
- purchase a Put Spread Collar; or
- sell a Call Option,

you must provide full collateral in the form of Underlying Securities to UBS.⁴ Full collateral means for each Underlying Security subject to an Option, you must provide 1 Underlying Security to UBS as collateral, e.g. if you have sold 5,000 Call Options over 5,000 BHP Billiton shares, you must provide 5,000 BHP Billiton shares to UBS as collateral. This collateral will be held with the Nominee in a sub-account for your benefit and be subject to the Mortgage. You will retain entitlement to dividends and distributions and voting rights on these Underlying Securities,⁵ however you may not dispose of or encumber these Underlying Securities while they are collateralising an Option Transaction.

When you sell Put Options you must provide cash collateral to UBS equal to the Strike Value. The minimum amount of cash collateral for such an Option Transaction is \$250,000. Interest is payable on any cash collateral on the earlier of the Maturity Date or the last day of each 12 month period during the Term of the Option (the first period commencing on, and including, the Trade Date). At Maturity, if the Put Options are exercised and you buy the Underlying Securities from UBS for the Strike Price then the cash collateral will be applied towards the settlement of your payment obligation. If the Put Options are not exercised then UBS will return the cash collateral with interest. When you sell Put Options, the First Premium Amount is payable to you at maturity of the Option Transaction.

When you buy a Call Option, a Put Option,⁶ a Put Spread⁷ or a Call Spread, you do not have to provide collateral to UBS so long as the First Premium Amount is paid in full.

⁴ UBS may, by exception, agree to accept other forms of collateral such as a Call Option that you hold with a lower Strike Price, or accept a lesser number of Underlying Securities as collateral. These exceptions will only apply if explicitly agreed with UBS and specified in your Confirmation.

⁵ Retention of voting rights is subject to the Underlying Securities not being lent to UBS – refer to Appendix 1 for more information on the Stock Borrow Agreement.

⁶ Assuming no Loan is drawn against the Put Option.

⁷ Assuming no Loan is drawn against the Put Spread.

Delivering Underlying Securities as collateral

If you are required to deliver Underlying Securities to secure an Option Transaction, you must do so by the time specified by UBS in the Quote Sheet (generally on or before the Trade Date).

If you are acquiring the relevant Underlying Securities with a Loan, then the Underlying Securities will be acquired by the Nominee as your Nominee and mortgaged to UBS, under the Mortgage, to secure your obligations under both the Option Transaction and the Loan. The Nominee will also grant a charge over the Underlying Securities in favour of UBS to secure your obligations under the Agreement.

If you hold Executive Options, and wish to use the Underlying Securities as collateral, then these Executive Options must first be exercised, before the relevant Underlying Securities can be provided as collateral. You may use the Loan Facility to facilitate this exercise – for more information on this, please see Section 9.

What are the main benefits of the Option Facility?

- Flexibility – the Option Facility provides flexibility with regard to determining the precise Strike Price and Maturity Date you require, unlike the ETO market where these features are more standardised. This should enable you to more accurately tailor the protection or investment strategy to your requirements.
- Risk Management – Options provide an alternative to directly buying or selling Underlying Securities to acquire or reduce asset exposure, often at a fraction of the cost of the Underlying Securities parcel.
- European style exercise – As the Options are only exercisable at the Maturity Date, there is no risk of early exercise against you during their term (except in the case of an Event of Default – see page 27 for more information). Early exercise may occur with ETOs, which can be exercised at any time (termed American style exercise).
- Monetisation – Options can be used in conjunction with the Loan Facility to free up cash from an existing position in Underlying Securities without the immediate need to dispose of that position.
- Collateral value – where Options are used to protect the value of Underlying Securities that are mortgaged to secure a Loan, the value of that protection will reduce the cost of borrowing relative to an unsecured loan or margin loan, and in some cases can eliminate the need for excess collateral and/or margin calls.

What are the main risks of the Option Facility?

- Credit and operational risk of UBS – you are entering into a contract directly with UBS and to fully realise the value of your Options you will be reliant on UBS fulfilling and correctly performing its obligations under the contract.
- Options not tradeable – your ability to close out the Options before the scheduled Maturity Date is subject to UBS's discretion to reject your request.
- Restrictions on transfer of Underlying Securities – where you provide the Underlying Securities as collateral, you will not be able to deal with them or transfer them until they have been released as collateral.
- No observable market for valuation – as your Options are not quoted on any securities or derivatives exchange, there is no readily observable market price or value for them. UBS will provide you with indicative bid and offer prices upon request, but these will not be firm prices at which you can close out or enter into Transactions.
- Risk of loss on Option – the value of your Options will be affected by factors such as the price and volatility of the Underlying Securities, market interest rates and dividends. Furthermore, Option values decay over time and Options that you enter into may expire worthless due to this time decay as well as changes in the aforementioned variables. If you have sold an Option, you can be exposed to significant losses if the Option is exercised by UBS, e.g. if you sell a Call Option and at Maturity the Market Price is higher than the Strike Price then upon exercise of the Option by UBS you will have to sell the Underlying Securities to UBS at a price below the then market price.
- Opportunity cost – if you hold Underlying Securities and you enter into Options, you may sustain a loss on your Options which will offset gains on your Underlying Securities, thereby limiting your opportunity for profit. As an example, assume you hold Underlying Securities and you buy a Collar. At maturity, if

the Market Price is significantly above the Contingent Payment Level then the Second Premium Amount that you have to pay will reduce the net profit that you realise from your Underlying Securities compared to holding your Underlying Securities without the Collar.

Please refer to Section 5 for more information.

What are the costs of using the Option Facility?

- *Option cost – Put Options and Call Options – First Premium Amount*

The initial cost of purchasing a Put Option or a Call Option is the First Premium Amount. This amount will be fixed, either as a dollar amount or as a percentage of UBS's hedge execution price, and notified to you in the Quote Sheet.

UBS may provide you with a matrix to show how the First Premium Amount varies based on different hedge execution prices. The hedge execution price is the price at which UBS buys or sells securities in the market to hedge the risk in respect of the Option.

Factors that affect the First Premium Amount:

Variable	Put Options		Call Options	
	Change in variable	Change in First Premium Amount	Change in variable	Change in First Premium Amount
Market interest rates	↑	↓	↑	↑
Term	↑	↑	↑	↑
Security price volatility	↑	↑	↑	↑
Dividends	↑	↑	↑	↓
Selling and/or trail fees to adviser	↑	↑	↑	↑
Strike Price as a percentage of current Market Price	↑	↑	↑	↓

- *Option cost – Collars and Spread Options – First Premium Amount and Second Premium Amount*

The cost of purchasing a Collar, a Put Spread Collar, a Put Spread or a Call Spread is the First Premium Amount which is payable upfront, plus the contingent Second Premium Amount which may be payable at Maturity. The Second Premium Amount is variable and is payable if the Market Price at Maturity is:

- above the Contingent Payment Level(s) for Collars and Call Spreads;
- below the Contingent Payment Level(s) for Put Spreads; and
- above the Upper Contingent Payment Level or below the Lower Contingent Payment Level for Put Spread Collars.

Please refer to Section 6 for further explanation and examples.

- *Other fees and charges*

There are no application fees for using the Option Facility.

If you are a company applicant and UBS has to take a Mortgage over Approved Securities or other collateral then you must pay UBS a \$135.00 fee for registration of a company charge with ASIC, as well as \$65.00 for the release or partial release of each pre-existing charge to enable the registration with priority of UBS's mortgagee interest.

A \$100 fee will apply if you fail to meet a direct debit payment and UBS is required to re-run the direct debit or process a cheque payment or direct credit.

UBS reserves the right to pass on to you any unforeseen costs and Taxes, such as stamp duty (including transfer and mortgage duty). At the date of this PDS, UBS is not aware of any such costs and Taxes payable. See section 4.3 of the Agreement for more information.

Your financial adviser may charge you brokerage on the sale of Underlying Securities, where they are sold in the market and not pursuant to the exercise of an Option. While this fee may be collected by UBS, it is entirely as agreed between you and your financial adviser and will be passed directly to your financial adviser.

Settlement

When you apply for the Option Facility, you must nominate a bank account that will be used as your settlement account. All payments due from you will be direct debited from this account and payments owed to you will be direct credited to this account.

All Premium Amounts payable or receivable as a result of entry into an Option must be settled on the applicable Premium Payment Date.

You may also be able to obtain a Loan from UBS to pay a Premium Amount. Further details of drawing down a Loan under the Loan Facility are contained in Section 3.

What commissions are payable?

UBS may pay to your financial adviser an upfront selling fee of up to 3.30% (inclusive of GST) of the Market Price of the relevant Underlying Securities. For example, if the Market Price of the Underlying Securities in relation to all your Option Transaction is \$1,000,000, UBS may pay your financial adviser up to \$33,000. You do not pay these fees directly.

What happens at the Maturity Date?

At the Maturity Date, the consequences will depend on the type of Options you have entered into. More information on exactly what occurs under each type of Option is set out in Section 6.

The Agreement provides for physical settlement when an Option is exercised at Maturity. If you decide that you do not wish to deal with the Underlying Securities at Maturity, you can choose to terminate your Option Transaction and settle the Early Termination Amount with UBS (refer below). UBS may also, if it reasonably believes that it will be unable to freely sell all or any portion of the Underlying Securities to be transferred to it pursuant to the exercise of an Option, require that any Option be cash settled. Such election shall be made by UBS and notified to you no later than the close of business on the third Business Day prior to the Maturity Date. If UBS elects that an Option be cash settled, UBS will calculate the Market Price, any Second Premium Amount and the cash settlement amount in a commercially reasonable manner.

You may also be able to roll over your Options into a new Option Transaction, subject to approval by UBS.

You will receive a notice 30 days prior to the Maturity Date outlining your alternatives for your particular Option Transaction.

Can my Option Transactions be closed out early?

If you wish to close out your Option Transaction prior to the scheduled Maturity Date you can request UBS to provide an estimate of the Early Termination Amount from UBS. UBS is not bound to accept a request to close out an Option.

UBS may terminate your Option Transaction on the occurrence of an Event of Default. Certain Corporate Actions (such as takeovers) may also give rise to an early termination or Event of Default. An Early Termination Amount will also be applicable in these circumstances.

The Early Termination Amount is determined by UBS in its absolute discretion, taking into account a number of factors. The main factors and their general influence on the Early Termination Amount in relation to a Put Option and a Call Option are outlined in the table below:

Variable	Put Options		Call Options	
	Change in variable	Change in Early Termination Amount	Change in variable	Change in Early Termination Amount
Market Price of Underlying Security*	↑	↓	↑	↑
Market interest rates	↑	↓	↑	↑
Time to Maturity Date	↓	↓	↓	↓
Underlying Security Market Price volatility*	↑	↑	↑	↑
Dividends (compared to assumptions as at Trade Date)	↑	↑	↑	↓

* In the case of Collars and Spread Options, the impact of changes in these variables on the Early Termination Amount will depend on where the Contingent Payment Level and Strike Price are set.

The Early Termination Amount can be an amount payable by or to you depending on the Option Transaction and whether you are the Holder or Provider. If you close out an Option Transaction early and you have drawn a Loan against it, then you must also repay the Loan at the same time and you may also be required to pay an Early Termination Amount in respect of the loan. If you have paid Interest upfront then you may receive a refund of Interest.

How are dividends, distributions and franking credits treated?

During the Term of your Option, you are entitled to all dividends, distributions and franking credits paid on the Underlying Securities that are held by the Nominee for your benefit (assuming you satisfy the conditions as outlined in the Tax Summary). The dividends and distributions will be paid to you by the Nominee and credited to your nominated account.

Where UBS has borrowed your Underlying Securities, a compensatory payment equal to such dividends, distributions and franking credits may be paid by UBS.

How are Corporate Actions treated?

Changes may be made to terms of your Option due to Corporate Actions. Each Corporate Action is likely to have a different impact. UBS may adjust the Strike Price, number of Underlying Securities per Option and/or any other term of your Option as it reasonably believes appropriate to put the parties in substantially the same economic position as the parties would have been in had the Corporate Action not occurred. UBS may also adjust the number and identity of Underlying Securities which are required to form part of the Mortgaged Property, for example, if you receive any additional securities as a result of a Corporate Action. Notwithstanding anything in this section, UBS may determine a Corporate Action to be an Event of Default and deal with it as such.

A brief summary of the main types of Corporate Actions and possible adjustments is as follows:⁸

- 1) Special dividends – the special dividend proceeds may be used to purchase additional Underlying Securities which will become subject to the Option and the Mortgage (if applicable). The Strike Price may also be adjusted.
- 2) Return of capital – the capital return proceeds may be used to purchase additional Underlying Securities which will become subject to the Option and the Mortgage (if applicable). The Strike Price may also be adjusted.

⁸ Please note the method of actual adjustment can only be determined once the corporation action details are known.

3) Takeover or merger – in the case of a scrip for scrip takeover, or a scheme of arrangement involving scrip consideration, provided the securities of the acquirer are acceptable to UBS, the Option may be adjusted to refer to those securities as Underlying Securities, with adjustments made to reflect the new Underlying Securities. If UBS in its sole discretion decides that the securities of the acquirer are not acceptable then the Option will terminate early and you will settle the Early Termination Amount with UBS. If all or part of the takeover consideration is cash, then the Option may terminate and you may be required to settle an Early Termination Amount with UBS. The timing of any adjustment or termination is at UBS's absolute discretion and may be on, prior to, or following the takeover offer becoming unconditional or the compulsory acquisition threshold being reached.

4) Stock split/consolidation or other form of capital reconstruction – the description of the Underlying Securities, number of Underlying Securities per Option and/or the Strike Price may be adjusted.

5) Rights issue – if the rights issue is renounceable, then UBS may direct you or the Nominee to dispose of the rights and apply any proceeds to purchase additional Underlying Securities which will become subject to the Option and the Mortgage (if applicable). The Strike Price and number of Underlying Securities per Option may also be adjusted. If the rights issue is non-renounceable then the Strike Price may or may not be adjusted.

UBS may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Corporate Action made by an options exchange to ETOs over the relevant Underlying Security traded on that options exchange.

What are the taxation consequences of the facility?

Clayton Utz have provided a taxation summary which is included in this PDS. The discussion contained in the summary is of a general nature only and does not take into account the specific circumstances of any Investor. It is based on the Australian income tax laws as at the date of this PDS, and addresses only the position of Investors who are Australian residents that enter into Transactions other than in the course of carrying on a business, and who acquire and hold their Approved Securities and Options on capital account.

Investors should seek their own independent advice on the taxation implications of investing through the Structured Option and Loan Facility for their own particular circumstances.

The "Taxation Summary" is set out in Section 11 of this PDS.

Trading windows for potential insiders

If you are an employee or officer of the company and wish to trade Options over securities of that company, then you are likely to be subject to "trading windows", or defined periods when you are allowed to trade in securities of the company or financial products, such as Options, which relate to those securities. It is your responsibility to determine when these periods are, and whether they affect your ability to enter into a Transaction. If you proceed to enter into a Transaction, you represent to UBS that you are able to trade.

When you initially trade, you may elect to have the Automatic Extension Clause apply to you (see clause 8.5 of the Agreement in Section 13 of this PDS). This works so that if at Maturity you are not within a trading window then UBS may adjust the Strike Price and Contingent Payment Level (if applicable) in its sole discretion to enable the Maturity Date to be rolled forward until the end of the non-trading period. If the Automatic Extension Clause is activated, you will be required to pay to UBS a fee of 1% of the cash payment which would have been payable or security value which would have been deliverable on the original settlement date. Alternatively, you may be able to request a cash settlement of your Option Transaction (if permitted by UBS) prior to or during the blackout period and settle the Early Termination Amount or cash settlement amount as the case may be. Note, this may affect the taxation consequences as described in Section 11. If you have elected neither, and amounts are owed to UBS at the Maturity Date, then UBS will enforce its rights under the Mortgage and sell your Underlying Securities.

If you are affected by trading restrictions and trading windows, you should seek your own legal advice as to circumstances when you may or may not be permitted to trade and only trade with UBS, or request such a trade, if you are permitted to do so.

Directors' disclosure and general market disclosure

If you are a director of the company and wish to enter into Options over securities of that company, then you may be required to notify the ASX of the existence of that Option Transaction. You should take your own advice on the details and timing of the disclosure. UBS may in its discretion require that details of such proposed disclosure be provided to UBS in advance. You may also be required to disclose details of your Options Transactions to the ASX under applicable laws, regulations or policies from time to time if you are not a director or employee of the company you wish to enter into Options over. UBS may require you to make such disclosures from time to time, even if you are not required to by law.

How to apply for the Option Facility

You must apply to UBS through your financial adviser by completing the Application Form on page 117. Certain adviser groups are pre-approved by UBS. If your financial adviser has not been pre-approved then UBS may request that you provide certain identification documents to confirm your personal details.

How to transact through the Option Facility

Once UBS has confirmed that your Option Facility is established you should discuss the particular strategy you may wish to undertake with your financial adviser.

Your financial adviser will provide you with some indicative pricing set out in a Quote Sheet. This is indicative only and the actual cost and terms will not be able to be finally determined until UBS is able to confirm its hedging arrangements and the trade is executed. The actual costs will be confirmed by UBS in a Confirmation, after the Transaction is executed.

You may also be asked to sign additional agreements with UBS if UBS specifies them as required for the type of Transaction you wish to undertake (for example, a Dividend Agreement). These will be supplied separately to you.

If you are satisfied with the indicative pricing and wish to proceed, your financial adviser (which must be the financial adviser nominated on your original Application Form) must provide written instructions to proceed as well as a basis for the execution (e.g. at current Market Price or subject to a price limit) in a Quote Sheet. UBS is entitled to act on the written instructions given by the financial adviser.

UBS will only enter into an Option to the extent it can be hedged by UBS in accordance with your financial adviser's execution instructions. Where your financial adviser has given instructions to enter into an Option with the Strike Price or Contingent Payment Level expressed as a percentage of the Market Price of the Underlying Securities (rather than a fixed Strike Price), the Strike Price will be calculated based on UBS's hedge execution price. You should also note that the pricing in the Quote Sheet is indicative only. The actual pricing for a resulting Transaction may be different and will depend on the pricing at which UBS can hedge the Transaction as discussed above. You should check your Confirmation carefully and if you have any questions contact your adviser or UBS immediately.

Once execution has occurred, you will be sent a Confirmation, confirming the terms of the Option, on the Business Day following execution.

Client reporting after you transact

UBS will provide you with the following information in relation to the Options that you enter into under this facility:

- When you enter into any Option, UBS will send you a Confirmation. This will set out the key commercial terms of the Option (including the Premium Amount(s) and other costs, Strike Price, Contingent Payment Level (if applicable), Maturity Date and the number of Underlying Securities).
- The Confirmation will also include the details of any Underlying Securities which are to be held by the Nominee on your behalf (whether you have transferred them to the Nominee or you have purchased the Underlying Securities upon entry into the Options).
- If the terms of any Options are adjusted for any reason (whether by agreement between you and UBS or otherwise in accordance with the Agreement), UBS will send you a further Confirmation detailing the adjustments made.

- If you would like a statement of your positions under the Option Facility, UBS can provide a position summary on request.
- You will receive a statement from the Nominee each time a dividend or distribution is passed on to you in relation to Underlying Securities held by the Nominee on your behalf.
- On or around any Early Termination Date or the Maturity Date, UBS will provide you with a closing Confirmation, showing final amounts owed to (or by) you.

If you have any questions about the Option Facility, please contact your financial adviser or UBS.

Section 3 – The Loan Facility

What is the Loan Facility?

The Loan Facility offers you a limited recourse Loan secured by a Mortgage over Approved Securities, and in some cases, Options and other property (the Mortgaged Property). Any Mortgaged Property held by the Nominee will also be subject to a charge from the Nominee in favour of UBS.

The funds drawn under the Loan may be used to purchase Approved Securities. Alternatively you may already hold Approved Securities, in which case they can be transferred to the Nominee to serve as collateral for the Loan. If you have previously purchased a Put Option, a Collar, a Put Spread or a Put Spread Collar, you can also mortgage that Option and any Underlying Securities to obtain a Loan. The maximum amount that you can extract in cash at any point in time (the "Available Amount") is dependent on the type and value of collateral that you deliver to UBS, the Term of the Loan, the Interest Amounts remaining and the Interest Rate applicable to the Drawdown Amount.

How does limited recourse work?

In the absence of an Early Termination Date, UBS's recourse to you for the repayment of the Loan Balance at the Maturity Date is limited to the value that it derives from exercising its rights as Mortgagee in respect of the Mortgaged Property applicable to that Loan. You are not liable to make up any shortfall if the value of the Mortgaged Property applicable to that Loan at that time is less than the Loan Balance.

This limited recourse feature is not applicable to your obligation to pay Interest and other amounts due on the Loan (e.g. any Early Termination Amount), and is not applicable if the Loan is repaid or terminated early. In those cases, you are personally liable to meet all of your obligations under the Loan and you may need to satisfy those obligations out of your own funds or other assets.

Facility Amount

Once your Loan Facility is approved and UBS confirms that it will accept your Approved Securities (and Options if applicable) as collateral, UBS will specify the Facility Amount and collateral requirements on or prior to the first Drawdown Date. If you purchase Put Options or Collars and you mortgage that Option Transaction and the Underlying Securities to obtain a Loan then the Facility Amount will be determined by UBS as a percentage of the amount which is the Strike Price multiplied by the number of Options – this is generally 100% but may be different in certain circumstances including when the Option Transaction involves illiquid stock or particularly large positions. If you purchase Put Spreads or Put Spread Collars and you mortgage that Option Transaction and the Underlying Securities to obtain a Loan then the Facility Amount will be determined by UBS as a percentage of the difference between the Strike Price and the Contingent Payment Level (in the case of a Put Spread) or the difference between the Strike Price and the Lower Contingent Payment Level (in the case of a Put Spread Collar) for the Option Transaction multiplied by the number of Options (the Gap Value) – this is generally 100% of the Gap Value but may be different in certain circumstances including where the Option involves illiquid stock or particularly large positions.

UBS may permit you to amend your Facility Amount in certain circumstances. If you have a Loan but no Option Transactions you may amend your Facility Amount by agreement with UBS. If you have Put Options or Collars and you wish to increase the Facility Amount then you must (unless agreed otherwise by UBS) either increase the Strike Price of the Put Options or Collars or increase the number of Underlying Securities mortgaged to UBS. If you have Put Spreads or Put Spread Collars and you wish to increase the Facility Amount then you must (unless agreed otherwise by UBS) also either increase the Gap Value or increase the number of Underlying Securities mortgaged to UBS. In all of these instances, a Facility Adjustment Fee may be payable in addition to Interest on new Drawdown Amounts. If a Facility Adjustment Fee is not payable, UBS may amend your Interest Rate. UBS will provide a quote for this Facility Adjustment Fee or amended Interest Rate when you request an increase to the Facility Amount. The size of the Facility Adjustment Fee or adjustment to Interest Rate, if any, will reflect:

- the amount by which you are increasing the Facility Amount
- market interest rates
- time remaining until the Facility matures
- volatility of the Underlying Securities
- dividends on the Underlying Securities

UBS may specify a Minimum Initial Drawdown Amount when you utilise the Loan Facility for the first time. Subsequently, the minimum amount per additional Drawdown Amount is as specified by UBS from time to time. If a Loan is not fully drawn by the Maturity Date, the balance will be drawn (up to the Facility Amount) immediately prior to the Maturity Time on the Maturity Date. Unless explicitly approved in writing by UBS, the total amount drawn must not exceed the Available Amount applicable at that point in time and the total Loan Balance outstanding must be repaid by no later than the Maturity Date. For example, you can make multiple drawdowns up to the Facility Amount, and you can repay the various Drawdown Amounts by instalments on various Repayment Dates provided the Drawdown Amounts, Drawdown Dates, repayment amounts and Repayment Dates are agreed with UBS in advance.⁹

What is the term of the Loan?

If you require a Loan only, you can agree a specified term with UBS. If you draw a Loan which is secured by Options, the Loan will be repayable in full by no later than the Maturity Date of your Options.

What are the permitted purposes of the Loan?

You must declare in the Application Form that every Loan you draw down under the Facility will be used wholly or predominantly for business or investment purposes.

What is the Interest Rate?

The Interest Rate applicable to each Drawdown Amount will be set at the Drawdown Date or in your Confirmation and is generally fixed until the Repayment Date of the relevant Drawdown Amount. You will be notified of an indicative Interest Rate in the Quote Sheet provided to you. The applicable indicative Interest Period(s), Interest Payment Date(s) and Repayment Date(s) will also be set out in the Quote Sheet.

The current indicative Interest Rate for a particular Approved Security (and a particular Option strategy) can be obtained by contacting your financial adviser or UBS. The actual Interest Rate will depend on a number of factors (refer below under heading "How to transact through the Loan Facility") on page 21.

Are there other fees and charges?

UBS may charge a Loan Establishment Fee of up to 2.2% of the Facility Amount on the first Drawdown Date. The applicability of this fee will be specified in the Quote Sheet.

If you are a company applicant and UBS has to take a mortgage over your Approved Securities or other collateral then you must pay UBS a \$135.00 fee for registration of a company charge with ASIC, as well as \$65.00 for the release or partial release of each pre-existing charge to enable the registration with priority of UBS's mortgage interest.

A \$100 charge will apply if you fail to meet a direct debit payment and UBS is required to re-run the direct debit or process a cheque payment or direct credit. Late fees and penalty interest may also apply in respect of late payments, in accordance with the Agreement.

UBS reserves the right to pass on to you any unforeseen costs and Taxes, such as stamp duty (including transfer and mortgage duty). At the date of this PDS, UBS is not aware of any such costs and Taxes payable.

What commissions are payable?

UBS may pay a commission to your financial adviser of up to 2.2% (inclusive of GST) upfront and up to 1.1% (inclusive of GST) per annum on your prevailing Loan Balance.

⁹ UBS is not obliged to agree to any particular drawdown or repayment schedule that is proposed – you should seek further information on available alternatives through your financial adviser.

How can I pay Interest?

Interest is payable on the Interest Payment Date(s) specified in your Confirmation. In general, Interest is prepaid for each Interest Period. Loans with a term of greater than 1 year are made up of multiple Interest Periods each of 12 months or less. Unless agreed otherwise with UBS, a drawdown will be made on each Interest Payment Date and applied to meet your Interest payment obligation. The amount of Interest due is calculated based on the size of the Drawdown Amount, the Interest Rate specified for that Interest Period for each Drawdown Amount, and the number of days within that Interest Period.

UBS may in its absolute discretion agree to charge Interest on a different basis in certain circumstances. UBS's agreement to do so may also be subject to conditions and credit approval.

What collateral must I provide to obtain a Loan?

UBS will require you to lodge Approved Securities with the Nominee as collateral as a condition to providing a Loan to you. These Approved Securities can either be provided by you, or purchased with the Loan proceeds. These Approved Securities will be subject to the Mortgage in favour of UBS to secure your Loan obligations and you will be prohibited from dealing with them during the term of the Loan.

If you have purchased a Put Option, a Collar, a Put Spread or a Put Spread Collar in respect of those Approved Securities then those Options will also become subject to the Mortgage. UBS will determine the collateral requirements for each Facility Amount requested (e.g. number of Underlying Securities and/or Options that must be mortgaged to UBS) and you must deliver the collateral to the Nominee by the time specified by UBS (usually on or prior to the first Drawdown Date). The Mortgage will be released once you have satisfied all of your obligations under the Loan (and the Options if applicable).

Can I break my Loan early?

You can terminate your Loan early by repaying the Loan Balance and satisfying all other outstanding Loan obligations (e.g. Interest for the remainder of the Term, any Early Termination Amount or other amounts payable under the Agreement).

If your Loan is secured by Options and you wish to terminate your Options at the same time then you can request an Early Termination Amount¹⁰ from UBS for the Options. If Options securing your Loan are terminated early for whatever reason, then your Loan must also be repaid early.

An Early Termination Amount may apply when a Loan is terminated early in part or in full. UBS will provide an indicative quote of any Early Termination Amount when you request an early Loan repayment. Any Early Termination Amount may be substantial, especially for longer term Loans, Loans with high Facility Amounts, and where market interest rates have fallen since the initial Drawdown Date. The quantum of an Early Termination Amount cannot be determined with certainty in advance as it is dependent on a number of factors. The main factors and their general influence on the Early Termination Amount in relation to a Loan are outlined in the table below:

Variable (these factors apply to all Loans)	Change in variable	Change in Early Termination Amount
Market interest rates	↑	↓
Time to Maturity Date	↓	↓

¹⁰ This can be an amount payable by or to you – please refer to page 27 for more information.

Variable (these factors apply only where your loan is not secured by an Option position)	Change in variable	Change in Early Termination Amount
Market Price of Underlying Securities	↑	↑
Underlying Security Market Price volatility	↑	↓
Dividends	↑	↑

You should seek professional financial advice prior to making a decision to terminate your Loan or any Option Transaction early.

How are Corporate Actions treated?

UBS may adjust the terms of your Loan (including but not limited to the Loan Balance, Maturity Date or Interest Rate) to account for any changes made to either a corresponding Option Transaction (where it is securing the Loan) due to a Corporate Action as outlined on page 14 or that may otherwise be made to the Loan by UBS to account for the effect of that Corporate Action. UBS may also determine a Corporate Action to be an Event of Default and deal with it as such.

What happens to the Loan at Maturity?

At Maturity, the Loan Balance must be repaid, either from:

- a) the sale of the Underlying Securities to UBS, e.g. pursuant to the exercise of an Option;
- b) the sale of the Underlying Securities on market, e.g. as a result of UBS exercising its rights as mortgagee; or
- c) other funds that you transfer to UBS.

Provided you have complied with all your obligations under the Agreement, UBS's recourse to you in respect of the Loan Balance is limited such that you are not required to make up the shortfall if the value of the Mortgaged Property applicable to that Loan at Maturity is less than the Loan Balance.

How to transact through the Loan Facility

To obtain a Loan, you must, through your financial adviser, contact UBS to agree a Facility Amount and an indicative Interest Rate which will be set out in a Quote Sheet. You must indicate to UBS:

- the Term of the required Loan;
- the number of Approved Securities that you will mortgage (and the Nominee will charge) to UBS under the Mortgage; and
- the details of any Option Transactions that you have over those Approved Securities.

You can apply for a fixed Facility Amount or you can apply for a Facility Amount that is expressed as a percentage of a reference price. The reference price will be the price at which UBS sells Approved Securities to hedge the limited recourse risk embedded in the Loan. If you have Put Options or Collars then UBS may specify a percentage of the Strike Price (multiplied by the number of Options) as the Facility Amount.

The Interest Rate quoted by UBS in the Quote Sheet is an indicative rate. The actual Interest Rate will not be able to be finally determined until UBS is able to confirm its hedging arrangements and the actual Interest Rate will only be set when each Drawdown Amount is drawn down. The actual Interest Rate will be set out in the Confirmation.

You may also be asked to sign additional agreements with UBS if UBS specifies them as required for the type of Loan you wish to undertake (for example, a Dividend Agreement). These will be supplied separately to you.

If you are satisfied with the Facility Amount and the indicative Interest Rate and wish to proceed, then your financial adviser must provide written instructions to UBS on your behalf to proceed. UBS is entitled to act on the written instructions given by the financial adviser. If you do not have any Options in place then you must also provide a basis for the execution of UBS's hedge (e.g. at current Market Price or subject to a price limit) which will determine the reference price. UBS will only lend to you to the extent it can hedge its exposure in

accordance with your Adviser's execution instructions and as such only part of UBS's hedge may be executed. This will result in a lower Facility Amount being made available to you, until the execution instructions are amended and the hedge is completed.

Client Reporting after you transact

UBS will provide you with the following information in relation to your Loan:

- Following each Drawdown Date, UBS will send you a Confirmation setting out the Drawdown Amount, Facility Amount, Loan Balance, Repayment Date(s), Maturity Date, Interest Period(s), Interest Rate(s), Interest Amount(s) and Interest Payment Date(s).
- The Confirmation will also include the details of any Approved Securities which are mortgaged to UBS under the Mortgage to secure the Loan and which are held by the Nominee on your behalf, as well as any Options which will be subject to the Mortgage.
- If the terms of the Loan are adjusted for any reason (whether by agreement between you and UBS or otherwise in accordance with the Agreement), UBS will send you a Confirmation detailing the adjustments made, be they in respect of your Loan or the Approved Securities and/or Option Transactions securing your Loan.
- If you would like a statement of your Transactions under the Loan Facility, UBS can provide a summary on request.
- You will receive a statement from the Nominee each time a dividend or distribution is passed on to you in relation to Approved Securities.
- At or around the Maturity Date, UBS will provide you with a closing Confirmation, showing final amounts owed to (or by) you.

If you have any questions about the Loan facility, please contact your financial adviser or UBS.

Section 4 – The Exercise and Sale Facility

What is the Exercise and Sale Facility?

The Exercise and Sale Facility is used where you wish to exercise Executive Options that have been granted to you and immediately sell the Underlying Securities resulting from the exercise of those Executive Options.

The Exercise and Sale Facility is essentially a Stock Loan from UBS to you to enable the Underlying Securities to be sold before you exercise your Executive Options.

This process occurs as follows:

- 1) UBS lends you the Lent Securities, which it will sell on market on your behalf, and you direct UBS to pay the issuer of the Executive Options, the exercise price for the Executive Options from the sale proceeds;
- 2) On settlement of this sale (3 trading days after the sale date), a portion of the sale proceeds representing the Executive Option exercise price is paid to the company to fund the exercise of the Executive Options;
- 3) When the Underlying Securities are delivered to UBS to repay your Stock Loan from step (1), UBS will pay you the net proceeds equal to the sale proceeds, less the Executive Option exercise price, UBS's fees and any costs and Taxes incurred on your behalf.

For example:

Assume you own 100,000 Executive Options over NAB shares, with each Executive Option attaching to one Underlying Security, and an exercise price of \$30. Assume the Market Price for NAB shares is \$40. As a first step, UBS will lend you 100,000 NAB shares (the Lent Securities) so that you can instruct UBS to sell 100,000 NAB shares for you at the market price of \$40. On settlement of this trade, UBS will pay \$3,000,000 (100,000 x \$30) to NAB to exercise your Executive Options. When NAB allots the relevant NAB shares, you will direct them to be delivered to UBS to repay your Stock Loan.

The settlement amounts will be calculated as follows:

Share sale proceeds:	\$4,000,000
Less: Executive Option exercise cost:	\$3,000,000
Less: Brokerage:	\$17,600 (refer below)
Less: Arrangement Fee:	\$5,000 (refer below)
Equals net proceeds paid to you:	\$977,400

What are the Approved Securities covered by the Exercise and Sale Facility?

UBS will only make the Exercise and Sale Facility available in respect of securities quoted on ASX in respect of which UBS can enter into stock borrowing arrangements which are acceptable to UBS in its absolute discretion. The availability of acceptable stock borrowing arrangements will vary from day to day, but is generally restricted to the top 300 securities quoted on ASX.

What are the main Benefits of the Exercise and Sale Facility?

- Efficiency - enables you to exercise Executive Options without having the funds or having to apply for a loan to fund the exercise.
- Certainty of outcome - enables you to lock in a sale price (being the price achieved by UBS through the on-market sale) for the Underlying Securities prior to exercising Executive Options.
- Easy to implement – just follow the process outlined on page 24.

What are the main Risks of the Exercise and Sale Facility?

- You need to ensure your Executive Options are fully vested, exercisable and unencumbered – if they cannot be exercised immediately and unconditionally upon payment of the exercise price by UBS to the company, then you may incur significant costs as UBS will be entitled to purchase stock for your account on market to unwind your Stock Loan. UBS's costs of unwinding the Stock Loan will be reflected in any Early Termination Amount calculated by UBS in relation to the unwound Transaction.

- If there is a delay in the company allotting the Underlying Securities and transferring them to UBS to enable you to repay the Stock Loan, and there is an increased cost of stock borrowing for UBS, UBS reserves the right to pass this on to you.

What are the costs of the Exercise and Sale Facility?

The fees charged by UBS are as follows:

- 1) Arrangement Fee – minimum A\$5,000 but may be higher in case of a large or hard to borrow stock parcel, or if the Arrangement Fee is consideration for a taxable supply. UBS will provide a quote for the Arrangement Fee in the Quote Sheet.
- 2) Brokerage on the value of the Lent Securities sold, at the following rates, unless agreed differently with UBS:

Sale Proceeds	Brokerage (including GST)
Less than \$500,000	0.825%
\$500,001 to \$1,000,000	0.66%
\$1,000,000 +	0.44%

As noted above, if there is a delay in the company allotting shares following the exercise of the Executive Options, UBS may be required to buy the stock on market to unwind the Stock Loan. You will be responsible to UBS for the difference between the price at which UBS has sold the securities and the price at which it has bought securities to unwind the Stock Loan.

What commissions are payable?

UBS may pay a fee of up to 0.4125% (inclusive of GST) of the value of shares sold to your financial adviser.

What are the taxation consequences of the Exercise and Sale Facility?

Clayton Utz have provided a taxation summary which is included in this PDS. The discussion contained in the summary is of a general nature only and does not take into account the specific circumstances of any Investor. It is based on the Australian income tax laws as at the date of this PDS, and addresses only the position of Investors who are Australian residents that enter into Transactions other than in the course of carrying on a business, and who acquire and hold their Approved Securities on capital account.

Investors should seek their own independent advice on the taxation implications of investing through the Structured Option and Loan Facility for their own particular circumstances.

The "Taxation Summary" is set out in Section 11 of this PDS.

How to apply for the Exercise and Sale Facility

You must apply to UBS through your financial adviser by completing the Application Form on page 117. You may only apply through a financial adviser approved by UBS. Please contact UBS to determine if your financial adviser is approved.

How to transact through the Exercise and Sale Facility

In the first instance you should arrange for your financial adviser to contact UBS to determine if your proposed Transaction is acceptable to UBS. If your proposed Transaction is acceptable UBS will provide you the relevant details in a Quote Sheet. You will also need to follow the process outlined in Section 9 with your employer.

If you are satisfied with the proposed Transaction as set out in the Quote Sheet and wish to proceed, then your financial adviser must provide written instructions to UBS on your behalf to proceed. UBS is entitled to act on the written instructions given by the financial adviser.

Client Reporting after you transact

Once you have completed a Transaction under the Exercise and Sale Facility, UBS will send you a Confirmation, which will give you details of:

- the number of Lent Securities sold for you and the settlement proceeds;
- the funds paid to the company for the exercise of the Executive Options;
- the Brokerage and Arrangement Fee charged to you; and
- the net proceeds paid to you after deducting all amounts owed to UBS.

If you have any questions about the Exercise and Loan Facility, you should contact UBS or your financial adviser.

Section 5 – General Risks of the Facilities

While this section highlights a number of risks involved in using the Facilities, it does not purport to be exhaustive. When dealing in the Facilities, you are taking on these risks, so you must satisfy yourself that you are prepared to do so.

Risk of Investing in Underlying Securities

An investment in Underlying Securities (for example, through a Transaction) carries with it a number of inherent risks. The income and price performance of the Underlying Securities are susceptible to a number of factors, including:

- General movements in local and international financial markets;
- Prevailing economic conditions, including market interest rates and inflation;
- Market perception of the prospects for each of the Underlying Securities;
- Profitability and financial position of each of the Underlying Securities;
- The distribution payment policy of each of the Underlying Securities; and
- Changes in law affecting the Underlying Securities.

UBS does not guarantee the performance of any Underlying Securities. Nothing in this PDS is a recommendation by UBS concerning investment through the Option Facility, the Loan Facility or the Exercise and Sale Facility in Underlying Securities.

Returns

The return on your investment in the Approved Securities using either the Option Facility or the Loan Facility may be negative because:

- You may incur Premium Amounts in respect of Options;
- You will incur Interest costs on the Loan; and
- You may incur additional costs in connection with your investment in the Approved Securities (e.g. Early Termination Amount associated with early repayment or early termination).

Limited recourse

The limited recourse feature applicable to the Loan Facility protects you against a decline in the price of the Underlying Securities at Maturity only and will not apply if the Loan is terminated or repaid early or an Event of Default occurs. Furthermore, you have personal liability during the Term of the Loan for Interest payments, applicable fees, and any break costs incurred. If you breach an obligation to UBS (such as by failing to pay an Interest Amount), you may be liable to immediately repay the full amount of the Loan Balance plus any Early Termination Amount and additional costs.

Ability of UBS to fulfil its obligations

UBS and its affiliates have certain obligations under the Agreement. You must make your own assessment of the ability of UBS and its affiliates to meet their obligations under the Agreement.

Obligations created by the Option Facility are unsecured contractual obligations of UBS which will rank equally with other unsecured contractual obligations and unsecured debt other than liabilities mandatorily preferred by law.

Variation of Terms

Certain events, for example Corporate Actions, can result in the terms of your Transaction being adjusted. These adjustments are made by UBS as calculation agent and are determined by UBS in its absolute discretion. You should also be aware that if, in UBS's reasonable opinion, it is not possible or desirable to adjust the Transaction to account for a Corporate Action, it may be called an Event of Default and therefore result in an Early Termination Amount becoming payable by you or to you.

Increased costs and change of law

UBS has broad powers under the Agreement to pass on increased costs to you and also to terminate any Transaction in the event of an adverse change of law. See clauses 4.3 to 4.5 of the Agreement for more information.

Event of Default and Early Termination

Pursuant to the Agreement, the Maturity Date may be brought forward on the occurrence of an Event of Default. You should review the Events of Default set out in clause 4.1 of the Agreement in detail.

For example, if your Approved Securities are subject to compulsory acquisition following a successful cash takeover offer, your Options may be terminated, any Loans will be required to be repaid early, and any takeover proceeds may be applied to repay your liabilities under the Transaction, including any Early Termination Amount which may apply as a result of the early repayment. You should therefore note that an Event of Default can occur even if you have met your obligations to UBS, due to circumstances outside your control. See the definition of "Event of Default" for more details. The Early Termination Amount may be a significant cost to you.

If you have drawn a Loan or purchased a Put Option, Collar, Put Spread or Put Spread Collar with the intention of protecting the value of your securities, you should note that capital protection is not available on early termination following an Event of Default because:

- (a) the limited recourse feature embedded in the Loan does not apply on early termination;
- (b) the Options are European style and therefore not exercisable prior to Maturity – this means there is no assurance that your Underlying Securities can be transferred to UBS for at least the Strike Price;
- (c) any Early Termination Amount that you pay on terminating a Transaction may be significant and may erode any gains made on your Underlying Securities;
- (d) any Early Termination Amount that you receive on terminating an Option may be less than the Premium Amounts paid for the Option and may not cover all of the depreciation in security price since the trade date.

Restrictions on transfer of Options

The obligations created by Options between you and UBS cannot be transferred without UBS's prior written consent. In addition, Options traded under this Facility are not standardised, and there is no public market for them.

UBS has no obligation to consent to a transfer of the Option nor any obligation to agree to an early termination of the Option. However, it may be willing, upon your request, to quote a price at which it will consent to the termination of your obligations under the Options. If you accept the quoted price (the Early Termination Amount), the Option and all obligations under it will terminate upon settlement of the Early Termination Amount.

Restrictions on transfer of Underlying Securities

The grant of a Mortgage over Underlying Securities is a pre-condition to some Options between you and UBS. Where such a Mortgage is granted in favour of UBS, you will be prohibited from dealing with or encumbering the Underlying Securities without UBS's prior written consent. A breach of the terms of the Mortgage will give UBS a right to terminate the Options and may require you to pay to UBS an Early Termination Amount.

You may also be restricted from exercising some rights in relation to the Underlying Securities if UBS deems them to affect the collateral requirements for the related Options e.g. you may not be able to accept a takeover offer in respect of Underlying Securities before the Options to which they relate have been adjusted.

Valuation

As Options are not standardised or publicly traded, the value of an Option at any time may not be precisely ascertainable or even well defined. Different dealers, using different pricing models, may arrive at different values. In addition, the value of an Option will vary over time and is affected by many factors, including the time remaining until Maturity, the Market Price of the Underlying Securities, Market Price volatility and dividend rate of the Underlying Securities, and market interest rates. This uncertainty of valuation is also

enhanced by the absence of an organised secondary market for Options and a centralised reporting system displaying the prices of actual Transactions.

If UBS provides you with a valuation or price for an Option Transaction, it does not represent the price at which you can enter into or terminate the relevant Option unless UBS identifies it as firm or binding (as opposed to indicative).

Risk of economic loss

Where you purchase Options as a hedge for Underlying Securities held, the amount paid for the Options (i.e. the Premium Amounts) will reduce any profit that you would otherwise have made if you had not purchased the Options. Conversely, if you would otherwise have made a loss, certain Options may in some cases generate a positive return which will mitigate your overall loss. The amount(s) paid for Options are generally not refundable. The value of Options that you hold will diminish over time, so you may lose the entire amount that you have paid to purchase the Options even if there is no change in the Underlying Security price.

In addition to any First Premium Amount paid upfront, you are also required under the Agreement to pay any Second Premium Amount that becomes payable at Maturity of the Option. The quantum of any Second Premium Amount is contingent on the price performance of the Underlying Security and is not known on the day you enter into the Option. If the Options were acquired as a hedge for Underlying Securities held, then the gain that you would have made on the Underlying Securities will be reduced if you are required to pay a Second Premium Amount.

Importance of timely exercise

Options offered under this Facility do not generally provide for automatic exercise. If you elect to nominate Automatic Exercise in your Confirmation you should note that this election will be irrevocable. If you wish to exercise an Option that you hold then you must provide an Exercise Notice by three Business Days before the Maturity Date. You should always make sure that you know how and when an Option may be exercised and that you have the correspondence details for delivery of the Exercise Notice. While an American-style option may be exercised on any Business Day from the date of issuance through the date of expiry, a European style exercise Option may be exercised only on the Maturity Date. Your Options under this PDS are all European style (unless otherwise agreed with UBS). If your Option is in the money, and you fail to exercise it before Maturity, you will lose the entire value of the Option. UBS may, in its absolute discretion, pay you the Early Termination Amount for that Option despite the failure to exercise but there is no guarantee that it will do so.

All Options default to physical settlement but UBS may allow you to elect to settle by payment of cash if that is specified in the Confirmation. Generally, you must exercise such right by requesting it from UBS a number of days prior to the Maturity Date of the Option. You should make sure that you understand what your settlement obligation will be if you are not permitted an alternative settlement method, the tax consequences (if any) of using one method rather than the other, and the time by which you must submit your election.

UBS does not provide you with any investment, tax or legal advice

UBS does not provide investment advice. You acknowledge that UBS will not act in a capacity of an advisor or fiduciary to you on any Transaction and you should not regard any Transaction proposal, descriptions of investment strategies, marketing materials or other written or oral communications from UBS or its employees and affiliates as recommendations or advice or as expressing a view as to whether a particular Transaction is appropriate for you or meets your financial objectives. UBS does not provide legal, tax or accounting advice. Transactions may have significant legal, tax and accounting consequences to you based upon your particular circumstances. We strongly recommend that you review the legal, tax and accounting consequences of entering into any Transaction with your professional advisors.

Our trading activities may affect the value of your Transaction

From time to time UBS and its affiliates may have substantial long or short positions in, and may make a market in or otherwise buy or sell, instruments identical or economically related to Transactions entered into with you. UBS may also undertake proprietary trading activities, including hedging Transactions related to the initiation or termination of a Transaction with you, that may adversely affect the market price, rate, index or other market factor(s) applicable Transaction entered into with you and consequently the value of the Transaction.

Closing Price/Market Price

It is important to note that UBS uses the Closing Price at Maturity of an Option to determine whether an Option is in-the-money, out-of-the-money or at-the-money. However, when determining the amount of any Second Premium Amount payable in relation to a Collar or a Spread Option, UBS will use the Market Price at Maturity. The Closing Price at Maturity and the Market Price at Maturity should generally be similar, if not the same, however in some circumstances there may be differences between the two amounts, which may be significant.

In particular, if you intend to physically settle a Collar or a Spread Option, you will not be able to calculate the precise Second Premium Amount by referring to the Closing Price at Maturity. If you contact UBS you may be provided with an indicative Second Premium Amount.

Section 6 – Potential Option strategies including examples

Broadly, the Options available under this Facility can be used for three purposes:

- a) to implement protection for a parcel of existing Approved Securities;
- b) to acquire an exposure to Approved Securities which the investor does not already own that is in line with the investor’s view on future Market Price movements, whether up or down; or
- c) to generate cash through the receipt of Option premium.

The Options that fall within the “protection” category are:

- buying a Put Option whilst holding Approved Securities;
- buying a Collar whilst holding Approved Securities (the classic “collar” strategy);
- buying a Put Spread whilst holding Approved Securities; or
- buying a Put Spread Collar whilst holding Approved Securities.

The Options that fall within the “exposure access” category are:

- buying a Call Option without holding Approved Securities;
- buying a Put Option without holding Approved Securities;
- buying a Call Spread without holding Approved Securities; or
- buying a Put Spread without holding Approved Securities.

The Options that fall within the “cash generation” category are:

- selling a Call Option whilst holding Approved Securities; or
- selling a Put Option and posting cash collateral.

Note: The examples in this section do not take into account transaction costs, such as fees, brokerage, Taxes, Interest or other charges, details of which are provided elsewhere in this PDS. These transaction costs will increase the losses or reduce or eliminate the profits referred to in the following examples.

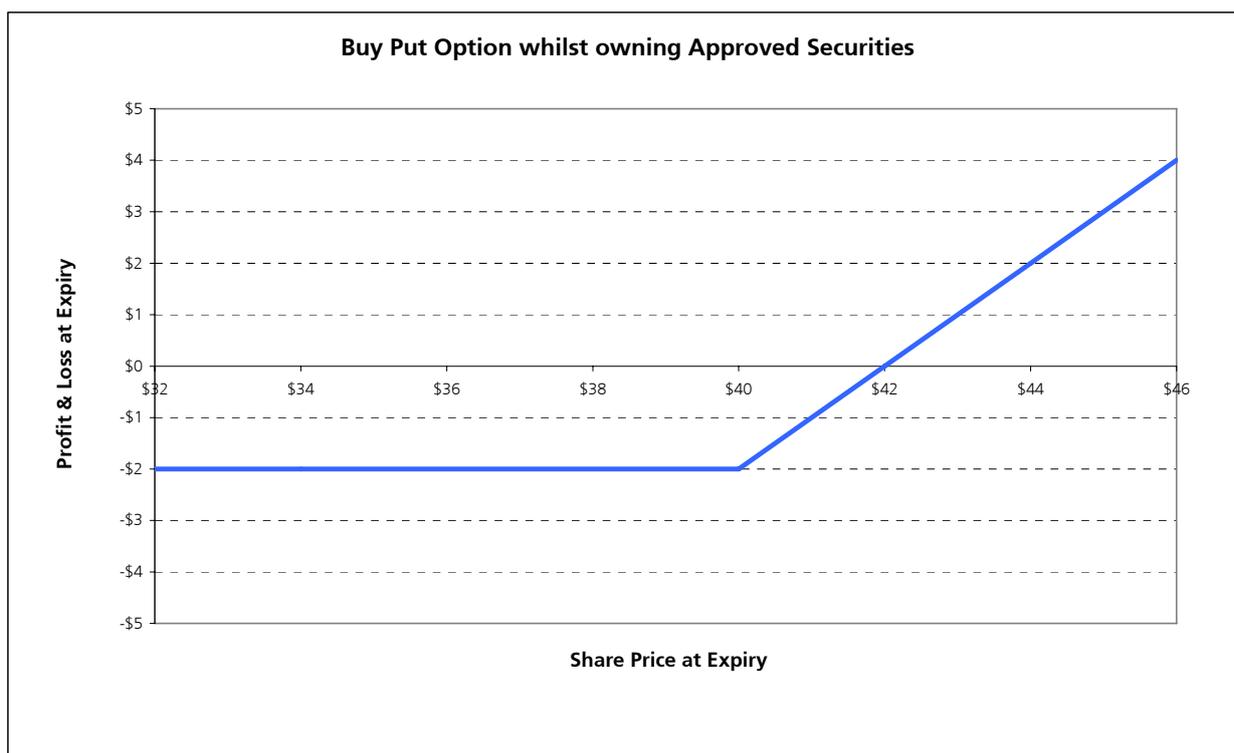
Protection Strategies

1. Buying a Put Option whilst holding the Approved Securities

An investor who owns the Approved Securities and has confidence in the potential upside, but does not wish to be exposed to unforeseen downward price movements could consider the purchase of a Put Option over those Approved Securities. Purchasing a Put Option will effectively lock in a minimum value for those Approved Securities. The basic terms of the Put Option are as described in section 2.

The combination of owning Approved Securities and a Put Option also creates an asset that the investor can borrow against. During the life of the Put Option, UBS will generally lend an amount equal to a percentage of the Protected Value (for investment purposes). Further detail and an example of the Loan Facility being used in this context is contained in section 7.

For example, say you own 100,000 Approved Securities, which you bought at \$40 and say you bought a one year Put Option over 100,000 Approved Securities with a Strike Price of \$40, and paid \$2 per Underlying Security as the First Premium Amount. Your payoff at Maturity (ignoring transaction costs) would look as follows:



At Maturity– if Market Price is below the Strike Price

Say, for example, the Market Price at Maturity is \$38. You could sell your Underlying Securities to UBS for \$40 by exercising your Put Option. You would make or lose no money on the Underlying Securities you bought for \$40. However, in this situation you would have lost the First Premium Amount of \$2 per Underlying Security, or \$200,000 on 100,000 Underlying Securities.

At Maturity – if Market Price is above the Strike Price

Say, for example, the Market Price at Maturity is \$43. The Put Option would expire worthless but you would be able to sell your Underlying Securities in the market for \$43 and therefore make \$3 per Underlying Security. Taking into account the \$2 per Underlying Security you paid as the First Premium Amount, you would have a profit of \$1 per Underlying Security or \$100,000 on 100,000 Underlying Securities.

2. Buying a Collar whilst holding Approved Securities (the classic “collar” strategy)

An investor who wishes to protect the value of a particular holding of Approved Securities but is only moderately confident in the potential upside of those Approval Securities and is therefore happy to forgo some upside may consider a Collar. Investors may like the protection afforded by the purchase of a Put Option but may not wish to pay the up-front First Premium Amount required of a Put Option. If the investor is willing to forego upside appreciation above a certain level, the investor can reduce the cost of put protection. When the First Premium Amount payable to purchase a Put Option is reduced to zero in these circumstances, the Transaction is referred to as a “zero-cost Collar”.

A Collar is a Put Option with an upper Contingent Payment Level (CPL) added, above which the investor foregoes some or all of the upside (depending on their Participation Rate) by agreeing to pay a Second Premium Amount if the Market Price exceeds the CPL at Maturity. The Second Premium Amount payable on a Collar is calculated as a percentage of the excess of the Market Price at Maturity over the CPL. The percentage of Market Price exposure retained by the investor above the CPL is known as the “Participation Rate”. The formula for calculating the Second Premium Amount per Option is:

$$(\text{Market Price at Maturity of Underlying Securities} - \text{CPL}) \times (1 - \text{Participation Rate})$$

so in the case of upside being fully capped the Participation Rate will be 0% and in the case of upside being only partially capped the Participation Rate will be greater than 0%.

If the Participation Rate is greater than zero then the investor will be required to give away only some of their gains above the CPL if the Market Price at Maturity is above the CPL.

At Maturity, the consequences will depend on Market Price:

(a) Market Price at Maturity is below Strike Price

Upon exercise of the Collar, a contract will arise pursuant to which you will transfer the Underlying Securities to UBS in exchange for the Strike Price per Underlying Security. No Second Premium Amount is payable in this scenario.

(b) Market Price at Maturity is above Strike Price but below the CPL

The Collar will lapse and no Second Premium Amount will be payable.

(c) Market Price at Maturity is above the CPL

A Second Premium Amount is payable, equal to the excess of the Market Price over the Contingent Payment Level, multiplied by $(1 - \text{Participation Rate})$. If UBS offers to buy the Underlying Securities from you at the Market Price and you accept, then part of your sale proceeds will be set off against your obligation to pay the Second Premium Amount. You are not obliged to accept this offer and you may instead choose to pay the Second Premium Amount out of your own cash, or out of a partial sale of Underlying Securities.

Example 1 – upside fully capped above CPL (Participation Rate of zero)

Say you have just bought Approved Securities at a price of \$40 and you want to limit your downside risk to 10% over the next year, and you are also happy to forego all upside beyond 10%. You may purchase a 1 year zero cost Collar with a Strike Price of \$36 and a CPL of \$44, with Participation Rate of 0%. For "zero cost" upfront (i.e. no First Premium Amount), your exposure is protected at \$36 and below, capped at \$44 and above, and fully exposed in between.

The participation in this example is:

- 0% above the Contingent Payment Level;
- 100% above the Strike Price and below the Contingent Payment Level; and
- 0% below the Strike Price.

Your payoff at Maturity (ignoring transaction costs) would look as follows:



At Maturity – if the Market Price is below the Strike Price

Say, for example, the Market Price at Maturity is \$35. You could sell your Underlying Securities to UBS for \$36 by exercising your Collar. You would have lost \$4 per Underlying Security (or \$400,000 on the 100,000 Underlying Securities) from your initial purchase price of \$40. You have had the benefit of some protection, however, because you are \$1 better off than if you had had to sell the Underlying Securities in the market at \$35.

At Maturity – if the Market Price is above the Strike Price but below the CPL

Say, for example, the Market Price at Maturity is \$42. The Collar would expire worthless but you would be able to sell your Underlying Securities in the market for \$42 and therefore make \$2 per Underlying Security. You would have made a profit of \$2 per Underlying Security or \$200,000 on 100,000 Underlying Securities.

At Maturity – if the Market Price is above the CPL

Say, for example, the Market Price at Maturity is \$48. You would be able to sell your Underlying Securities in the market for \$48, however you would owe UBS \$4 per Underlying Security (\$48 less CPL of \$44) as a Second Premium Amount. You would have made a profit of $\$48 - \$4 - \$40 = \4 per Underlying Security or \$400,000 on the 100,000 Underlying Securities.

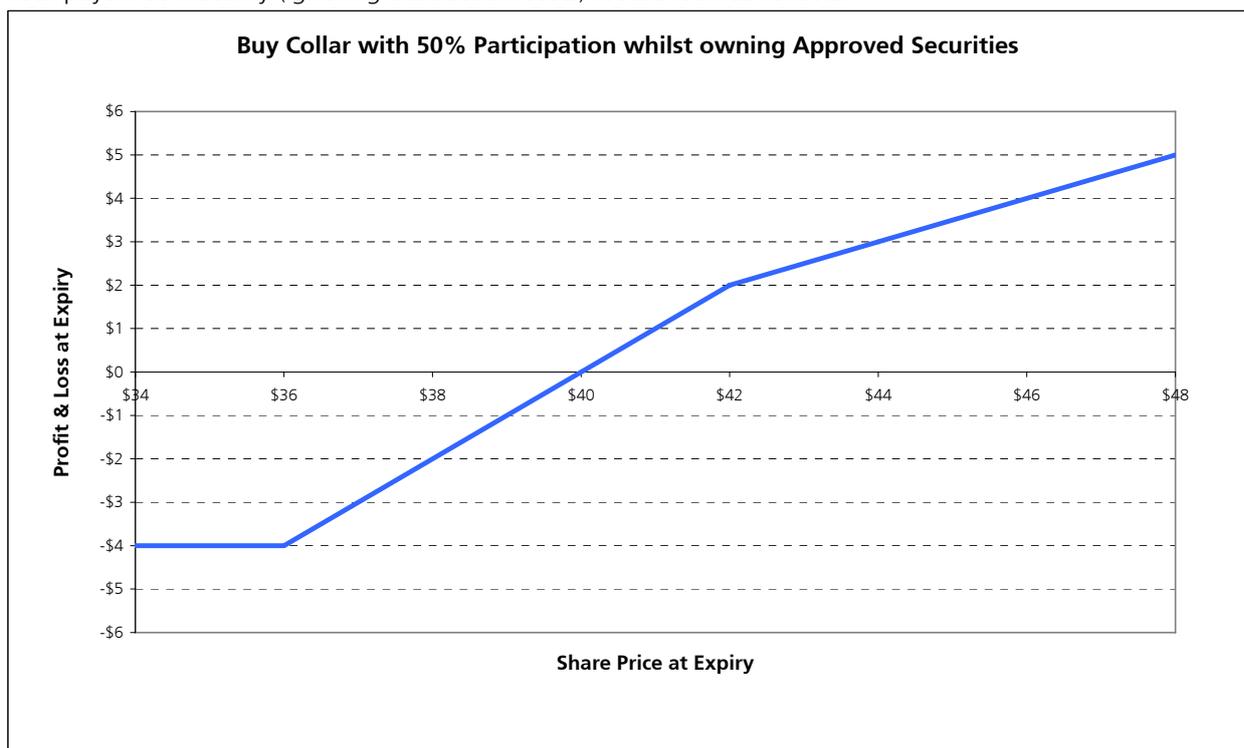
Example 2 – upside partially capped above CPL

Assume Participation Rate for this Collar is set at 50% (or 0.5). This means that your Market Price participation is:

- 50% above the Contingent Payment Level;
- 100% above the Strike Price and below the Contingent Payment Level; and
- 0% below the Strike Price.

Assuming the same Strike Price and CPL, a Collar will have a higher First Premium Amount if the Participation Rate is greater than 0% than if the equivalent Collar had a Participation Rate of zero. Alternatively, for the Transaction to be "zero cost" (i.e. no First Premium Amount), the CPL would have to be lower if the Participation Rate is greater than zero. Assume for example that you wish to acquire a zero cost Collar with a 50% participation above the CPL and a 90% Strike Price (say at \$36). To achieve this, the CPL may have to be set at \$42 instead of \$44.

Your payoff at Maturity (ignoring transaction costs) would look as follows:



At Maturity – if the Market Price is below the Strike Price

Say, for example, the Market Price at Maturity is \$35. You could sell your Underlying Securities to UBS for \$36 by exercising your Collar. You would have lost \$4 per Underlying Security (or \$400,000 on the 100,000 Underlying Securities) from your initial purchase price of \$40. You have had the benefit of some protection, however, because you are \$1 better off than if you had had to sell the Underlying Securities in the market at \$35.

At Maturity – if the Market Price is above the strike price but below the CPL

Say, for example, the Market Price at Maturity is \$41. The Collar would expire worthless but you would be able to sell your Underlying Securities in the market for \$41 and therefore make \$1 per Underlying Security. You would have made a profit of \$1 per Underlying Security or \$100,000 on the 100,000 Underlying Securities.

At Maturity – if the Market Price is above the CPL

Say, for example, the Market Price at Maturity is \$48. You would be able to sell your Underlying Securities in the market for \$48, however you would owe UBS \$3 per Underlying Security (\$48 less CPL of \$42 multiplied by Participation Rate of 50%) as a Second Premium Amount. You would have made a profit of $\$48 - \$3 - \$40 = \5 per Underlying Security or \$500,000 on the 100,000 Underlying Securities.

3. Buying a Put Spread whilst holding Approved Securities

The Premium Amounts payable for a Put Option can be substantial, especially for high Strike Prices, so if an investor desires protection and has a view that the Market Price of the Underlying Security will not fall below a particular level then a Put Spread can be used as a potentially “cheaper” form of protection. The First Premium Amount due on a Put Spread is generally less than that for a Put Option with the same Strike Price however the holder of the Put Spread agrees to take back the downside risk on the Market Price below the Contingent Payment Level. The CPL for a Put Spread is a price below the Strike Price, below which a Second Premium Amount will become payable by the investor, equal to the excess of the CPL over the Market Price of the Underlying Security at Maturity, multiplied by $(1 - \text{Participation Rate})$.

If the investor is correct and the Market Price at Maturity is greater than the CPL then no Second Premium Amount will be payable and the investor will have benefited from the same level of protection (at the Strike Price) for a lower protection cost. If however, the investor’s view is wrong and the Market Price at Maturity falls below the CPL then a Second Premium Amount will be payable and the investor will be exposed to losses that can outweigh any savings made on the First Premium Amount.

Assume for example, that you hold Approved Securities that have a purchase price of \$40 each. A Put Option with a \$38 Strike Price may have a First Premium Amount of \$2. A Put Spread with a \$38 Strike Price, a \$34 CPL and 0% Participation Rate may have a First Premium Amount of \$1.

Your payoff at Maturity (ignoring transaction costs) from the Put Spread with Approved Securities would look as follows:



At Maturity – if the Market Price is above the Strike Price

If the Market Price is \$44, the investor would have made a gross gain of \$4 on the Underlying Security, and both the Put Option and the Put Spread will expire worthless. The total gain on the Underlying Security protected by a Put Option is \$2, after deducting the \$2 First Premium Amount paid for the Put Option. Taking into account the differing Premium Amounts, the total gain on the Underlying Security protected by the Put Spread is \$3. The gain is greater for the Put Spread example because of the lower First Premium Amount of \$1.

At Maturity – if the Market Price is below the Strike Price but above the CPL

If the Market Price is \$37, under the Put Option the investor will be able to put the Underlying Securities to UBS at \$38 by exercising the Put Option and therefore limit the loss on their Underlying Securities to \$2 each. Similarly, under the Put Spread the investor can put the Underlying Securities to UBS at \$38 and no Second Premium Amount will be payable because the Market Price has not fallen below the CPL. Taking into account the differing Premium Amounts, the total loss on the Underlying Security protected by the Put Option is \$4, whilst the total loss on the Underlying Security protected by the Put Spread is \$3.

At Maturity – if the Market Price is below the CPL

If the Market Price is \$30, the investor will be able to put the Underlying Securities to UBS at \$38 by exercising the Put Option and therefore limit the loss on their Underlying Security to \$2. Similarly, the investor can put the Underlying Securities to UBS at \$38 under the Put Spread, but a Second Premium Amount is payable equal to \$4. Taking into account the differing Premium Amounts, the total loss on each Underlying Security protected by the Put Option is \$4, whilst the total loss on each Underlying Security protected by the Put Spread is \$7 (being \$1 First Premium Amount + \$4 Second Premium Amount + \$2 loss on the Underlying Security).

4. Buying a Put Spread Collar whilst holding Approved Securities

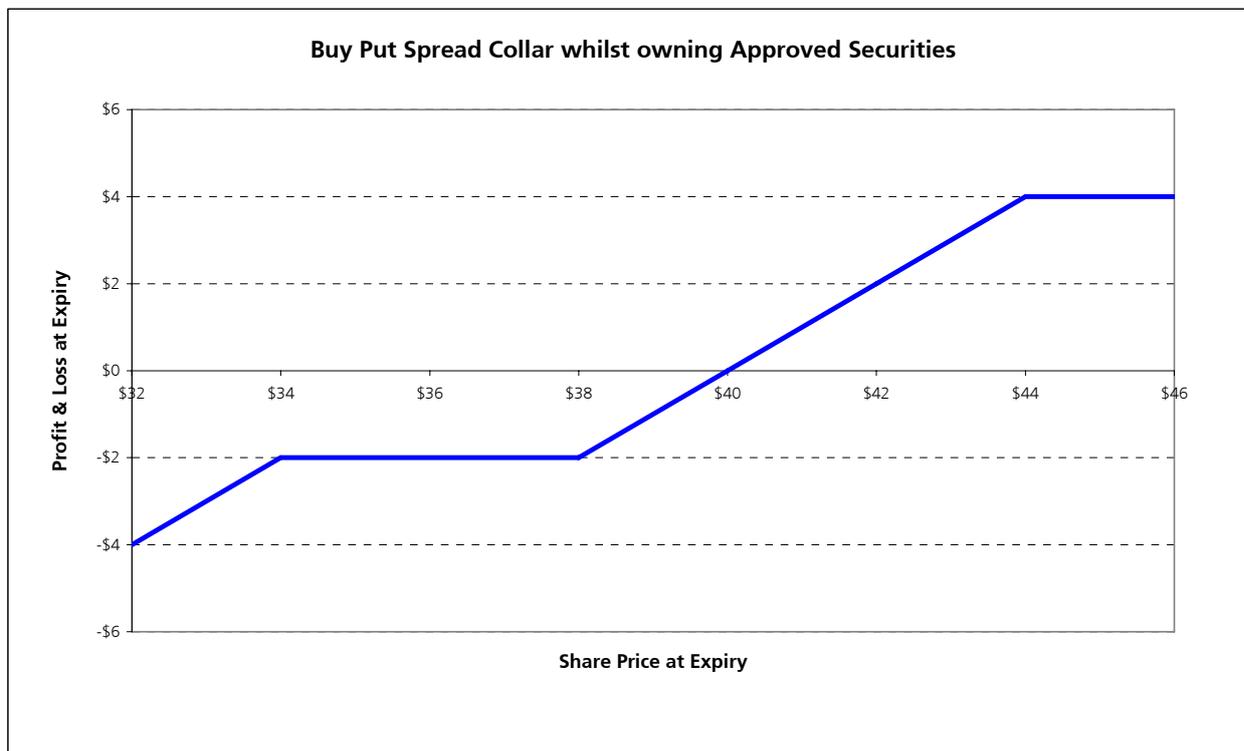
A Put Spread Collar has two Contingent Payment Levels – an Upper Contingent Payment Level above which a Second Premium Amount is payable at Maturity, and a Lower Contingent Payment Level below which a Second Premium Amount is payable at Maturity. The quantum of the Second Premium Amount payable is equal to:

- nil if the Market Price at Maturity is less than the Upper CPL but greater than the Lower CPL; or
- $(\text{Market Price} - \text{Upper CPL}) \times (1 - \text{Participation Rate})$ if the Market Price at Maturity is greater than the Upper CPL; or
- $(\text{Lower CPL} - \text{Market Price}) \times (1 - \text{Participation Rate})$ if the Market Price at Maturity is less than the Lower CPL.

A Put Spread Collar may be preferred over a Collar due to the potentially lower upfront cost. The analysis is similar to that for the Put Spread described above – the Put Spread Collar will be a more cost-effective form of protection compared to a Collar with the same Strike Price provided the Market Price at Maturity is not below the Lower Contingent Payment Level of the Put Spread Collar by more than the amount saved on the lower First Premium Amount.

Say for example that the you hold Approved Securities that have a purchase price of \$40 each, a Collar with a \$38 Strike Price and a \$44 CPL may have a First Premium Amount of \$2, but a Put Spread Collar with a \$38 Strike Price, a \$44 Upper Contingent Payment Level, a \$34 Lower Contingent Payment Level and 0% Participation Rate in respect of both Contingent Payment Levels may be "zero cost" upfront (i.e. there may be no First Premium Amount).

Your payoff at Maturity (ignoring transaction costs) for the Put Spread Collar with Approved Securities would look as follows:



At Maturity – if the Market Price is above the Upper CPL

If the Market Price at Maturity is \$45, a Second Premium Amount of \$1 will be payable under both the Collar and the Put Spread Collar. The total Premium Amount paid for the Collar is \$3 (First Premium Amount of \$2 + Second Premium Amount of \$1) whilst the total Premium Amount paid for the Put Spread Collar is \$1 (just the Second Premium Amount of \$1 as it is "zero cost" upfront), so the Put Spread Collar strategy will outperform the Collar strategy. The total gain on the combination of the Put Spread Collar and the Approved Securities in this scenario is \$4.

At Maturity – if the Market Price is below the Upper CPL but above the Strike Price

If the Market Price at Maturity is \$39, both the Collar and the Put Spread Collar will expire worthless. You will sustain a loss of \$1 on your Underlying Security but will have benefited from paying no First Premium Amount for the Put Spread Collar as opposed to the \$2 First Premium Amount for the Collar.

At Maturity – if the Market Price is below the Strike Price but above the Lower CPL

If the Market Price at Maturity is \$36, you can exercise both the Collar and the Put Spread Collar to sell Underlying Securities to UBS at \$38. Whilst the downside protection achieved is the same, you will have benefited from paying a zero First Premium Amount for the Put Spread Collar as opposed to the \$2 First Premium Amount for the Collar. The total loss on the combination of the Put Spread Collar and the Approved Securities in this scenario is \$2.

At Maturity – if the Market Price is below the Lower CPL

If the Market Price at Maturity is \$32 then you can exercise both the Collar and the Put Spread Collar to sell Underlying Securities to UBS at \$38 but a Second Premium Amount of \$2 will be payable on the Put Spread Collar. As such, the total Premium Amount of the Put Spread Collar will amount to \$2 (the same as the total Premium Amount for the Collar). The total loss on the combination of the Put Spread Collar and the Approved Securities in this scenario is \$4.

Exposure Access Strategies

5. Buying a Call Option without holding Approved Securities

The investor who is bullish on the Approved Securities but does not wish to outlay the full amount to purchase the physical Underlying Securities immediately could consider the purchase of a Call Option. The owner of a European style exercise Call Option has the right to buy the Underlying Securities at Maturity for a pre-determined price (the Strike Price).

The First Premium Amount for the Call Option is payable upfront in cash. Call Options are European style exercise and provide for physical settlement upon exercise. Exercise occurs when an Exercise Notice is given by the investor to UBS. This would only generally occur if the Market Price at Maturity was greater than the Strike Price. Physical settlement entails the transfer of the Underlying Securities by UBS to the investor, and payment by the investor to UBS of the Strike Price per Underlying Security under the Option. If you decide that you do not wish to take physical delivery of the Underlying Securities then you can request an early termination of the Option Transaction and, if accepted by UBS, settle the Early Termination Amount with UBS.

For example, say you bought a 1 year Call Option over 100,000 Underlying Securities with a Strike Price of \$40, and paid \$2 per Underlying Security as the First Premium Amount. Your payoff at Maturity would look as follows:



At Maturity – if Market Price is below the Strike Price

Say, for example, the Market Price at Maturity is \$38. In this situation the Call Option has no value because you could buy Underlying Securities in the market \$2 cheaper. In this situation you would lose the First Premium Amount of \$2 per Underlying Security, or \$200,000 on the 100,000 Underlying Securities.

At Maturity – if Market Price is above the Strike Price

Say, for example, the Market Price at Maturity is \$44 – you could exercise your Call Option and buy Underlying Securities at \$40. You would have to pay UBS \$40 per Underlying Security to do this. Assuming you can then sell those Underlying Securities at \$44 in the market you would make \$4 per Underlying Security. Taking into account the \$2 per Underlying Security you paid for the Call Option, you would have a profit of \$2 per Underlying Security or \$200,000 on the 100,000 Underlying Securities.

6. Buying a Put Option without holding Approved Securities

An investor who is bearish on Approved Securities and is interested in gaining a leveraged exposure to a fall in the Market Price could consider the purchase of a Put Option from UBS.

The owner of a European style exercise Put Option has the right to sell the Underlying Securities to UBS on the Maturity Date for a pre-determined price (the Strike Price). The First Premium Amount for the Put Option is payable upfront in cash. The Agreement provides for physical settlement upon exercise. Exercise occurs when an Exercise Notice is given by the investor to UBS, and this would be appropriate if the Market Price at Maturity is less than the Strike Price. Physical settlement entails the transfer of the Underlying Securities to UBS, and payment by UBS of the Strike Price per Underlying Security. If you do not own the Underlying Securities, then you may have to buy them at Maturity in order to physically settle with UBS. In doing so, you may be able to lock in a gain on the Underlying Securities by buying at Market Price and selling to UBS at the Strike Price (if this is above the Market Price). You may, however, suffer a loss if the Market Price at Maturity is above the Strike Price. Your net gain or loss will then be dependent on the amount you paid for the Put Option and whether that is outweighed by the gain realised on the Underlying Securities. Alternatively, you can request an early termination of the Put Option by settling the Early Termination Amount with UBS.

For example, say you bought 100,000 one year Put Options over 100,000 Underlying Securities with a Strike Price of \$40, and paid \$2 per Underlying Security as the First Premium Amount. Your payoff at Maturity would look as follows:



At Maturity – if Market Price is below the Strike Price

Say, for example, the Market Price at Maturity is \$36, and you could buy 100,000 Underlying Securities in the market at the Market Price. You could sell those Underlying Securities to UBS for \$40 by exercising the Put Option, and make \$4 per Underlying Security. Taking into account the \$2 per Underlying Security you paid as the First Premium Amount for the Put Option, you have a net profit of \$2 per Underlying Security or \$200,000 on the 100,000 Underlying Securities.

At Maturity – if Market Price is above the Strike Price

Say, for example, the Market Price at Maturity is \$42 – you would not exercise the Put Option to sell Underlying Securities at \$40. In this situation the Put Option will expire worthless and you would have lost the First Premium Amount of \$2 per Underlying Security, or \$200,000 on the 100,000 Underlying Securities.

7. Buying a Call Spread without holding Approved Securities

A Call Spread will generally have a lower First Premium Amount than a Call Option with the same Strike Price, however the owner of a Call Spread agrees to pay a Second Premium Amount should the Market Price at Maturity be greater than the Contingent Payment Level. The Second Premium Amount payable is equal to:

$$(\text{Market Price of Underlying Securities} - \text{CPL}) \times (1 - \text{Participation Rate})$$

The imposition of a CPL effectively caps the total gain that the investor can realise on their Call Spread because they will be required to pay a Second Premium Amount if the Market Price at Maturity is above the CPL.

Say, for example, you purchase a Call Spread with a Strike Price of \$40, CPL of \$44, and 0% Participation Rate for a First Premium Amount of \$1.

Your payoff at Maturity would look as follows:



At Maturity – if Market Price is below the Strike Price

If the Market Price is less than \$40 then you will not exercise the Call Spread and you will therefore lose the First Premium Amount paid of \$1 per Underlying Security;

At Maturity – if Market Price is above the Strike Price but below the CPL

If the Market Price is greater than \$40 but below \$44, e.g. \$42, the Call Spread will be exercised and no Second Premium Amount will be payable. Having paid \$1 as the First Premium Amount for the Call Spread and now being able to purchase Underlying Securities for \$40 when the Market Price is \$42, you will have a net gain of \$1 per Underlying Security;

At Maturity – if Market Price is above the CPL

If the Market Price is greater than the CPL, e.g. \$45, a Second Premium Amount of \$1 will be payable. The total Premium Amount paid for the Call Spread will be \$2, so even though you are able to purchase Underlying Securities at \$5 below Market Price (at \$40 when the Call Spread is exercised), your net gain is \$3 per Underlying Security.

8. Buying a Put Spread without holding Approved Securities

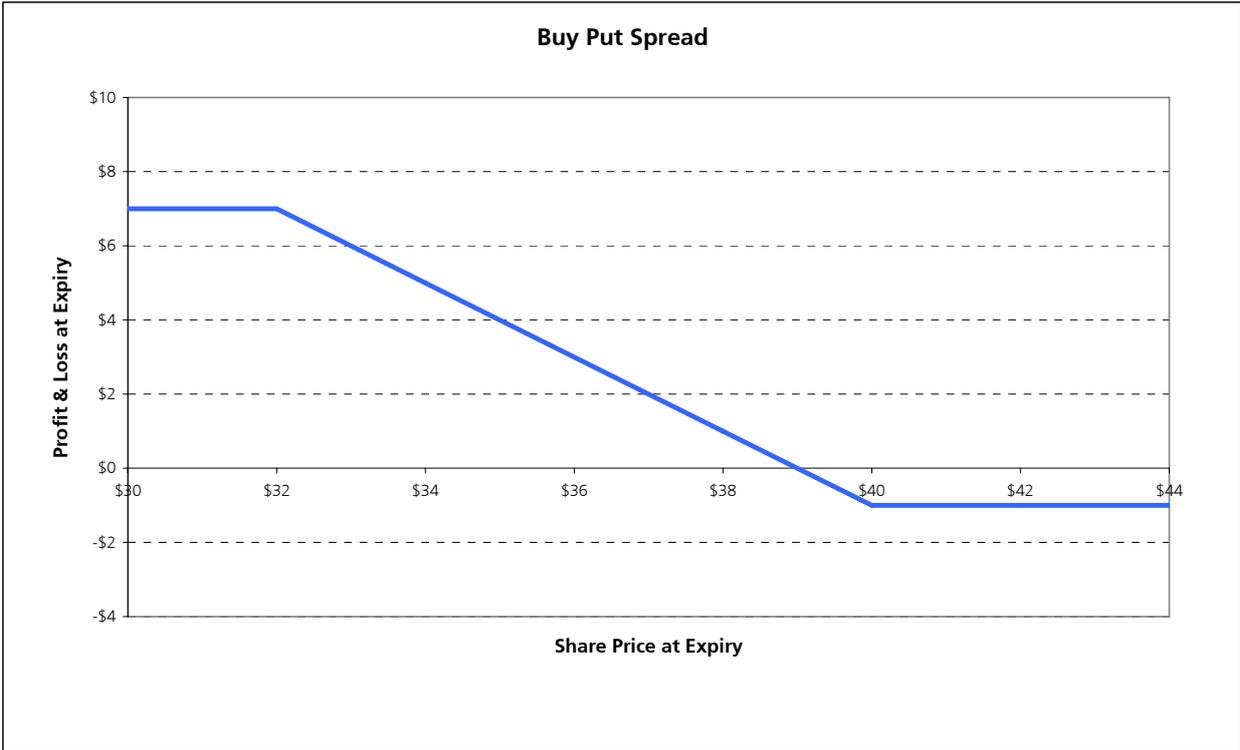
A Put Spread will generally have a lower First Premium Amount than a Put Option with the same Strike Price, however the owner of a Put Spread agrees to pay a Second Premium Amount should the Market Price at Maturity be less than the Contingent Payment Level. The Second Premium Amount payable is equal to:

$$(\text{CPL} - \text{Market Price of Underlying Securities}) \times (1 - \text{Participation Rate})$$

The imposition of a CPL effectively caps the total gain that the investor can realise on their Put Spread because they will be required to pay a Second Premium Amount if the Market Price at Maturity is less than the CPL.

Say, for example, you purchase a Put Spread with Strike Price of \$40, CPL of \$32, and 0% Participation Rate for a First Premium Amount of \$1.

Your payoff at Maturity would look as follows:



At Maturity – if Market Price is above the Strike Price

If the Market Price is greater than \$40 then the Put Spread will expire worthless and you will therefore lose the First Premium Amount of \$1 per Underlying Security;

At Maturity – if Market Price is below the Strike Price but above the CPL

If the Market Price is less than \$40 but greater than \$32, e.g. \$36, the Put Spread will be exercised and no Second Premium Amount will be payable. Having paid \$1 as the First Premium Amount for the Put Spread and now being able to buy Underlying Securities at market for \$36 and sell them to UBS for \$40, you will have a net gain of \$3 per Underlying Security.

At Maturity – if Market Price is below the CPL

If the Market Price is less than the CPL, e.g. \$30, a Second Premium Amount of \$2 will be payable. The total Premium Amount paid for the Put Spread will be \$3, so even though you are able to sell Underlying Securities at \$10 higher than current Market Price (at \$40 when the Put Spread is exercised) your net gain is \$7 per Underlying Security.

Cash Generation Strategies

9. Selling a Call Option whilst holding Approved Securities

When an investor sells Call Options over Underlying Securities he/she already owns, the Call Options are “covered”. UBS will only permit you to sell covered Call Options. The sale of Call Options is best suited to the investor who is mildly bullish and wishes to enhance the “yield” on the Underlying Securities position. While the sale of Call Options generates up-front income from the First Premium Amount received, Call Options should not be considered a hedge of downside risk.

The owner of a European style exercise Call Option (in this case UBS) has the right to buy your Underlying Securities on the Maturity Date for a pre-determined price (the Strike Price). By agreeing to this, you will

forego any appreciation above the Strike Price because you must sell the Underlying Securities to UBS at the Strike Price and not at any potentially higher Market Price.

The First Premium Amount for selling a Call Option is payable upfront in cash by UBS. The Agreement provides for physical settlement at Maturity upon the giving of an effective Exercise Notice. If you decide that you do not wish to settle physically, you can request an early termination of the Option Transaction and, if UBS agrees, settle the Early Termination Amount with UBS.

For example, say you own 100,000 Underlying Securities, which you bought at \$40, and you sold a one year Call Option over 100,000 Underlying Securities with a Strike Price of \$40, and received \$2 per Underlying Security as a First Premium Amount. Your payoff at Maturity would look as follows:



At Maturity – if Market Price is below the Strike Price

Say, for example, the Market Price at Maturity is \$36. In this situation the Call Option has no value and will not be exercised against you by UBS. If you sold your Underlying Securities (which you do not have to do), you would lose \$4 per Underlying Security. Taking into account the \$2 First Premium Amount per Underlying Security you have received, your loss would be reduced to \$2 per Underlying Security, or \$200,000 on 100,000 Underlying Securities.

At Maturity – if Market Price is above the Strike Price

Say, for example, the Market Price at Maturity is \$42 – the Call Option would be exercised against you by UBS and your Underlying Securities would be sold to UBS for \$40. You would have no profit or loss on the Underlying Securities (however you have foregone \$2 of potential profit by selling the Call Option, as you are unable to sell at the higher Market Price of \$42). Due only to the \$2 per Underlying Security of First Premium Amount you have received, you would have a profit of \$2 per Underlying Security or \$200,000 on 100,000 Underlying Securities.

10. Selling a Put Option (covered by cash collateral)

An investor who believes the Market Price of an Approved Security will trade within a narrow range around current levels or is mildly bullish can sell a Put Option to UBS to give UBS the right to sell Underlying Securities to the investor at Maturity. The investor will receive a First Premium Amount for doing so, which will represent a gain for the investor if the Put Option is not exercised, or it will reduce the effective purchase

price of Underlying Securities if the Put Option is exercised by UBS and Underlying Securities are put to the investor.

The investor is required to deliver cash collateral equal to the Strike Value to UBS to cover the credit risk exposure that UBS has under a Put Option Transaction. The cash collateral will accrue interest at an interest Rate specified by UBS. If the Put Option is exercised by UBS then any First Premium Amount and interest owing by UBS will be netted against the Strike Price due from the investor. The Strike Value for a Put Option Transaction must be at least \$250,000.

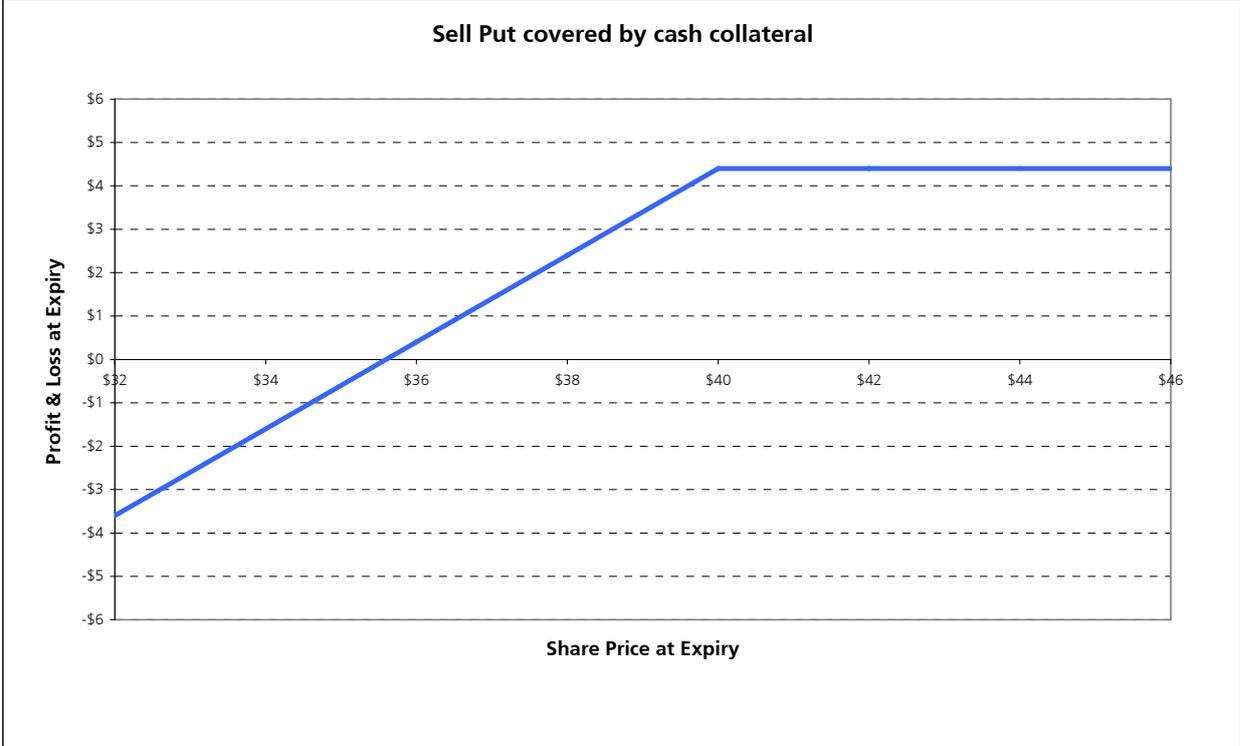
For example, assume you sell a 1 year Put Option to UBS over 100,000 Underlying Securities with a Strike Price of \$40 for a First Premium Amount of \$2 per Underlying Security payable at Maturity. You must provide \$4,000,000 cash collateral to UBS to secure the Put Option. You will receive Interest of (for example) 6% per annum on your cash, payable annually in arrears. The potential scenarios at Maturity are as follows:

At Maturity – if Market Price is above the Strike Price

If the Market Price is greater than \$40, e.g. \$41, the Put Option will expire worthless and UBS will not put any Underlying Securities to you. You will receive \$2 of First Premium Amount plus \$2.40 of interest amount (being 6% interest on \$40 for 1 year), and you will also receive \$40 of cash collateral back per Underlying Security. Your net gain is therefore \$4.40.

At Maturity – if Market Price is below the Strike Price

If the Market Price is less than \$40, e.g. \$35, UBS will exercise the Put Option to sell Underlying Securities to you. You have to pay the Strike Price of \$40 for each Underlying Security delivered, but you will receive a \$2 First Premium Amount plus \$2.40 interest. Payment of the Strike Price will be met out of the value of the cash collateral, so net you will receive \$4.40 in cash and one Underlying Security worth \$35. If you immediately sell these Underlying Securities, your net loss will be \$5 less \$4.40 which equals \$0.60.



Section 7 – Potential Loan positions including examples

Note: The examples in this section do not take into account transaction costs, such as fees, brokerage, Taxes or other charges, details of which are provided elsewhere in this PDS. These transaction costs will increase the losses or reduce or eliminate the profits referred to in the following examples.

You may draw a limited recourse Loan from UBS by mortgaging Approved Securities and/or Options to UBS. Unless agreed otherwise with UBS, Interest is prepaid for each Interest Period and is funded by a drawdown under the Loan. The following examples assume that this is the Interest payment arrangement.

1) Drawing down a limited recourse Loan without an Option

You can draw the Loan against Approved Securities that you own to monetise the value of those Approved Securities without an immediate disposal, or you can draw the Loan to purchase new Approved Securities and reduce the amount of capital that you have to contribute yourself. In both cases, you have to mortgage the Approved Securities to UBS as security for the Loan. Due to the limited recourse feature (your Underlying Securities can be applied by UBS at Maturity to satisfy your obligation to repay the Loan Balance), you are effectively protected against a fall in the value of your Underlying Securities below the Facility Amount at Maturity.

For example, say you own 100,000 Underlying Securities, and their current Market Price is \$40. You want to borrow 90% of the Market Price of the Underlying Securities, or up to \$36 per Underlying Security (90% x \$40), for 2 years from 1 August 2007. This will allow you to borrow \$3,600,000 in total – this is the Facility Amount.

Assume Interest is charged at 10% p.a. on each Drawdown Amount. To calculate the amount of cash that you can extract today (the current Available Amount), based on the Facility Amount agreed with UBS, you need to first determine the Interest Amounts. Assume the 2 year Loan is made up of two Interest Periods of one year each. The following Interest Amounts and Interest payment schedule will apply:

Facility Amount: \$3,600,000

Cashflows on First Drawdown Date (start of first Interest Period)

Initial Drawdown Amount:	\$3,240,000	
First Interest Amount:	\$324,000	(10% on initial Drawdown Amount, paid on Drawdown Date)
Net cash made available to you (the current Available Amount):	\$2,916,000	(being initial Drawdown Amount less first Interest Amount)

Cashflows at start of second Interest Period

Loan Balance at start of Interest Period:	\$3,240,000	
Additional Drawdown Amount:	\$360,000	(= second Interest Amount)
New Loan Balance:	\$3,600,000	
Second Interest Amount:	\$360,000	(10% on current Loan Balance of \$3,600,000)
Net cash payment to or by you:	nil	

At Maturity:

Outstanding Loan Balance:	\$3,600,000	
Loan repayment:	\$3,600,000	(paid out of your own funds or by UBS exercising its right as mortgagee to sell the Mortgaged Property, including your Underlying Securities)

At Maturity, depending on the Market Price of the Underlying Securities, there are a number of actions you can take.

a) *If the Market Price at Maturity is less than or equal to \$36;*

You can repay the Loan or do nothing, in which case UBS will sell the Underlying Securities as Mortgagee and apply the proceeds to repay the Loan Balance, without further recourse to you.

b) *If the Market Price at Maturity is above \$36;*

You can instruct UBS to sell your Underlying Securities and apply the proceeds to repay the Loan, and UBS will pay to you any surplus funds (less any costs and Taxes).

For example, if the Underlying Securities are sold at \$40, then you will receive, after repayment of the Loan, \$4 per Underlying Security or \$400,000 on the total holding of 100,000 Underlying Securities (assuming no other costs or Taxes).

Alternatively you may repay the Loan to UBS using other funds, and UBS will arrange for the Nominee to transfer the Underlying Securities back to you.

2) Drawing down a Loan against Underlying Securities and a Put or a Collar

If you have Put Options or Collars with UBS, you can use the Loan Facility to draw funds against that Option Transaction. You can also use the Loan Facility to purchase Underlying Securities to cover those Options.

For example, assume you have 100,000 Underlying Securities, and their current Market Price is \$40. Say, you have also put in place 100,000 “zero-cost” Collars over those Underlying Securities maturing in 2 years time, with a First Premium Amount of zero, a Strike Price of \$36, a CPL of \$44 and Participation Rate of 0% above the CPL.

If UBS allows you to borrow up to 100% of the Strike Price, then you may borrow up to \$36 per Underlying Security for 2 years. Your Facility Amount is therefore \$3,600,000.

Assuming an Interest Rate of 10% p.a. and the Loan term being made up of two Interest Periods of one year each, the Interest Amounts and current Available Amount will be as follows:

Facility Amount: \$3,600,000

Cashflows on First Drawdown Date (start of first Interest Period)

Initial Drawdown Amount:	\$3,240,000	
First Interest Amount:	\$324,000	(10% on initial Drawdown Amount, paid on Drawdown Date)
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Net cash made available to you (the current Available Amount):	\$2,916,000	(being initial Drawdown Amount less first Interest Amount)

Cashflows at start of second Interest Period

Loan Balance at start of Interest Period:	\$3,240,000	
Additional Drawdown Amount:	\$360,000	(= second Interest Amount)
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New Loan Balance:	\$3,600,000	
Second Interest Amount:	\$360,000	(10% on current Loan Balance of \$3,600,000)
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Net cash payment to or by you:	nil	

At Maturity:

Outstanding Loan Balance: \$3,600,000

Loan repayment: \$3,600,000 (paid out of your own funds, or by UBS exercising its right as mortgagee to sell the Mortgaged Property, including your Underlying Securities, or by set off following the exercise of your Collar)

At Maturity, depending on the Market Price of the Underlying Securities, there are a number of actions you can take.

a) If the Market Price at Maturity is less than or equal to \$36;

Assuming that the Collars are exercised, your Underlying Securities will be sold to UBS for \$36 per Underlying Security and that amount will be applied to repay your Loan Balance at Maturity.

b) If the Market Price at Maturity is above \$36 but below \$44;

In this case the Collars will expire worthless.

You can instruct UBS to sell your Underlying Securities, apply the proceeds to repay the Loan, and UBS will pay to you any surplus funds (less any costs and Taxes).

For example, if the Underlying Securities are sold at \$40, then you will receive, after repayment of the Loan, \$4 per Underlying Security or \$400,000 on the total holding of 100,000 Underlying Securities (assuming no other costs or Taxes). This is the difference between the sale price (\$40) and the Loan Balance per Underlying Security (\$36).

c) If the Market Price at Maturity is equal to or above \$44;

A Second Premium Amount is payable in respect of the Collars because the Market Price is greater than the CPL of \$44.

You can instruct UBS to sell your Underlying Securities, apply the proceeds to repay the Loan and pay the Second Premium Amount, and UBS will pass on to you any surplus funds (less any costs and taxes).

For example, if the Market Price is \$46, the Second Premium Amount payable (per Underlying Security) will be (\$46 – \$44 = \$2). If the Underlying Securities are sold to UBS at \$46, then that amount will be applied to repay the Loan of \$36 per Underlying Security and the Second Premium Amount of \$2 per Underlying Security. You will therefore net receive, after repayment of the Loan and payment of the Second Premium Amount, \$8 per Underlying Security or \$800,000 on the total holding of 100,000 Underlying Securities.

3) Drawing down a Loan against Underlying Securities and a Spread Option

If you have Put Spreads or Put Spread Collars with UBS and you hold the Underlying Securities, you can mortgage the Option Transaction and the Underlying Securities to UBS to obtain a Loan. The Facility Amount will be a percentage of the Gap Value.

For example, say you have 100,000 Underlying Securities, and their current Market Price is \$40. Say, you purchase 100,000 2-year Put Spread Collars with a Strike Price of \$36, a Lower Contingent Payment Level of \$30, an Upper Contingent Payment level of \$44 and Participation Rate of 0% in respect of both CPLs. The Gap Value in this case is 100,000 x (\$36 – \$30) = \$600,000. If UBS allows you to borrow up to 100% of the Gap Value then your Facility Amount will be \$600,000, or \$6 per Underlying Security.

Assuming an Interest Rate of 10% p.a. and the Loan term being made up of two Interest Periods of one year each, the Interest Amounts will be as follows:

Facility Amount: \$600,000

Cashflows on Drawdown Date (start of first Interest Period)

Initial Drawdown Amount: \$540,000
 First Interest Amount: \$54,000 (10% on initial Drawdown Amount, paid on Drawdown Date)

Net cash made available to you:	\$486,000	(being initial Drawdown Amount less first Interest Amount)
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Cashflows at start of second Interest Period

Loan Balance at start of Interest Period:	\$540,000	
Additional Drawdown Amount:	\$60,000	(= second Interest Amount)
New Loan Balance:	\$600,000	
Second Interest Amount:	\$60,000	(10% on current Loan Balance of \$600,000)
Net cash payment to or by you:	nil	

At Maturity:

Outstanding Loan Balance:	\$600,000	
Loan repayment:	\$600,000	(paid out of your own funds or by UBS exercising its right as mortgagee to sell the Mortgaged Property, including your Underlying Securities, or by set off following the exercise of your Put Spread Collar)

At Maturity, depending on the Market Price of the Underlying Securities, there are a number of actions you can take.

a) If the Market Price at Maturity is less than \$30;

You can exercise the Put Spread Collar to sell your Underlying Securities to UBS for \$36 per Underlying Security. At the same time, a Second Premium Amount is payable because the Market Price has fallen below the Lower Contingent Payment Level. For example, if the Market Price at Maturity is \$28, a Second Premium Amount of \$2 per Underlying Security will be payable. The proceeds of the sale of Underlying Securities will be set off against the Second Premium Amount, such that you will be entitled to receive \$34 for each Underlying Security that you deliver to UBS. Of that amount, \$6 will be applied to repay the Loan that you have drawn from UBS. You will therefore receive, after repayment of the Loan and payment of the Second Premium Amount, \$28 per Underlying Security.

b) If the Market Price at Maturity is above \$30 but below \$36;

You can exercise the Put Spread to sell your Underlying Securities to UBS for \$36 per Underlying Security. You will not be required to pay a Second Premium Amount because the Market Price has not fallen below the Lower Contingent Payment Level. For example, if the Market Price at Maturity is \$34, you can exercise the Option and sell your Underlying Securities to UBS for \$36 per Underlying Security. Of that amount, \$6 will be applied to repay the Loan that you have drawn from UBS. You will therefore receive, after repayment of the Loan, \$30 per Underlying Security.

c) If the Market Price at Maturity is above \$36 but below \$44;

The Collars will expire worthless. You can instruct UBS to sell your Underlying Securities and apply the proceeds to repay the Loan. Alternatively, UBS can exercise its rights under the Mortgage and sell the Underlying Securities and apply the proceeds to repay the Loan. In either case, UBS will pay to you any surplus funds (less any costs and taxes).

For example, if the Market Price is \$40, and the Underlying Securities are sold at \$40, UBS will apply \$6 from the sale proceeds to repay the Loan and pay you the balance of \$34 per Underlying Security.

d) If the Market Price at Maturity is equal to or above \$44;

A Second Premium Amount is payable because the Market Price is greater than the Upper Contingent Payment Level of \$44.

You can instruct UBS to sell your Underlying Securities, apply the proceeds to repay the Loan and pay the Second Premium Amount. If you do not provide any valid instructions, UBS may exercise its rights under the

Mortgage and sell the Underlying Securities and apply the proceeds to repay the Loan and pay the Second Premium Amount. In either case, UBS will pass on to you any surplus funds (less any costs and taxes).

For example, if the Market Price at Maturity is \$46, the Second Premium Amount payable per Option will be ($\$46 - \$44 = \$2$). If the Underlying Securities are sold to UBS at \$46, then that amount will be applied to repay the Loan of \$6 per Underlying Security and the Second Premium Amount of \$2 per Underlying Security. You will therefore receive, after repayment of the Loan and payment of the Second Premium Amount, \$38 per Underlying Security or \$3,800,000 on the total holding of 100,000 Underlying Securities.

Section 8 – Putting it into practice

The following example illustrates a common situation where the Option Facility and Loan Facility can be used to mitigate risk and manage wealth. As each investor's objectives, financial situation and needs are different, you should read this PDS in its entirety and obtain independent professional advice before using these facilities.

Senior executive with concentrated share exposure

A senior executive has received Executive Options as part of his compensation over the past few years and given strong share price performance all of these Executive Options are now significantly in the money. The first tranche of Executive Options has recently vested and the company's trading window is now open. The executive is concerned about the concentrated exposure that he has to this single stock position and wishes to diversify his investment portfolio. He sought advice from his financial adviser who then contacted UBS to obtain a quote for a "zero cost" Collar and a Loan.

Assume the current share price of the underlying shares is \$10 and that the Executive Options have a strike price of \$4. The executive needs to access some funds to finance the exercise of his Executive Options and also wants to protect his underlying shares at around \$8 each. The executive foresees up to \$2 in share price upside over the next 18 months, but in the meantime, he wants to extract some cash to invest in other assets so as to diversify his portfolio.

UBS advises that the underlying shares are "Approved Securities" and provides an indicative quote in a Quote Sheet as follows:

1. The executive can buy "zero cost" 18 month Collars with a Strike Price equal to 80% of the current Market Price of the Approved Securities and a Contingent Payment Level equal to 120% of the current Market Price of the Approved Securities. The First Premium Amount due is nil, thus the reference to "zero cost".
2. The executive can draw an 18 month limited recourse Loan with a Facility Amount equal to 100% of the Protected Value of the Approved Securities to be mortgaged to UBS, at an Interest Rate of 10% p.a. The executive will apply part of the Loan proceeds to pay for the exercise of the Executive Options, and may use the balance to purchase other income generating assets as advised by his financial adviser.

Prior to entry into these Transactions, UBS will confirm with the executive and his employer company that the Executive Options are vested and exercisable, and that there are no restrictions on him entering into the proposed Transactions or mortgaging the Underlying Securities.

Assume the executive (through his financial adviser) gives UBS an order to proceed and the order is confirmed via the return of a Quote Sheet. UBS will execute its hedge for providing the Collars by selling Underlying Securities on market. Assume this is done at \$10 per Underlying Security. The Strike Price and Contingent Payment Level for the Collar is therefore \$8 (80% x \$10) and \$12 (120% x \$10) respectively. The Facility Amount is equal to 100% of the Protected Value, which is \$8 per Underlying Security and can be drawn once the Collar is in place.

In respect of 100,000 Options, the Loan cashflows will be as follows:

Facility Amount:	\$800,000	
<i>Cashflows on Drawdown Date (start of first Interest Period)</i>		
Initial Drawdown Amount:	\$760,000	
First Interest Amount:	\$76,000	(10% on initial Drawdown Amount for 12 months, paid on Drawdown Date)
Net cash made available to executive:	<u>\$684,000</u>	(being initial Drawdown Amount less first Interest Amount)
<i>Cashflows at start of second Interest Period (12 months after Drawdown Date)</i>		
Loan Balance at start of Interest Period:	\$760,000	
Additional Drawdown Amount:	<u>\$40,000</u>	(= second Interest Amount)
New Loan Balance:	\$800,000	

Second Interest Amount:	\$40,000	(10% on current Loan Balance of \$800,000 for 6 months)
Net cash payment to or by executive:	nil	

At Maturity:

Outstanding Loan Balance:	\$800,000	
Loan repayment:	\$800,000	(paid out of the executive's own funds or by UBS exercising its right as mortgagee to sell the Mortgaged Property, including the executive's Underlying Securities, or by set off following the exercise of his Collar)

Out of the \$684,000 available, the executive will apply \$400,000 towards the exercise of his Executive Options (100,000 Executive Options at exercise price of \$4 each). The Underlying Securities resulting from the exercise of the Executive Options will be delivered to the Nominee to be held as security for the Collars and the Loan. The balance of \$284,000 will be paid to the executive's account and he can invest the funds elsewhere to diversify his asset exposure.

During the term of the Option Transaction and Loan, assume the Underlying Securities pay dividends of \$0.50, fully franked. The Nominee as holder of the Underlying Securities will receive the dividends from the company for the benefit of the executive. Subject to being a "qualified person" and other requirements of the tax legislation (see Section 11), the executive will be entitled to any franking credits attached to the dividends.

At Maturity of the Collars, the executive will have the following choices:

a) If the Market Price at Maturity is less than or equal to \$8

Assume the Market Price is \$5 and the Collars are exercised. The Underlying Securities will be sold to UBS for \$8 each. The \$800,000 realised from this sale will be applied towards repayment of the \$800,000 Loan Balance outstanding at that time. The executive is able to fully repay his Loan via delivery of his Underlying Securities despite the then Market Price being only \$5 because he protected his Underlying Securities at \$8 using the Collar.

The cashflows over the period would be as follows (assumes no return on funds available for alternative investments):

Cashflow type	Cashflow amount
- First Premium Amount paid for Collars	\$0
+ Cash extracted on Trade Date	\$684,000
- Exercise of Executive Options	(\$400,000)
= Funds available for alternative investment	\$284,000
+ Dividends received from Underlying Securities	\$50,000
+ Shares sold to UBS under Collars	\$800,000
- Loan repaid	(\$800,000)
= Total value of portfolio at Maturity	\$334,000

b) If the Market Price at Maturity is above \$8 but below \$12

In this case the Collars will expire worthless.

The executive can instruct UBS to sell his Underlying Securities, apply the proceeds to repay the Loan, and he will then receive any surplus funds (less any costs and taxes).

For example, if the Underlying Securities are sold at \$10, then the executive will receive, after repayment of the Loan of \$8 per share, \$2 per share or \$200,000 on his total holding (assuming no other costs). The cashflows over the period would be as follows (assumes no return on funds available for alternative investments):

Cashflow type	Cashflow amount
- First Premium Amount paid for Collars	\$0
+ Cash extracted on Trade Date	\$684,000
- Exercise of Executive Options	(\$400,000)
= Funds available for alternative investment	\$284,000
+ Dividends received from Underlying Securities	\$50,000
+ Underlying Securities sold at Maturity	\$1,000,000
- Loan repaid	(\$800,000)
= Total value of portfolio at Maturity	\$534,000

c) If the Market Price at Maturity is equal to or above \$12;

A Second Premium Amount is payable in respect of the Collars because the Market Price is greater than the CPL of \$12.

The executive can instruct UBS to sell his Underlying Securities, apply the proceeds to repay the Loan and pay the Second Premium Amount, and he will then receive any surplus funds (less any costs and Taxes).

For example, if the Market Price at Maturity is \$13, the Second Premium Amount payable will be (\$13 – \$12 = \$1) per Underlying Security. If the Underlying Securities are sold at \$13, then that amount will be applied to repay the Loan of \$8 per Underlying Security and the Second Premium Amount of \$1 per Underlying Security. The executive will therefore net receive, after repayment of the Loan and the Second Premium Amount, \$4 per Underlying Security or \$400,000 on his total holding of 100,000 Underlying Securities.

The cashflows over the period would be as follows (assumes no return on funds available for alternative investments):

Cashflow type	Cashflow amount
- First Premium Amount paid for Collars	\$0
+ Cash extracted on Trade Date	\$684,000
- Exercise of Executive Options	(\$400,000)
= Funds available for alternative investment	\$284,000
+ Dividends received from Underlying Securities	\$50,000
+ Underlying Securities sold at Maturity	\$1,300,000
- Loan repaid	(\$800,000)
- Second Premium Amount payment	(\$100,000)
Total value of portfolio at Maturity	\$734,000

In summary, the use of this hedging and monetisation strategy involves cost, being Option Premium Amounts, Interest cost and foregone upside. However, this strategy is highly beneficial in the case of a fall in the Underlying Security price because of the capital protection provided by the Collars. Furthermore, the executive's wealth can be enhanced by the ability to extract cash from his shareholding, via the Loan Facility, to invest in other income producing assets. Depending on the performance of these assets, the executive's total portfolio can potentially outperform the single stock exposure that he has if he were to do nothing. Lastly, analysis ought to be done on the tax consequences of the hedging and monetisation strategy – for example, potential deductions for Interest paid, the benefit of any franking credits on dividends and potential discount capital gains tax treatment (following holding of shares for more than 12 months whilst protecting unrealised gains) can all enhance the after tax return on this portfolio.

Section 9 – Additional Information on Using the Facilities with Executive Options and Share Plans

Preparing to use the Facilities

You may use the Facilities to exercise vested Executive Options that have been issued to you by an employer, provided that the company issuing the Executive Options confirms in writing to UBS:

1. that you own the specified number of Executive Options;
2. that the Executive Options are fully vested and presently exercisable by you;
3. that the Executive Options and Underlying Securities from their exercise are not subject to security interests or other encumbrances;
4. that you have all permission required by the company employee trading policy to exercise the Executive Options;
5. that the company employee trading policy permits the use of the Facilities described in this PDS;
6. that there is no company imposed trading blackout which would restrict you from exercising the Executive Options or using the Facilities described in this PDS at the time you want to use them;
7. the timetable for exercise of the Executive Options and share allotment; and
8. the payment instructions for Executive Option exercise price payment.

This confirmation will be sought in writing as a response to a standard questionnaire that UBS will send to the company.

In addition, you will need to provide UBS with:

- a photocopy of your Executive Options certificate / holding statement; and
- a photocopy of your signed Executive Option exercise notice (the original of this notice should be sent to the company's Executive Option plan administrator).

You should then fill out, sign and return the Application Form on page 117. You will then be provided with an Irrevocable Direction to sign. The Irrevocable Direction is used to instruct the company to accept receipt of the Executive Option strike price from UBS and subsequently deliver the Underlying Securities to UBS or its nominee.

Using the Option Facility or the Loan Facility with Executive Options

A few examples of how you can use the Loan Facility and/or Option Facility with Executive Options are set out below.

- 1) *You want to borrow money today to finance the exercise of your Executive Options, and you want to hold the Underlying Securities for a period of time before potentially selling them to repay the Loan. Apart from ensuring that your Loan is obtained on a limited recourse basis, you have no desire to put in place any further price protection and you do not want to cap any of your gains from the Underlying Securities.*

=> You can apply for a Loan with a Facility Amount that will generate sufficient net cash upfront to finance the exercise of the Executive Options. The Underlying Securities will be mortgaged to UBS until Maturity of the Loan. If you subsequently require additional cash, you can ask UBS to increase your Facility Amount but a Facility Adjustment Fee or an increase in your Interest Rate may apply (in addition to Interest on further Drawdown Amounts). The Facility Adjustment Fee or increase in your Interest Rate is calculated by UBS and the higher the new Facility Amount the higher the Facility Adjustment Fee or Interest Rate increase will be.

- 2) *You want to borrow money today to finance the exercise of your Executive Options, and you want to hold the Underlying Securities for a period of time before potentially selling them to repay the Loan. You want to protect the value of the Underlying Securities at around current market levels and/or you foresee a need to obtain additional funds to diversify your portfolio. You do not want to cap any of your gains from the Underlying Securities.*

=> You can apply for a Loan with a Facility Amount that reflects the level of price protection that you require. You can draw down a portion of the Loan up-front to finance the exercise of the Executive

Options and the Underlying Securities will be mortgaged to UBS until Maturity of the Loan. You can immediately or at a later date, drawdown further Drawdown Amounts to make other investments.

3) *Same situation as example (2) above but you are prepared to forego some of the gains on your Underlying Securities in exchange for a lower Interest Rate on the Loan.*

=> You can purchase Collars with a Strike Price and CPL that correspond to your desired protection and cap levels, and concurrently apply for a Loan with a Facility Amount equal to the Strike Price of the Collars multiplied by the number of Underlying Securities. You can draw down a portion of the Loan up-front to finance the exercise of the Executive Options and the Underlying Securities will be mortgaged to UBS until Maturity of the Loan. You can immediately or at a later date, drawdown further Drawdown Amounts to make other investments. A Second Premium Amount will be payable at Maturity if the Market Price at that time is greater than the CPL.

4) *You do not require funds today but you wish to put in place some price protection for your Underlying Securities. You are prepared to pay for this protection but you are also interested in any alternatives that carry a lower cost.*

=> You can purchase Put Options with a Strike Price that reflects your desired protection level. If you are prepared to forego some upside, you can also consider Collars which, depending on the Strike Price and CPL, may be acquired for a zero First Premium Amount (commonly known as "zero-cost" Collars). You must mortgage your Underlying Securities to UBS to secure the Collars but you are not required to do so for the Put Options provided you pay your First Premium Amount upfront. If you subsequently require funds, you can apply for a Loan and mortgage your Underlying Securities and Put Options or Collars to UBS. Other Option combinations are also possible, for example Put Spreads and Put Spread Collars – please discuss this with your financial adviser who will contact UBS for indicative pricing.

Using the Exercise and Sale Facility

By using the Exercise and Sale Facility, you can fund the exercise of your Executive Options through a Stock Loan from UBS and realise your profits through a sale of the Underlying Securities. There is generally no need for you to contribute additional funds to use this Facility as all costs are deducted from the settlement proceeds of the sale of the Underlying Securities.

Please see Section 4 for further information and an example.

Section 10 – Description of UBS

The information set out below is intended to be a brief summary only of UBS. You must make your own assessment of the ability of UBS to meet its obligations in relation to the Option Facility, Loan Facility or Exercise and Sale Facility. 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.

UBS AG was formed on 29 June 1998 from the merger of Swiss Bank Corporation and Union Bank of Switzerland. UBS AG is the largest Swiss bank and one of the strongest financial institutions in the world. Securities in UBS AG are quoted on the New York, Zurich and Tokyo Stock Exchanges.

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's credit rating is AA (long term) by S&P.

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 half-yearly financial report of UBS.

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

Section 11 – Taxation Summary

The discussion contained in this summary is of a general nature only and does not take into account the specific circumstances of any Investor. This summary has been prepared by Clayton Utz based on the Australian income tax laws as at the date of this PDS, and addresses only the position of Investors who are Australian residents that enter into Transactions other than in the course of carrying on a business, and who acquire and hold their Underlying Securities and Options on capital account. This summary is provided by Clayton Utz only for the benefit of UBS and all Investors should seek their own independent advice on the taxation implications of investing through the Structured Option and Loan Facility.

All references to legislative provisions are to provisions of the *Income Tax Assessment Act 1997* and *Income Tax Assessment Act 1936* (together, the **Tax Act**), unless otherwise indicated.

Assumptions

This summary of taxation implications assumes:

- (a) you will hold your Underlying Securities and Options on capital account and will not be a person who is carrying on a business of either trading in securities or investing in securities in the course of which you regularly acquire and dispose of securities;
- (b) you are an Australian resident for tax purposes;
- (c) at all times the Nominee will be an Australian resident;
- (d) all transactions will be denominated in Australian dollars;
- (e) the Approved Securities and the Underlying Securities will at all times be ordinary shares or units quoted on the ASX;
- (f) where the Approved Securities or the Underlying Securities are or include units in a unit trust, at all times:
 - (i) the unit trust will be a registered managed investment scheme under the Commonwealth Corporations Act which has issued units to the public;
 - (ii) the unit trust will have at least 300 unitholders; and
 - (iii) 20 or fewer unitholders (counting related unitholders as a single unitholder) will not hold 75% or more of the units in the unit trust;
- (g) the Approved Securities and the Underlying Securities will not be sold or acquired when they are suspended from quotation on the ASX;
- (h) where a Loan is granted under the Loan Facility, UBS will take security over Underlying Securities with a market value equal to the Facility Amount;
- (i) the Mortgage over the Mortgaged Property will be granted prior to you or the Nominee (as applicable) acquiring an interest in the Mortgaged Property (except where the Mortgaged Property is Underlying Securities) and prior to there being any arrangement with UBS in relation to any identified or specifically identified Mortgaged Property;
- (j) any Guarantee granted to UBS does not have any connection with South Australia;
- (k) the Options are irrevocable offers;
- (l) each Interest Period will be for less than 12 months;
- (m) it is expected that distributions of assessable income will be made in respect of the Underlying Securities;

- (n) dividends included in distributions paid in respect of Underlying Securities that are units in a unit trust will be received by the trustee of the unit trust in respect of ordinary shares;
- (o) you will not enter into any positions in relation to the Underlying Securities other than pursuant to the Facility and the net "delta" of your positions in relation to each Underlying Security will be greater than 0.3 at the time of entry into each position;
- (p) all transactions you enter into with UBS will be at prevailing market prices and otherwise on arm's length terms; and
- (q) where an Investor utilises the Exercise and Sale Facility, no dividends or distributions will be paid in respect of Underlying Securities during the term of Stock Loan (ie between the time the Underlying Security is acquired from UBS and the time Equivalent Shares are redelivered to UBS).

Loan Facility

Deductibility of Interest on the Loan

Interest on a Loan, reduced by that portion of the Interest which is determined to be reasonably attributable to the capital protection provided by the Loan, should be deductible to you to the extent you use the Loan funds for the purpose of gaining or producing assessable income (other than capital gains). This may include using the funds to acquire Approved Securities, or for other assessable income producing purposes (where you transfer Approved Securities or Options to serve as security for the Loan).

The amount reasonably attributable to capital protection is determined under the capital protected borrowing provisions of the Tax Act as the excess of the Interest on the Loan for the income year over the amount of interest that would be payable on the same principal amount using a "benchmark" rate of interest. If the Interest on the Loan is fixed for an Interest Period, the benchmark rate to be used for that Interest Period is the Reserve Bank of Australia's Indicator Rate for Personal Unsecured Loans - Variable Rate at the time when the first Interest Amount is incurred in respect of that Interest Period. The benchmark rate will not change throughout the Interest Period.

Where Interest is prepaid, and you are an individual or a small business entity (ie a business with annual turnover less than \$2 million), you should be entitled to deduct the deductible portion of the Interest on the Loan at the time it is paid to the extent that you apply the Loan funds towards the acquisition of Approved Securities, other listed shares or widely held units, or real property. If you are another type of taxpayer (or a small business entity that elects for the deductions to be spread), the deductions for Interest will be spread on a straight line accruals basis over the Interest Period to which the Interest relates.

To the extent that you apply the Loan funds for purposes other than the acquisition of Approved Securities, other listed shares or widely held units, or real property, the ATO may apply the tax shelter rules to any deductible Interest, such that even if you are an individual or small business entity, you will be required to spread the deductions for Interest on a straight line accruals basis over the Interest Period to which the Interest relates (rather than being able to deduct the Interest at the time it is paid).

Notional put option

That part of the Interest on the Loan that is determined to be reasonably attributable to capital protection (in the way described under the heading "Deductibility of Interest on the Loan" above) will be deemed to have been incurred to acquire a notional put option and that amount will be included in the cost base and reduced cost base of that asset. This notional put option will be taken to be an asset of yours in addition to any actual Put Options (including Collars, Put Spreads and Put Spread Collars) you may hold under the Option Facility.

Capital gains tax on disposal of Underlying Securities

The Underlying Securities will be CGT assets. Your cost base and reduced cost base in the Underlying Securities acquired using the Loan should include the amount paid to acquire the Underlying Securities plus any incidental costs of acquisition. Where you transfer Approved Securities already held by you to serve as security for the Loan, you should retain your original cost base and reduced cost base in those Approved Securities.

CGT event A1 will happen on disposal of the Underlying Securities. The capital proceeds in respect of the disposal will generally be the sale price of the Underlying Securities. You will have a taxable capital gain if the capital proceeds received for the disposal of the Underlying Securities are greater than your cost base. A capital loss will arise if the capital proceeds are less than your reduced cost base.

Limited recourse feature

Where the limited recourse feature of the Loan is invoked (ie where UBS, exercising its rights at mortgagee, disposes of the Underlying Securities relating to that Loan for an amount less than the Loan Balance), any notional put option referred to under the heading "Notional Put Option" above will be regarded as having been exercised and you will be taken to have disposed of the relevant Underlying Securities under the notional put option for capital proceeds equal to the Loan Balance (which should equal the Facility Amount). Any capital gain or loss on the notional put option will be disregarded and the cost of acquiring the notional put option (discussed under the heading "Notional put option" above) should be included in your cost base in the Underlying Securities in respect of which the limited recourse feature is invoked. For these purposes, the cost of acquiring the notional put option should be apportioned on a reasonable basis amongst those Underlying Securities in respect of which the limited recourse feature is invoked, eg according to the market value of the relevant Underlying Securities.

Where the limited recourse feature of the Loan is invoked and there is no notional put option (ie, where no part of the Interest is reasonably attributable to capital protection), then the cost base and reduced cost base of the relevant Underlying Securities should be reduced by the difference between the Loan Balance and the market value of the Underlying Securities at Maturity.

Where the limited recourse feature of the Loan is not invoked, any notional put option will be regarded as expiring unexercised. A CGT event C2 will occur and at the time of repayment of the Loan you will make a capital loss equal to your reduced cost base in the notional put option (discussed under the heading "Notional put option" above). This capital loss may be able to be offset against your other capital gains.

Capital Protected Borrowing Provisions

You should be aware that the application of the capital protected borrowing provisions may vary depending from that outlined above depending on the particular Transactions you enter into under the Facility. For example:

- where the market value of the Underlying Securities used to secure the Loan is greater than the Facility Amount, the capital protected borrowing provisions should apply as outlined above;
- where the market value of the Underlying Securities used to secure the Loan is less than the Facility Amount (ie, your Mortgaged Property includes assets other than Underlying Securities), the provisions should apply only to the extent that the Loan is secured by the Underlying Securities or that you use the Loan funds to acquire Underlying Securities. That is, only a proportionate amount of the Interest will be subject to the provisions, with the deductibility of remainder of the Interest determined under ordinary principles;
- where you acquire a Put Option (including a Collar, Put Spread or Put Spread Collars) at the same time as obtaining a Loan (and the Put Option and Loan share the same Underlying Securities), the two Transactions may be considered part of the same arrangement for the purposes of the capital protected borrowing provisions. The cost of any notional put option in these circumstances will be the excess of the Interest Amount and the Put Option cost for a particular income year over the relevant benchmark rate, less the cost of the Put Option. If this amount is positive, you will be taken to hold both the Put Option and a notional put option;
- where you acquire a Put Option (including a Collar, Put Spread or Put Spread Collars) before or after obtaining a Loan, these would generally be treated as two separate arrangements for the purposes of the capital protected borrowing provisions - that is, the cost of the Put Option would not be taken into account in determining the cost of a notional put option (if any).

You should therefore seek your own independent tax advice on the application of the capital protected borrowing provisions in your own particular circumstances.

Discount CGT treatment

If you are an individual, trust or complying superannuation fund, you may be entitled to discount CGT treatment on the disposal of your Underlying Securities where you have held the Underlying Securities for at least 12 months prior to the disposal (ie 12 months excluding the acquisition and disposal dates). Where discount CGT treatment applies, you may reduce your capital gains by 50% if you are an individual or trust, or by 33^{1/3}% if you are a complying superannuation fund.

You should not be taken to have disposed of your Underlying Securities in circumstances where the Underlying Securities are transferred to the Nominee by way of security in accordance with clause 20 of the Agreement. You will therefore retain your original acquisition date in respect of the Underlying Securities for CGT discount purposes.

Option Facility

Purchase of Options

Where you buy an Option of any kind from UBS under the Option Facility, the Option will constitute a CGT asset of yours. The cost base and reduced cost base of any Option will include any First Premium Amount paid by you to acquire the Option, and should also include any Second Premium Amount payable by you in respect of a Collar, Put Spread, Call Spread or Put Spread Collar at Maturity, and, in the event of an Early Termination, any Early Termination Amount that you are required to pay to UBS.

You should note however that the Australian Taxation Office (**ATO**), has recently issued a draft ruling which suggests that it is the market value of UBS's right to receive the Second Premium Amount (determined at the time the Option is entered into) that is to be included in the cost base of the Option, rather than the actual amount paid by you on Maturity. Applying the draft ruling, any Second Premium Amount you do in fact pay would not seem to be included in the cost base of the Option, and it is unclear how such payments would be treated for tax purposes. The same treatment would apply to any Early Termination Amount that you are required to pay to UBS on an Early Termination of your Option. Although the draft ruling is stated to apply from its date of issue, you should note that the ruling is currently in draft, and it is possible that the ATO's approach may change in any final ruling that is issued. Furthermore, as the draft ruling addresses this issue in the context of business acquisitions, it is possible that the scope of the ruling may be limited such that it may not apply to transactions such as the acquisition of Options. As such, whilst it is arguable that any Second Premium Amount and Early Termination Amount should be included in your cost base for the Option, you should seek your own independent advice on the issue, and remain alert to any changes in the ATO's position.

Where you exercise a Put Option (including a Collar, Put Spread or Put Spread Collars), any capital gain or loss in respect of the Put Option will be disregarded. The amount paid to acquire the Put Option will be included in the cost base and reduced cost base of the Underlying Securities disposed of under the Put Option. The relevant Underlying Securities may be one that is already held, or one that is acquired for the purposes of delivery under the Put Option. A capital gain or loss will arise on disposal of the Underlying Securities under the Put Option to the extent the Strike Price of the Put Option exceeds or is less than the cost base or reduced cost base of the Underlying Security (as modified to take into account the costs of acquisition of the Put Option and any costs, such as brokerage, associated with the transfer of the Underlying Securities).

Where you exercise a Call Option (including a Call Spread), any capital gain or loss in respect of the Call Option will be disregarded. Your cost base and reduced cost base in the Underlying Securities acquired under the Call Option will include all amounts paid to acquire the Call Option and all amounts paid to exercise the Call Option (ie the Strike Price). Where you subsequently dispose of the Underlying Securities, a capital gain or loss will arise to the extent the sale price exceeds or is less than the cost base or reduced cost base of the Underlying Security (as modified to take into account the costs of acquisition and exercise of the Call Option and any costs, such as brokerage, associated with the transfer of the Underlying Securities).

In the event you close out an Option early or elect for cash-settlement of an Option, you may make a capital gain or loss to the extent the capital proceeds received exceed or are less than the cost base or reduced cost base of the Option.

If an Option lapses unexercised, a CGT event C2 will occur and you will make a capital loss equal to the reduced cost base of the Option.

Selling of Options

Where you sell a Put Option, you will have a capital gain equal to the Premium Amount you are entitled to receive from UBS. You will be required to include this amount in your net capital gain in the income year in which the sell the Put Option, even though you may not receive any payment in that year.

Any interest you receive from UBS on the Cash Collateral lodged in respect of a sold Put Option will be included in your assessable income in the income year in which the interest is received.

Where a Put Option you have sold is exercised, any capital gain you have made in respect of selling the Put Option will be disregarded (if the Put Option is exercised at a time after you have been assessed on the capital gain, this will require an amended assessment in respect of the income year in which the Put Option was granted). Any amount you pay on exercise of the Put Option (ie the Strike Price), less any payment received for the grant of the Put Option, will be included in the cost base and reduced cost base of the Underlying Securities purchased by you under the Put Option. Where you subsequently dispose of the Underlying Securities, a capital gain or loss will arise to the extent the sale price exceeds or is less than the cost base or reduced cost base of the Underlying Security (calculated as outlined above).

In the event that you wish to cash settle a Put Option that you have sold, you should seek your own independent tax advice on the tax implications of cash settlement in your own circumstances.

Where you sell a Call Option, you will have a capital gain equal to the Premium Amount received.

Where a Call Option you have sold is exercised, any capital gain you have made in respect of the Call Option (ie the premium received) will be disregarded (if the Call Option is exercised at a time after you have been assessed on the capital gain, this will require an amended assessment in respect of the income year in which the Call Option was granted). Any payment received for the grant of the Call Option will be included in the capital proceeds from disposal of the Underlying Securities sold by you under the Call Option. A capital gain or loss will arise on disposal of the Underlying Security under the Call Option to the extent the capital proceeds (which will include both the Strike Price and the Premium Amount of the Call Option) exceeds or is less than the cost base or reduced cost base of the Underlying Securities.

In the event a Call Option you have sold is cash-settled, any amount you pay to cash-settle the Call Option is included in the cost base and reduced cost base of the Underlying Securities which you are no longer required to transfer as a cost of preserving your title to the Underlying Securities.

Discount CGT treatment

For discount CGT purposes, where you acquire Underlying Securities under a Put Option you have sold or a Call Option you have acquired, your acquisition date will be the date of exercise of the Option. Conversely, where you dispose of an Underlying Securities under a Put Option you have acquired or a Call Option you have sold, your disposal date will be the date of exercise of the Option. Any capital gain arising from the selling of an Option (which is not disregarded due to the exercise of the Option) will not be eligible for discount treatment.

Option Facility - other issues

Entering into Options under the Option Facility may affect your eligibility for any franking credits attached to distributions on your Underlying Securities, as discussed under the heading "Distributions and Franking Credits" below.

Exercise and Sale Facility

Where you hold Executive Options granted under an employee share scheme over shares, and UBS lends shares of the same type to you which you immediately sell on market, a CGT event A1 will occur in respect of the sold shares. The cost base and reduced cost base of borrowed shares will include their market value at the time you acquire the shares from UBS, as well as any incidental costs incurred in acquiring or disposing of the shares (eg the Arrangement Fee and any brokerage). Assuming the shares are immediately sold at the

same market value, you should make a capital loss equal to the incidental costs incurred in acquiring the shares.

The tax consequences upon exercise of Executive Options will depend on the terms of the employee share scheme plan and the operation of Division 13A of the Tax Act. For example, if the Executive Options are "qualifying rights" under the employee share scheme rules, the exercise of the Executive Options may constitute a "cessation time" in relation to the Executive Options for the purposes of those rules.

If you dispose of the shares acquired under the Executive Options to UBS to satisfy your redelivery obligations under the Stock Loan, you will be treated as having disposed of the shares for an amount equal to the market value of the borrowed shares (determined at the time of the borrowing under the Stock Loan).

If this occurs within 30 days of the cessation time (as referred to above), this may result in you being required to include in your assessable income an amount equal to the difference between the sale price of the shares and the sum of the issue and exercise prices of the Executive Options (assuming Division 13A applies and no election has been made to include the discount on the Executive Option in your assessable income in the year it is granted). Any capital gain or loss on the disposal of these shares in these circumstances is disregarded.

If the shares are disposed of more than 30 days after the cessation time, you may be required to include in your assessable income an amount equal to the difference between the market value of the shares at the cessation time and the sum of the issue and exercise prices of the Executive Options (assuming Division 13A applies and no election has been made to include the discount on the Executive Option in your assessable income in the year it is granted). Your cost base and reduced cost base of the shares will include their market value at the cessation time.

The effect of the employee share schemes rules in this context may be complex. You should seek your own independent tax advice on the application of the employee share scheme rules taking into account your own personal circumstances.

Holding Underlying Securities

Distributions and Franking Credits

Your assessable income will include any dividends received in respect of your Underlying Securities, and, if you are a "qualified person", any franking credits attached to those dividends.

If you are a "qualified person" you may also be entitled to a tax offset equal to the amount of the franking credit on the dividend. If you are a resident individual or complying superannuation fund and receive a tax offset in excess of your tax liability, you may be entitled to a refund of that excess tax offset. If you are a company, you will not be entitled to a refund of any excess tax offset, but may convert excess franking credits into tax losses. If you are a company, a franking credit equal to the amount of any franking credit on dividends paid on the Underlying Securities will also arise in your franking account.

You will be a "qualified person" in relation to a dividend paid on Underlying Securities (where you are not under a related payment obligation in relation to that dividend) where you have held your interest in the Underlying Securities "at risk" for 45 days or more during the qualification period commencing when you acquire your interest in the Underlying Securities and ending on the 45th day after the ex-date for that dividend (excluding the days of acquisition and disposal of that interest); this is effectively, a "once and for all" test (the **45 day rule**). However, if you are under a related payment obligation (broadly, an obligation to pay away the benefit of the dividend), a "dividend by dividend" test applies, meaning that to qualify for franking credits in relation to a dividend, you will need to hold your interest in the Underlying Securities "at risk" for at least 45 days during the qualification period commencing on the 45th day before the ex-date for the dividend and ending on the 45th day after the ex-date for that dividend (the **related payments rule**).

In determining whether the 45 day rule and related payments rule are satisfied, any days where you have materially diminished risks of loss or opportunities for gain in relation to the relevant Underlying Securities will not be counted (but will not be taken to break the continuity of the ownership period). You will be taken to have materially diminished risks of loss or opportunities for gain in respect of shares or an interest in shares on a particular day if your net position in relation to the shares on that day has a delta of less than 0.3. Your net position in relation to Underlying Securities will take into account the delta of all positions you hold in relation to the Underlying Securities. This includes the Loan itself, an Option of any kind entered into under the Option Facility, and any other positions you hold in relation to the Underlying Securities.

The delta of these positions will generally vary over time. For example, the delta of the Loan will vary throughout the term in response to changes in a number of variables, such as share price, dividends, and volatility. However, where you are not under a related payment obligation, the value of the delta will generally be taken not to change from its value on the day the last position is entered into for the purposes of determining whether or not you are a qualified person. For example, the delta of the Loan will be taken not to change from its value on the day you enter into the Loan, unless and until you enter into another position in relation to the Underlying Securities (eg you use the Option Facility). Where you enter into another such position, your net delta in respect of the Underlying Securities will need to be re-calculated, taking into account the delta of all positions on that day in order to determine whether you continue to hold the Underlying Securities sufficiently "at risk" for the purposes of the 45 day rule. Where you are under a related payment obligation, you will also be required to re-calculate the delta of your net position on the 45th day prior to the ex-date for the relevant dividend (although note that you will still be required to re-calculate your net position if other positions are entered into subsequent to that date).

You or your adviser should contact UBS if you wish to confirm the delta of the Loan or the effect on your net delta of using the Option Facility. Your individual circumstances may also affect the net delta in respect of your Underlying Securities, for example, if you have further holdings of the Underlying Securities or other options over the Underlying Securities.

Where you transfer Underlying Securities already held by you as security for the Loan and the Underlying Securities are shares, the transfer of the Underlying Securities to the Nominee will not affect the determination of whether you are a qualified person. However, where the Underlying Securities are units in a trust, the transfer may result in a recommencement of the qualification period for the purposes of the 45 day rule on the day after the day the Underlying Securities are transferred to the Nominee. This means that any days for which Underlying Securities that are units in a trust were held at risk prior to the day the Underlying Securities are transferred to the Nominee may not be included in determining whether you have satisfied the 45 day rule and related payments rule in respect of distributions paid after that time.

Alternatively, if you are an individual and are **not** under a related payment obligation, you will be a "qualified person" where the total franking tax offsets to which you are entitled in any given income year do not exceed \$5,000.

Trust Distributions

Where the Underlying Securities are units in a unit trust, the tax implications of holding such Underlying Securities will depend on the nature of the particular trust. It is therefore not possible to determine conclusively the tax implications of acquiring or holding such Underlying Securities; however, the following general comments should be noted.

Where you are presently entitled to any income in respect of units comprising the Approved Securities, you should include in your assessable income the taxable income attributed to you as holder of those units.

Where the income of a trust exceeds the net taxable income of that trust (as determined for the purposes of the Tax Act), that excess may be distributed to beneficiaries of that trust in accordance with the trust terms. Any excess which is distributed and is attributable to tax deductions of the trust (or certain other amounts not presently relevant) is typically referred to as a "tax deferred distribution". That amount will not be included in your assessable income as beneficiary of the trust, and:

- it may increase the amount of taxable gain you derive on sale of the interest as your cost base is reduced by the amount of the tax deferred distribution; or
- to the extent that the tax deferred distribution exceeds your cost base in the units, that distribution will itself give rise to a capital gain derived by you.

Where the trust receives franked dividends, the franking credits attached to those dividends may flow indirectly to you. Generally, where an amount included in your assessable income is attributable to a franked dividend received by the trust, you may be entitled to a tax offset equal to your proportionate share of the franking credits attached to that dividend, provided that both you and the trustee of the unit trust are "qualified persons" in relation to the dividend. You should seek your own independent advice on the taxation implications of receiving such distributions.

Where the trust makes a capital gain, any distribution of that capital gain will retain its character as a capital receipt in your hands and will, in effect, be assessable to you under the CGT provisions. If the capital gain is a discount capital gain of the trust, you will be treated as having made a capital gain equal to twice the

amount of the Trust's discount capital gain. Where you are an individual, trust or complying superannuation fund, the grossed-up amount may, after you apply any carried forward and current year capital losses, be reduced by the applicable discount percentage (discussed under the heading "Discount CGT treatment" above).

Stock Borrow Agreement

Any Stock Borrow Fee derived under the Stock Borrow Agreement should be included in your assessable income at the time of derivation.

Disposal of Borrowed Securities under the Stock Borrow Agreement

Where the Stock Borrow Agreement is a section 26BC-complying securities lending arrangement, you will be taxed as if the stock had not been lent to UBS. For example, any capital gain or loss on the disposal of the Borrowed Securities to UBS under the Stock Borrow Agreement will be disregarded for tax purposes, re-delivery of the Equivalent Securities within the required 12 month period will not give rise to any tax consequences, and the cost base and reduced cost base and acquisition date of the Equivalent Securities will be taken to be the same as the Borrowed Securities.

Similarly, you will be taxed on distributions in respect of the Borrowed Securities as if you had continued to hold the Borrowed Securities. If UBS pays the distribution to you, you will not by reason of the Stock Borrow Agreement be prevented from being entitled to franking credits in respect of ordinary distributions on the Borrowed Securities. In these circumstances UBS may provide you with a transfer of distribution statement. Alternatively, if UBS makes a payment to you of an amount equivalent to the distribution, UBS may pay an additional amount to compensate you for any forgone franking credits.

Bonus shares, rights and options

Where a corporate action occurs in relation to the Borrowed Securities that results in a distribution being made (eg an issue of rights or options or issue of bonus shares) that UBS transfers to you, the taxation consequences will be the same as if you held the Borrowed Securities at all relevant times. Where UBS instead pays the value of any bonus share, right or option, you will be treated as if it had received the bonus share, right or option in respect of the Borrowed Securities and had disposed of that asset for an amount equal to the payment.

Takeovers or repurchases

Where UBS redelivers Borrowed Securities prior to a corporate action that results in the Borrowed Securities changing in some way or ending (eg a takeover or merger), you will hold any such Borrowed Securities at the time the corporate action occurs and will be subject to the ordinary tax consequences arising from the relevant corporate action. In the event that the Borrowed Securities are not redelivered to you prior to such a corporate action occurring, the tax consequences outlined in under the heading "Failure to re-deliver Borrowed Securities" would arise.

Failure to redeliver Borrowed Securities

In the event that UBS fails to redeliver the Borrowed Securities within 12 months of the date of the borrowing (or fails to redeliver the Borrowed Securities prior to a corporate action that results in the Borrowed Securities changing in some way or ending), the Stock Borrow Agreement will not comply with section 26BC of the Tax Act and the concessional taxation treatment outlined above will not be available. In these circumstances:

- you will be treated as having disposed of the Borrowed Securities on the date of the Stock Borrow Agreement and will realise a capital gain or loss at that time equal to the difference between the market value of the Borrowed Securities at the time of disposal and your cost base or reduced cost base in the Borrowed Securities;
- you will not be entitled to any franking credits in respect of distributions made in respect of the Borrowed Securities, however under the terms of the Stock Borrow Agreement, UBS may still be required to compensate you for any franking credits forgone;

- re-delivery of the Borrowed Securities will constitute an acquisition of a new CGT asset on the date of entry into the Stock Borrow Agreement and discount CGT treatment will be available only if the redelivered securities are held for at least 12 months; and
- none of the days you held the Borrowed Securities at risk prior to entry into the Stock Borrow Agreement will be taken into account when determining whether you are a qualified person in respect of distributions paid in respect of the redelivered securities.

Fees

The Loan Establishment Fee may be deductible to you under section 25-25 of the Tax Act over the lesser of five years and the period from the date on which the Loan is drawn down to when it is repaid, to the extent that you use the Loan for the purpose of producing assessable income in the income year in which a deduction is sought.

Where you are required to pay a Facility Adjustment Fee as consideration for UBS accepting a request to adjust the Facility Amount, the Facility Adjustment Fee should be characterised as a borrowing cost, except to the extent that it is determined to be reasonably attributable to capital protection. In the latter case, the Facility Adjustment Fee should be aggregated with the Interest on the Loan in order to determine the amount reasonably attributable to capital protection in the manner described under the heading "Deductibility of Interest on the Loan" above. To the extent the Facility Adjustment Fee is reasonably attributable to capital protection, it may be regarded as a cost of acquiring the notional put option described under the heading "Notional put option" above.

To the extent the Facility Adjustment Fee is not reasonably attributable to capital protection, the Facility Adjustment Fee may be deductible to you under section 25-25 of the Tax Act over the lesser of five years and the period from the date on which the Loan is drawn down to when it is repaid, where you use the Loan for the purpose of producing assessable income in the income year in which a deduction is sought.

Where you only draw down part of the Facility Amount during the Term, you may not be immediately entitled to a deduction for the whole of the Loan Establishment Fee or Facility Adjustment Fee (as apportioned in accordance with section 25-25). Rather, you may only be entitled to deductions for that part of the Establishment Fee or Facility Adjustment Fee that is referable to the part of the Facility Amount that is drawn down and used for income-producing purposes at that time. You may be entitled to deduct the remainder of the Establishment Fee or Facility Adjustment Fee in the income year in which the remainder of the Available Amount is drawn down and used for income-producing purposes.

Any break costs payable by you on early termination or repayment of a Loan prior to the final Interest Payment Date should be allowable as a deduction to the extent that those amounts are incurred to reduce or eliminate your deductible Interest expense. Conversely, any amount payable by UBS to you as a refund of prepaid Interest on an early termination or repayment may be assessable to you to the same extent that Interest on the Loan is deductible to you. The remainder of the payment may be considered a recoupment of part of the cost of the notional put option, with the cost base of the notional put option reduced accordingly.

Brokerage fees payable upon sale of any Underlying Securities should be included in the cost base of the Underlying Securities disposed of as an incidental cost of ownership or disposal.

Any Arrangement Fee payable on using the Exercise and Sale Facility should be included in the cost base of the shares acquired from UBS.

Transfer of existing Underlying Securities as security for Loan

Where you transfer Underlying Securities already held by you as security for the Loan, this may affect the tax treatment of the Loan in relation to the following:

- the deductibility of Interest on the Loan will depend on the use to which the Loan funds are put – discussed under the heading "Deductibility of Interest on the Loan" above;
- the timing of deductions for Interest on the Loan may also depend on the use to which the Loan funds are put – discussed under the heading "Deductibility of Interest on the Loan" above;

- the qualification period used in determining whether you are entitled to the benefit of franking credits attached to distributions may in some circumstances re-commence at the time of transfer of Underlying Securities to the Nominee – discussed under the heading "Distributions and Franking Credits" above; and
- the acquisition date for Underlying Securities for the purposes of determining whether discount CGT treatment is available should be your original acquisition date for the Underlying Securities – discussed under the heading "Discount CGT Treatment" above.

Proposed amendments – Taxation of Financial Arrangements

The *Tax Laws Amendment (Taxation of Financial Arrangements) Bill 2007 (TOFA)*, which was introduced into Parliament in September 2007, proposed amendments to the Tax Act that operated to tax gains and losses arising from certain "financial arrangements" on revenue account and in some cases on a compounding accruals basis. The proposed amendments were to apply to income years commencing after 1 July 2009, though taxpayers could elect for the amendments to apply to income years commencing after 1 July 2008. The proposed amendments would only apply to financial arrangements entered into after the relevant start date, unless a taxpayer elected for them to apply to existing financial arrangements held at that time (in which case a balancing adjustment would be required to be recognised).

Whilst this Bill has now lapsed, if legislation is enacted in the form of this Bill, the proposed amendments should not apply to you if you are an individual or an entity with an annual turnover of less than \$100 million where it is not reasonably likely that the arrangement will give rise to a deferral of gains or losses. Further, the proposed provisions are not intended to apply to interests in trusts that are equity interests in the trust.

The proposed amendments do not appear to be intended to apply to the Underlying Securities or to alter the taxation treatment of the Structured Option and Loan Facility. You should remain alert to any changes in the taxation laws and obtain your own advice in relation to the potential applicability of the TOFA proposals in light of your own individual facts and circumstances.

Part IVA

Part IVA is the general anti-avoidance provision of the Tax Act. It applies where the dominant purpose of the taxpayer (or any other person) in entering into a "scheme" is to obtain a "tax benefit". A "tax benefit" is relevantly defined as:

- (a) an amount not being included in assessable income where, but for the scheme, that amount would reasonably be expected to have been included; or
- (b) an amount being allowable as a deduction where, but for the scheme, that amount would not reasonably be expected to have been allowable.

The application of Part IVA to a particular taxpayer can only be conclusively determined on an examination of that taxpayer's individual circumstances. You should therefore seek your own independent tax advice in light of your own particular circumstances. Nevertheless, if you are a typical Investor in the Structured Option and Loan Facility, your dominant purpose for the purposes of Part IVA should be seen to include obtaining the potential to profit from the distributions and capital appreciation or other share price movements in respect of the Underlying Securities.

We do not believe that it could be reasonably concluded that the dominant purpose of a typical investor in the Structured Option and Loan Facility would be to obtain tax deductions for the Interest incurred. Further, a typical Investor should not have more than an incidental purpose of obtaining imputation benefits and section 177EA of the Tax Act should not therefore apply to deny those benefits to a typical investor.

Other events

During the term of a Transaction under the Structured Option and Loan Facility, there may be events or circumstances relating to the particular Underlying Securities or Options that give rise to tax implications which are not discussed here. You should obtain your own advice in relation to those events or circumstances.

Stamp Duty

Subject to the assumptions above, under current law and practice:

- (a) the sale and purchase (ie grant) of Options will not give rise to an Australian stamp duty liability;
- (b) the sale and acquisition of Approved Securities and Underlying Securities will not give rise to an Australian stamp duty liability; and
- (c) the grant of the Mortgage or any guarantee to UBS will not give rise to an Australian stamp duty liability.

If an Australian stamp duty liability arises in respect of any Transaction then you are required to pay that duty liability.

GST

The A New Tax System (Goods and Services Tax) Act 1999 and related legislation impose a goods and services tax ("GST") on certain "supplies". The A New Tax System (Goods and Services Tax) Regulations 1999 identify a range of supplies that are input taxed "financial supplies" and not subject to GST.

The grant, exercise, termination, and rollover of an Option; the adjustment to a Strike Price, number of Underlying Securities per Option, your holding of Underlying Securities and/or any other term of your Option in the case of a Corporate Action; the grant of a limited recourse Loan and any amendment to the Facility Amount of a Loan; the termination or repayment of a Loan; the mortgage of any Option or Underlying Security; the grant of a Stock Loan under the Exercise and Sale Facility; the supply, delivery or sale on your behalf of the Underlying or Approved Securities; and the exercise of an Executive Option will be input taxed financial supplies on which no GST will be payable.

The payment or application of dividends, distributions and tax benefits associated with these distributions to you in respect of the Underlying or Approved Securities, the payment of net proceeds under the Exercise and Sale Facility, and the payment of the Stock Borrow Fee, and the payment of any amount under the Dividend Agreement by UBS to you should not be subject to GST. The payment of a Premium Amount, company charge registration fee, company charge release fee, direct debit reprocessing fee, Early Termination Amount, Loan Establishment Fee, principal and interest payments due on a Loan, Facility Adjustment Fee, Arrangement Fee, fee in respect of the Automatic Extension Clause, any amount under the Dividend Agreement, unforeseen Costs and Taxes and/or break costs by you to UBS and the payment of the Executive Option exercise cost to the company should not attract GST.

However, if GST becomes payable by UBS in connection with any supply made to you under or in connection with this PDS then UBS can require you to pay an additional amount on account of GST. For example, in the event that UBS charges a fee for its services (as distinct from the Stock Loan) under the Exercise and Sale Facility, it is expected that GST would apply to the supply of these services and the relevant fee would be grossed up so as to be inclusive of GST. GST may also be payable in respect of brokerage and other fees that are incurred on your behalf, for example, in relation to the purchase and sale of your Underlying Securities or Approved Securities.

You should obtain your own advice as to whether or not you are entitled to an input tax credit for any acquisition you make from UBS, your financial adviser or licensed dealer, or any other person in connection with a supply made under or in connection with this PDS in respect of which GST is charged.

Section 12 – Additional Information

Preparation of this PDS

Information in this PDS in respect of the Approved Securities or Underlying Securities has been derived from publicly available information only and has not been independently verified.

Neither UBS nor any of its affiliates accepts any liability or responsibility for, and makes no representation or warranty, express or implied, as to the adequacy, accuracy or completeness of such information. You should make your own enquiries.

You 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.

Nothing contained in this PDS is to be relied upon as implying that there has been no change in the information contained in this PDS since the dates as at which information is given in this document. No representation as to future performance of the Options, Underlying Securities or Approved Securities or as to the future performance of assets, dividends or other distributions of any entity whose securities comprise the Approved Securities are made in this PDS. UBS does not take into account labour standards or environmental, social or ethical considerations in relation to Approved Securities or Underlying Securities.

Obligations of UBS

The Options will constitute direct unconditional obligations of UBS. The obligations are unsecured contractual obligations which will rank equally with other unsecured contractual obligations and unsecured debt. Information in relation to UBS is set out in section 10 entitled "Description of UBS".

Applications can be lodged at any time while this PDS is current. No cooling off rights apply in respect of a purchase of the Options.

Complaints

If you have a complaint about the service provided to you by UBS, or any of its representatives in respect of the Units, 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 3 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 AG, Australia Branch
Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

We will try to resolve your complaint quickly and fairly.

If the outcome is unsatisfactory, Investors may refer their complaint to the Financial Complaints Services Limited ("FICS") at:

Financial Industry Complaints Service Limited
PO Box 579
Collins Street West
Melbourne, VIC 8007
Telephone: 1300 780808 Fax: (03) 9621 2291
Email: fics@fics.asn.au

FICS is an independent dispute resolution scheme. Subject to FICS rules, a claim must be under AUD100,000 for FICS to consider it (unless UBS and the Investor agrees otherwise in writing).

The Australian Securities & Investments Commission (ASIC) also has a free call Infoline on 1300 300 630 (available between 9am and 7pm AEST Monday to Friday) which you may use to make a complaint and obtain information about your rights.

Consents

None of the parties referred to below have authorised or caused the issue of this PDS or make or purport to make any statement in this PDS (or any statement on which a statement in this PDS is based) other than as specified below.

Blake Dawson has given, and not withdrawn, its consent to be named as legal adviser in this PDS in the form and context in which it is included.

Clayton Utz has given, and not withdrawn, its written consent to the inclusion the "Taxation Summary" in Part 11 of this PDS in the form and context in which it is included. Clayton Utz does not make any statement in, or take responsibility for any part of, this PDS, except for the section entitled "Taxation Summary" in the PDS.

Section 13 – Facility Terms

PART A – GENERAL TERMS

1. Preliminary

1.1 Agreement

This Agreement is entered into between UBS AG, Australia Branch, ABN 47 088 129 613, AFSL 231 087 (**UBS**) and the person whose details are set out in the Confirmation as the person who will be entering into Transactions under this Agreement (**you**). This Agreement governs each Facility provided to you by UBS and each Transaction entered into between you and UBS pursuant to this Agreement.

1.2 Structure

This Part A applies in relation to each Transaction entered into between you and UBS.

Part B sets out the terms which apply to each Loan.

Part C sets out the terms which apply to each Option.

Part D sets out the terms which apply to the Mortgage and Nominee arrangements.

Part E sets out the terms which apply to the Exercise and Sale Facility.

Part F sets out the terms of the Stock Borrow Agreement.

1.3 Confirmations

UBS will give to you a Confirmation in respect of each Transaction. The terms of this Agreement apply to each Confirmation. This Agreement and each Confirmation constitute the terms of a Transaction. To the extent of any inconsistency between the terms of this Agreement and the Confirmation in respect of a Transaction, the terms of the Confirmation prevail.

2. Definitions and interpretation

2.1 Definitions

Terms in this Agreement have the meaning given to them in the glossary section of the PDS.

2.2 Rules for interpreting this Agreement

Headings are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this Agreement, except where the context makes it clear that a rule is not intended to apply:

- (a) A reference to:
 - (i) legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (ii) a document or agreement, or a provision of a document or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
 - (iii) a party to this Agreement or to any other document or agreement includes a permitted substitute or a permitted assign of that party;

- (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
- (v) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.
- (c) A word which suggests one gender includes the other genders.
- (d) If a word is defined, another part of speech has a corresponding meaning.
- (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (f) The word "agreement" includes an undertaking or other binding arrangement or understanding, whether or not in writing.
- (g) Where an expression is defined anywhere in this Agreement, it has the same meaning throughout.
- (h) A reference to "dollars" or "\$" is to an amount in Australian currency.
- (i) Words defined in the GST Law have the same meaning in this Agreement.

2.3 Business Days

If the day on or by which a person must do something under this Agreement is not a Business Day:

- (a) if the act involves a payment that is due on demand, the person must do it on or by the next Business Day; and
- (b) in any other case, the person must do it on or by the previous Business Day.

3. Conditions precedent

3.1 Conditions precedent

UBS is under no obligation to enter into any Transaction with you unless:

- (a) you have completed and returned the Application Form, Quote Sheet and any additional information requested by UBS in accordance with the directions set out in the PDS, Application Form and Quote Sheet and UBS has accepted your Application;
- (b) if any fees and charges relating to the Transaction are specified in the Quote Sheet as being payable on or before the Trade Date, you have paid to UBS those fees and charges;
- (c) UBS is satisfied that the Mortgage will provide effective security and control over the disposal or redemption of the Mortgaged Property;
- (d) UBS is satisfied that all statements made in your Application Form and the representations and warranties set out in this Agreement are correct and will be correct on the Trade Date of the Transaction and on each day during the Term of the Transaction;
- (e) UBS has obtained all other documents, information or opinions relating to you and (if applicable) the Guarantor which it requires in order to enter into the Transaction (including solicitors' certificates or statutory declarations in relation to the Guarantor);
- (f) all of the Approved Securities selected by you are quoted on ASX on the Trade Date;

- (g) UBS is satisfied that no Event of Default has occurred or is continuing, and that entry into the Transaction will not result in the occurrence of an Event of Default;
- (h) in relation to a Transaction involving Executive Options (for example, where the Exercise and Sale Facility is used to facilitate the exercise of Executive Options, or the Options Facility is used to hedge shares resulting from the exercise of Executive Options), you have provided all information and directions requested by UBS to enable it to perform due diligence and facilitate the exercise of the relevant Executive Options and the delivery of the resulting Approved Securities as directed by UBS; and
- (i) where you hold Approved Securities and UBS requires those Approved Securities to become subject to the Mortgage, you have delivered to the Nominee (as directed by UBS) the number of Approved Securities specified by UBS in the Quote Sheet as Unrestricted Stock.

UBS may, in its absolute discretion, enter into a Transaction with to you notwithstanding that the conditions precedent in this clause have not been satisfied.

4. Events of Default, early termination and change of law

4.1 Events of Default

- (a) An Event of Default occurs if:
 - (i) you fail to pay on time any amount which is due and payable by you under this Agreement;
 - (ii) you breach or fail to perform any obligation under this Agreement;
 - (iii) any statement made by you in the Application Form, the Quote Sheet or any other document in relation to this Agreement or required by UBS is or becomes incorrect or misleading;
 - (iv) any representation made or repeated by you or any Guarantor under this Agreement is or becomes misleading or incorrect;
 - (v) you are or become Bankrupt or insolvent, or fail or are unable or admit to your inability generally to pay your debts as and when they become due;
 - (vi) the holder of any Security Interest granted by you takes possession of any of your property, or you make a general assignment, arrangement or composition with or for the benefit of your creditors or institute or have instituted against you a proceeding seeking a judgement of insolvency or bankruptcy or other relief under any bankruptcy or insolvency law or other similar law affecting creditor's rights;
 - (vii) you cease to be of full legal capacity or otherwise become incapable of managing your affairs or you die;
 - (viii) where you are a body corporate:
 - (A) any application is made for an order, a meeting is convened to consider a resolution, a resolution is passed or an order is made that you be wound up or otherwise dissolved and/or that an administrator, a liquidator or provisional liquidator be appointed; or
 - (B) a receiver, receiver and manager, administrator, controller, trustee or similar officer is appointed in respect of all or any part of your business, assets or revenues; or
 - (C) you become insolvent or are subject to any arrangement, assignment or composition, or protected from any creditors or otherwise unable to pay your debts when they fall due;

- (ix) UBS receives any notice from a credit reporting agency or any other credit provider to you which indicates that you are in default under any other financial, payment or performance obligation with any other party or that any of the events or circumstances specified in the previous paragraphs of this clause has occurred;
- (x) you cause or are subject to any event which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (v) to (ix);
- (xi) any of the events and circumstances referred to in paragraphs (v) to (x) (inclusive) occur in relation to the Guarantor;
- (xii) in the reasonable opinion of UBS some or all part of the Mortgaged Property is at risk of forfeiture, loss or cancellation for any reason, and in the reasonable opinion of UBS it may become impossible or unlawful for the ownership of the Mortgaged Property to be transferred;
- (xiii) you create or permit to exist any Security Interest over any of the Mortgaged Property, other than a Security Interest permitted by UBS in writing;
- (xiv) all or any material provision of this Agreement becomes wholly or partly void, voidable, or unenforceable, or is claimed to be so by you, any Guarantor or anyone on your behalf;
- (xv) any government, governmental agency, department, commission, or other instrumentality seizes, confiscates, or compulsorily acquires (whether permanently or temporarily and whether with payment of compensation or note) any of the Mortgaged Property;
- (xvi) any litigation, administrative proceedings or other procedure for the resolution of disputes is commenced in which your title to any of the Mortgaged Property or UBS's rights under this Agreement, will or might be impeached or adversely affected or any of the Mortgaged Property will or might be restrained or otherwise hindered;
- (xvii) in the case of a particular Transaction:
 - (A) the Issuer of the Underlying Securities is delisted or proposed to be delisted from the ASX;
 - (B) the Underlying Securities are removed or proposed to be removed from quotation or suspended or proposed to be suspended from trading on ASX;
 - (C) the Underlying Security is subject to a takeover offer and the offer has become unconditional or has been accepted by 80% or more of the Issuer's shareholders, or a scheme of arrangement in relation to securities issued by the Issuer of the Underlying Securities has been approved by its members, unless UBS explicitly acknowledges that such event is not to be treated as an Event of Default;
 - (D) there is:
 - (I) a situation where UBS is unable, after using commercially reasonable efforts, to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to a Transaction, or to realise, recover or remit the proceeds of any such transaction(s) or asset(s);
 - (II) a situation where UBS would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to

acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to a Transaction, or to realise, recover or remit the proceeds of any such transaction(s) or asset(s), other than a materially increased amount that is incurred solely due to the deterioration of the creditworthiness of UBS;

- (III) a termination of UBS' hedging arrangement or an adjustment or change to UBS' hedging arrangements occurs in such a manner that it is reasonably impracticable for UBS to adjust or change the Terms to reflect the adjustment or change in the hedging arrangements;
 - (E) where any event occurs which UBS determines in good faith results in the performance of its obligations under these Terms having become or becoming, in circumstances beyond its reasonable control, impossible, unlawful, illegal or otherwise prohibited; or
 - (F) A Corporate Action occurs or is proposed to occur and in UBS's reasonable opinion, it is not possible or desirable to adjust the Transaction to account for the Corporate Action.
- (b) You undertake to UBS that you will immediately notify UBS of any fact or circumstance within your knowledge which has given rise or is likely to give rise to an Event of Default or a breach of any representation, warranty, statement, undertaking or other provision in this Agreement, the Application Form, the Quote Sheet or any other document in connection with this Agreement or required by UBS.

4.2 Early Termination Date and Consequences of Early Termination

- (a) If an Event of Default occurs, UBS may, without further notice to you and in its absolute discretion terminate one or more Transactions at such times as UBS may in its discretion determine. The date on which a Transaction is terminated is the Early Termination Date in respect of that Transaction.
- (b) If an Early Termination Date occurs in respect of a Transaction, UBS shall calculate the Early Termination Amount in respect of the Transaction and shall, as soon as reasonably practicable, give to you a statement specifying the amount.
- (c) If the Early Termination Amount is a positive number, you must pay to UBS the Early Termination Amount. If the Early Termination Amount is a negative number, UBS must pay the Early Termination Amount to you, subject to its right of set off under clause 8.12.
- (d) The Early Termination Amount shall be payable on the third Business Day following the date that notice of that the Early Termination Amount is given to you.

4.3 Increased costs

If:

- (a) there is an introduction of, or change in, an applicable law or regulatory requirement or its interpretation or administration by a government agency which:
 - (i) subjects UBS or any of its related bodies corporate to any Tax relating to this Agreement;
 - (ii) changes the basis of taxation of any payment due or to become due to UBS under, or in connection with, this Agreement;
 - (iii) imposes, modifies or deems applicable any capital, liquidity, reserve or prudential requirement or requires the making of any special deposit against or in relation to

any assets or liabilities (actual or contingent) of, deposits with or for the account of, or loans by, UBS or any of its related bodies corporate; or

- (iv) imposes on UBS or any of its related bodies corporate any other condition affecting this Agreement; and
- (b) the result is (directly or indirectly) to:
- (i) increase the cost to UBS or any of its related bodies corporate of the provision or maintenance by UBS of any Transaction or the performance by UBS or the Nominee of its obligations under this Agreement;
 - (ii) reduce:
 - (A) the effective rate of return (on capital, property, deposits or otherwise) of UBS under this Agreement; or
 - (B) the amount of any payment received by UBS under any Transaction; or
 - (iii) require UBS or any of its related bodies corporate to make a payment or to forgo or suffer a reduction in return on or calculated by reference to any amount payable to UBS under this Agreement,
- (c) then UBS may provide a notice to you stating the nature of the relevant change and:
- (i) require you to indemnify UBS in relation to, and pay to UBS on demand the amount that UBS claims is necessary to compensate UBS or any of its related bodies corporate, for the additional cost, reduction or payment, calculated from the day on which it was first incurred by UBS or the related body corporate;
 - (ii) adjust the terms of any Transaction in order to compensate UBS for the additional cost, reduction or payment, calculated from the day on which it was first incurred by UBS or the related body corporate; or
 - (iii) terminate this Agreement.

4.4 Notice of change of law

If, in the opinion of UBS:

- (a) a law, regulation or directive or request (whether or not having the force of law) of any government agency not in effect at the date of this Agreement; or
- (b) an amendment after the date of this Agreement to, or a change after the date of this Agreement in the interpretation or application of, a law, regulation or a directive or request (whether or not having the force of law) of a government agency,

makes, or will make, it illegal in any jurisdiction for UBS to continue to be a party to a Transaction, UBS may give notice (a "Change of Law Notice") to you that it considers that this has happened or will happen.

4.5 Termination

If UBS terminates this Agreement in accordance with clause 4.3(c)(iii) or gives a Change of Law Notice under clause 4.4:

- (a) its obligations under the relevant Transaction will terminate on the date specified in the Change of Law Notice; and
- (b) the parties must settle the Early Termination Amount on the date notified by UBS.

5. Independent decisions and advice

5.1 Own judgement and reliance

You agree that you have relied, and will continue to rely, on your own judgment and that of your professional advisers as you consider necessary (if any) in deciding whether to utilise any Facility or to enter into any Transaction offered under this PDS, the tax treatment of using those Facilities or those Transactions and generally in relation to this Agreement and the transactions which it contemplates. Without limiting this:

- (a) you confirm that the fact that UBS may classify a security as an Approved Security is not a recommendation by UBS that you invest in, continue to hold or sell that security or enter into any Transaction in relation to it;
- (b) you will not rely on any statement or representation made, or purported to be made, by or on behalf of UBS in relation to the above matters; and
- (c) you acknowledge that:
 - (i) from time to time UBS and its affiliates may have substantial long or short positions in, and may make a market in or otherwise buy or sell, instruments identical or economically related to Transactions entered into with you;
 - (ii) UBS may undertake proprietary trading activities, including hedging transactions related to the initiation or termination of a Transaction with you, that may adversely affect the market price, rate, index or other market factors underlying the Transaction entered into with you and consequently the value of that Transaction; and
 - (iii) UBS may have previously acted, and may currently or in future from time to time act as an adviser to an Issuer for which it may receive fees and commissions,

as a result of which potential conflicts of interests may arise, and you have considered the implications of such potential conflicts prior to entering into any Transaction.
- (d) You acknowledge that UBS does not act in any fiduciary capacity in relation to this Agreement or any Transaction.

5.2 Representation and Warranty

You represent and warrant to UBS on the date this Agreement is entered into, on the Trade Date for a Transaction and on each day during the Term of the Transaction that:

- (a) you are acting for your own account, and have made your own independent decisions to enter into this Agreement and that each Transaction is appropriate and proper for you, based upon your own judgement and upon advice from such advisers as you have considered necessary. You are not relying on any communication (written or oral) of UBS or any of its affiliates as investment advice or as a recommendation to enter into this Agreement or any Transaction, it being understood that information and explanation relating to the terms and conditions of this Agreement in the PDS or otherwise shall not be considered investment advice or a recommendation by UBS to enter into this Agreement or any Transaction. No communication (written or oral) received from UBS shall be deemed to be an assurance or guarantee as to the expected results of this Agreement or any Transaction; and
- (b) you are capable of assessing the merits of and understand (on your own behalf or through independent professional advice), and accept, the terms, conditions and risks of this Agreement and the Transaction, and you are capable of assuming and assume, the risks of this Agreement and the Transaction.

5.3 No Tax Ruling

This Agreement and the Transactions contemplated by it are not covered by an Australian Taxation Office product ruling.

6. Your representations and warranties

You represent and warrant to UBS on the date this Agreement is entered into, on the Trade Date for a Transaction and on the day during the Term of each Transaction that:

- (a) the execution and delivery of this Agreement and entry into any Transaction by you and the performance of your obligations under this Agreement and any Transaction do not and will not violate or conflict with:
 - (i) any law, rule or regulation applicable to you;
 - (ii) any order or judgement of any court or other agent of government applicable to you or any of your assets or any agreement or contractual restriction binding on or affecting you or any of your assets, including without limitation any agreement between you and:
 - (A) the Issuer;
 - (B) any underwriter in respect of the Underlying Securities; or
 - (C) securityholders of the Issuer;
- (b) In respect of any Transaction which requires or may require the transfer of Underlying Securities, you have obtained all consents which may be required by law to enable you to:
 - (i) procure transfer of good title to the Underlying Securities to UBS or as UBS directs; or
 - (ii) accept a transfer of good title to the Underlying Securities from UBS,in either case as required by the Transaction;
- (c) the transfer of any Underlying Securities:
 - (i) to UBS or as UBS directs; or
 - (ii) to you,in either case as required in respect of a Transaction, will not result in you contravening any law to which you are subject;
- (d) in relation to any Transaction in respect of which the Mortgage applies:
 - (i) at the Trade Date, Draw Down Date, Maturity Date and at all times until the Secured Obligations are discharged, you will have good beneficial title to the Mortgaged Property free from any Security Interest or restriction on transfer, except as may be permitted under the Mortgage; and
 - (ii) any Mortgaged Property that you are required to deliver to UBS or the Nominee will be Unrestricted Stock;
- (e) by entering into this Agreement or any Transaction or by exercising any right or performing any obligation under this Agreement or any Transaction, you have not and will not contravene the insider trading or other market conduct provisions of the Corporations Act or any other applicable laws or regulations;

- (f) you do not “control” (as defined in section 50AA of the Corporations Act) the Issuer;
- (g) if you are an officer or employee of the Issuer, by entering into this Agreement or any Transaction or by exercising any right or performing any obligation under this Agreement or any Transaction, you will not contravene the Issuer’s policies for dealing in Underlying Securities applicable to you and, if required, you have obtained the written approval of the Issuer to enter into this Agreement;
- (h) you are aware of all of your legal disclosure obligations and have complied with or will comply with, all such obligations, including, if applicable, your notification obligations arising under section 205G of the Corporations Act in connection with dealing with the Underlying Securities under this Agreement;
- (i) you have reviewed this Agreement, the PDS and associated documents to the extent you consider necessary, and you have sought independent advice regarding this Agreement and any Transaction, including advice on financial risk, legal and tax implications, which take into account your specific circumstances;
- (j) you have not relied in any way whatsoever on any statements made by, or purported to be made by, UBS or its related entities or any of their respective servants, agents, employees or representatives in relation to the PDS, this Agreement or any Transaction, other than as set out in this Agreement or the PDS, and acknowledge that UBS has not made any representation to you with regard to the suitability or appropriateness of this investment to your individual circumstances;
- (k) you have full authority, capacity and legal standing to enter into, and perform the obligations set out in this Agreement and any Transaction, and this Agreement constitutes your valid and legally binding obligations, enforceable against you in accordance with its terms;
- (l) no Event of Default has occurred or is continuing;
- (m) all statements, representations and warranties made in this Agreement, the Application Form and Quote Sheet or any other document in relation to this Agreement or required by UBS are true and correct;
- (n) you have disclosed in writing to UBS all facts relating to you, this Agreement, the Mortgaged Property and all things in connection with this which are material to the assessment of the nature and amount of risk undertaken by UBS in entering into any Transaction and doing anything in connection with this Agreement or a transaction contemplated by it;
- (o) in the case of individual or individual trustee applicants – you will apply any credit or financial accommodation provided by UBS wholly or predominantly for business or investment purposes (or for both purposes). **NOTE:** you should **not** sign this Agreement unless credit or financial accommodation provided by UBS will be applied wholly or predominantly for business or investment purposes (or for both purposes). By signing this Agreement you may lose your protection under the Consumer Credit Code; and
- (p) there are no actions, claims or demands pending the determination of which might reasonably be expected to have a material adverse effect on
 - (i) your ability to perform your obligations under this Agreement or any Transaction; or
 - (ii) the rights of UBS.

7. Guarantee

7.1 Application of clause

- (a) UBS may require a Guarantor to guarantee your obligations under this Agreement.
- (b) This clause applies to the Guarantor.

7.2 Obligations guaranteed

In consideration of UBS making available a Facility to you or for your benefit, the Guarantor unconditionally and irrevocably guarantees to UBS the due and punctual performance of all of your obligations under this Agreement (as amended, extended or varied) and any Transaction (as amended, extended or varied) other than the payment of amounts in respect of which UBS's recourse against you is limited under clause 11.

7.3 Consequences of your default

The Guarantor must pay any amount which you fail to pay under this Agreement on demand to, or as directed by, UBS.

7.4 Nature of obligations and enforcement

The Guarantor's obligations under this Agreement are principal obligations and may be enforced against the Guarantor without UBS first being required to exhaust any remedy it may have against you or enforce any Security Interest it may hold (including under the Mortgage).

7.5 Continuity and preservation of Guarantor's obligations

The guarantee in this clause 7 is a continuing guarantee. The Guarantor's obligations under this Agreement are absolute, unconditional and irrevocable. The liability of the Guarantor under this Agreement extends to, and is not affected by, any circumstance, act or omission which, but for this clause, might otherwise affect it at law or in equity.

7.6 Limitations on Guarantor's rights

Until all moneys owing by you under, or in connection with, this Agreement have been paid in full, the Guarantor may not exercise any right of subrogation to UBS and may not exercise any rights as surety in competition with UBS.

7.7 Indemnity from Guarantor

For the consideration mentioned in clause 7.2, the Guarantor (as primary obligor) unconditionally indemnifies UBS in full against, and must pay UBS on demand, the amount of, any loss that UBS may suffer because moneys owing by you under, or in connection with, this Agreement (in each case, subject to clause 11) are not recoverable from you for any reason or must be repaid by UBS to you or any bankruptcy or insolvency representative after they have been received by UBS.

8. Miscellaneous

8.1 Governing Law

This Agreement is governed by the law of New South Wales. The parties submit to the non-exclusive jurisdiction of the courts of New South Wales. Each party waives any objection to the venue of any procedures on the ground that they have been brought in an inconvenient forum.

8.2 Waiver

UBS will not be taken to have waived any right under this Agreement unless that waiver is in writing signed by two duly authorised signatories of UBS.

8.3 Severability

- (a) If any provision of this Agreement is determined to be void, invalid, illegal or unenforceable, then that provision will be deemed to have been deleted to the extent of that invalidity, illegality or unenforceability.
- (b) A deletion under paragraph (a) will not affect UBS's ability to enforce any other provision of this Agreement.

8.4 Variation

UBS may vary any term of this Agreement at any time in its discretion by 14 calendar days' written notification to you. UBS may however vary any term the Agreement with immediate effect if required to comply with any law, regulation or regulatory policy or requirement. The variation will not take effect until UBS has notified you in writing of the amendment.

8.5 Automatic Extension Clause

- (a) Paragraph (b) will apply to your Transaction if:
- (i) at the Maturity Time of the Transaction, an Option would have been exercised if Automatic Exercise had been specified as applicable to that Option; or
 - (ii) at the Maturity Time of the Transaction, a Second Premium Amount is payable in respect of the Option; or
 - (iii) by the Maturity Date of a Loan, you have not provided notice to UBS as required by clause 10.4(b); or
 - (iv) at the Maturity Time of the Transaction, something needs to be done under this Agreement that involves you dealing in Underlying Securities.
- (b) If one or more of the situations described in paragraph (a) occur, and you inform UBS that at that time you are subject to trading restrictions such that you cannot deal in Underlying Securities, then UBS may, in its absolute discretion, decide to defer the Maturity Date of the Transaction until a later date (the "Deferred Maturity Date") when you are able to deal in Underlying Securities, provided that:
- (i) any relating settlements are also deferred until 5 Business Days after the Deferred Maturity Date (the "Deferred Settlement Date");
 - (ii) on the Deferred Settlement Date, you pay the same amount of money or deliver the same quantity of Underlying Securities as you would have been obliged to pay or deliver as at the original settlement date, plus all costs and expenses suffered or incurred by UBS as a consequence of the deferral of the settlement, including but not limited to, any interest income that UBS would have earned on cash received or any dividends or distributions that UBS would have received on Underlying Securities delivered. UBS is also entitled to deduct its costs incurred in extending the Transaction, including for example, the cost of maintaining its hedges, which may include stock borrow cost and the value of franking credit gross up payments; or
 - (iii) if, as at the Maturity Date, UBS would have paid money to you then on the Deferred Settlement Date UBS will pay you interest calculated at the overnight cash rate on the money that you would have received for the period from the original settlement date to the Deferred Settlement Date;
 - (iv) if, as at the Maturity Date, UBS would have delivered securities to you then on the Deferred Settlement Date UBS will pay you the cash value of dividends or distributions paid on the Underlying Securities which have dividend or distribution record dates during the period from the original settlement date to the Deferred Settlement Date (net of any costs and Taxes);
 - (v) UBS is the calculation agent and will in good faith determine the costs, expenses, dividends or distributions and other compensatory payments that are to be dealt with under this clause; and
 - (vi) in all cases and in addition to any other payments required under this clause, UBS will charge a fee for the extension of the Maturity Date, calculated as 1% of the value of the cash payment which would have been payable or security value which would have been deliverable on the original settlement date.

- (c) UBS is not obliged to exercise its discretion to defer the Maturity Date under paragraph (b) nor is it required to seek your agreement to the extension. For the avoidance of doubt, its rights under this Agreement (such as its rights under the Mortgage) are not modified or limited in any way by this clause.

8.6 Duty

You are liable for all stamp duty, transfer duty, mortgage duty or other similar Tax payable on or in connection with this Agreement and the transfer of any Approved Securities or Underlying Securities.

8.7 Payments and withholding tax

All payments by you under this Agreement must be made in full without any deduction or withholding in respect of tax or otherwise unless the deduction or withholding is required by law in which event you must pay such additional amounts as are necessary to ensure that UBS receives and retains the full amount it would have received if no deduction or withholding had been made.

8.8 Limitation of liability

UBS will not be liable to you for any error, omission or delay in carrying out your instructions under this Agreement or any Transaction, nor will UBS have any responsibility for any resultant or consequential loss or damage to you or to any other party.

8.9 Indemnity

You fully indemnify UBS against, and shall pay UBS on demand:

- (a) the amount of all funding costs, hedge unwind costs and any break costs including any costs, loss, liability, expenses or damages direct or indirect which UBS may incur in connection with any part of a Transaction being terminated prior to its scheduled Maturity Date (including without limitation any Early Termination Amount due from you), or any Drawdown Amount being repaid or becoming due for repayment other than on the relevant Repayment Date; and
- (b) the amount of all losses, liabilities, costs and expenses (including GST and legal expenses on a full indemnity basis) and Taxes of UBS in connection with:
- (i) the occurrence of any Event of Default;
 - (ii) any Transaction contemplated by this Agreement;
 - (iii) any Early Termination Amount;
 - (iv) the administration, enforcement or attempted enforcement or preservation or attempted preservation of any rights of UBS under this Agreement;
 - (v) the performance of any obligation under, any amendment to, or any consent, approval, waiver, release or discharge of or under, this Agreement;
 - (vi) any failure by you to make a drawdown under a Loan because of the non-satisfaction of any of the conditions precedent set out in clause 3; and
 - (vii) any representation or warranty made by you under this Agreement being incorrect or misleading.

8.10 Continuing indemnity

The indemnity in this Agreement is a continuing indemnity, separate from the other obligations under this Agreement and will survive the termination of this Agreement.

8.11 GST

You must in respect of any Taxable Supply in connection with this Agreement:

- (a) pay to UBS an amount equal to the GST Exclusive Consideration multiplied by the GST Rate, without deduction or set-off of any other amount;
- (b) make that payment as and when you must pay any part of the GST Exclusive Consideration; and
- (c) indemnify UBS:
 - (i) from the GST on each Taxable Supply; and
 - (ii) against any damage or cost directly or indirectly arising from or caused by the failure by you to pay any amount as and when required by this clause.

8.12 Set off

UBS may at any time, at its discretion and without notice to you, set-off any present, future or contingent obligation or other liability (whether monetary or otherwise) owed by UBS or any of its related entities to you under this Agreement or any Transaction in or towards satisfaction of any sum at any time payable or any present, future or contingent obligation or other liability (whether monetary or otherwise) owed by you to UBS or any of its related entities under or in relation to this Agreement or any Transaction.

8.13 Power of attorney

You irrevocably appoint UBS and each officer of UBS jointly and each of them severally as your attorney to sign any document and do any other thing that UBS or the attorney thinks is necessary or desirable to:

- (a) effect a drawdown under a Loan;
- (b) exercise your Executive Options in relation to a Transaction involving the Exercise and Sale Facility or in relation to a Transaction in respect of securities resulting from the exercise of Executive Options;
- (c) ensure that any Underlying Securities are held by the Nominee as your nominee in accordance with this Agreement;
- (d) ensure that the Mortgage is as effective and enforceable as possible, including, without limitation, making any amendments to the terms of this Agreement or any other document and registering any charges with ASIC;
- (e) exercise any of UBS's rights under this Agreement, including to transfer any Underlying Securities to UBS (or the Nominee) or to a purchaser or to otherwise convey the Underlying Securities as UBS determines in accordance with the provisions of this Agreement;
- (f) if you are a company or corporate trustee Applicant, complete, sign and date any ASIC form required to register the Mortgage with ASIC;
- (g) do all things that are necessary or desirable for the conversion of any of your Approved Securities to the CHESS system;
- (h) do anything that the attorney thinks ought be done in relation to the Agreement and any related documents, including to perfect any such documents or to make any such documents effective (including stamping and registering any relevant document);
- (i) execute any document which varies or amends the Agreement and any notices, consents and waivers required to be provided under the Agreement; and

- (j) sign any document and do any other thing that the attorney thinks is necessary or desirable under the Agreement.

You agree to ratify and confirm whatever an attorney does under and in accordance with this power of attorney and to indemnify each attorney against all liabilities incurred as a result of such action. You agree that any person dealing with an attorney in good faith may accept a declaration by the attorney to the effect that this power of attorney has not to the attorney's knowledge been revoked as conclusive evidence of that fact.

8.14 Notices

- (a) Unless expressly stated otherwise in this Agreement, all notices, consents, approvals, waivers and other communications in connection with this Agreement must be in writing, signed by the sender.
- (b) Notices must be:
 - (i) sent by prepaid ordinary post (airmail if appropriate), if to you, to the address set out or referred to in the Application Form and if to UBS, to the address set out in the PDS;
 - (ii) sent by fax, if to you, to the fax number set out or referred to in the Application Form and if to UBS, to the fax number set out in the PDS;
 - (iii) if sent electronically, sent to the email address or through the facility advised by UBS to you or you to UBS; or
 - (iv) given in any other way permitted by law.
- (c) However, if the intended recipient has notified a changed postal address or changed fax number, then the communication must be to that address or number.
- (d) Notices sent by post are taken to be received three Business Days after they are sent unless a later time is specified. Notices sent by fax are taken to be received if the sender receives a transmission receipt indicating the notice has been transmitted to the correct number without error. Notices sent electronically are taken to be received when sent in the absence of any error message or similar communication.

8.15 Entire Agreement

This Agreement constitutes the entire agreement between the parties in relation to its subject matter, provided however that to the extent that there is any inconsistency between this Agreement and your Confirmation, the Confirmation will prevail.

8.16 Further acts

You must do all acts and execute or sign all documents reasonably required by UBS to carry out and give effect to this Agreement and any Transaction, including without limitation the Application Form and Quote Sheet.

8.17 Rights cumulative

The rights and remedies in this Agreement are cumulative and do not exclude, and are in addition to, any rights or remedies provided by law.

8.18 Assignment

- (a) UBS may assign, novate or otherwise transfer all or any part of its rights, benefits or obligations under this Agreement (including without limitation, the Mortgage) without notice to you and for this purpose may disclose information about you and this Agreement to a potential assignee.

- (b) You hereby agree that if requested by UBS, you will promptly execute any documentation required to give effect to an assignment, novation or transfer contemplated by clause 8.18(a).
- (c) You may not assign your rights under this Agreement without the prior written consent of UBS.

8.19 Time of essence

Time is of the essence with respect to each party's obligations under this Agreement.

8.20 Consent to telephone recording

You consent to the recording of any of your telephone conversations with UBS or the Nominee in relation to this Agreement.

8.21 Provisions which apply if you are a trustee

- (a) This clause 8.21 only applies if you enter into this Agreement as a trustee.
- (b) If you enter into the Agreement as a trustee, you acknowledge that this Agreement is binding on you in your capacity as trustee.
- (c) If anyone succeeds you as a trustee of the trust, you remain liable until, and you agree to ensure that, your successor executes whatever documents UBS requires to ensure that this Agreement is binding on your successor.
- (d) You represent and warrant as follows at the date UBS receives your Application From, and on each day during the Term of any Transaction by reference to the facts subsisting on that date:
 - (i) you are the only trustee of the trust, and no step has been taken to remove you or to appoint another trustee;
 - (ii) you have provided UBS with a copy of the properly executed and stamped trust deed (including all amendments and variations to the trust deed), when requested to do so;
 - (iii) you have the power to sign this Agreement and to perform your obligations under this Agreement as trustee of the trust;
 - (iv) it is proper for you, as trustee, to execute this Agreement, and to do everything this Agreement contemplates that you will do and those things do or will benefit the beneficiaries of the trust;
 - (v) you are entitled to use the assets of the trust to meet all your obligations under this Agreement, ahead of the rights of any of the beneficiaries;
 - (vi) you must make sure that none of these representations is or becomes untrue in any way and you must immediately inform UBS if they do.
- (e) You must, when requested by UBS, immediately provide UBS with a copy of the trust deed (including all amendments to the trust deed).
- (f) You must not, without the prior written consent of UBS:
 - (i) cease to be the only trustee of the trust;
 - (ii) allow the trust to be terminated or wound up in any way;
 - (iii) allow any part of the capital of the trust to be distributed in any way;

- (iv) allow the terms of the trust, allow any units to be issued, transferred, charged, redeemed or otherwise dealt with.
- (g) UBS's right to recover from you is not limited to the trust assets.
- (h) You must exercise any rights that you have against the trust assets or the beneficiaries if necessary for the purpose of paying any amount owing to UBS. UBS may exercise all the rights that you may have against the trust assets or the beneficiaries.
- (i) UBS may exercise the same rights and remedies against the trust assets as you could exercise against those assets if they were owned by you personally.
- (j) UBS's rights will not be modified or reduced because UBS is aware (or is treated as being aware) of an interest that anyone else has, or claims, under the trust or against any trust assets.

8.22 Acknowledgement of potential Early Termination Amount

You acknowledge that UBS enters in arrangements to hedge its exposure to risk. Accordingly, you acknowledge that you may be required to pay an Early Termination Amount to UBS in the following circumstances:

- (a) an Event of Default occurs and you receive a notice from UBS under clause 10.4(a)(ii) requiring repayment of your Loan Balance before the Maturity Date or of any Drawdown Amount before the relevant Repayment Date or UBS elects to terminate any Transaction;
- (b) a Drawdown Amount is repaid before the relevant Repayment Date; or
- (c) a Transaction is terminated before the Maturity Date.

UBS will provide an indicative quote of the Early Termination Amount if you request an early repayment of a Loan or a Drawdown Amount or early termination of a Transaction.

PART B – LOAN FACILITY

9. General

9.1 Facility Amount

- (a) If your Application is approved, UBS will, in its absolute discretion, determine the Facility Amount for your Loan Facility.
- (b) You may request an increase in the Facility Amount from time to time and UBS may, in its absolute discretion, agree to such a request, in consideration of you paying the Facility Adjustment Fee to UBS and/or delivering additional Mortgaged Property to UBS. UBS may agree to such a request subject to conditions, including on condition that the Strike Price or Gap Value of relevant Option Transactions is also adjusted or that additional Mortgaged Property is made subject to the Mortgage.
- (c) Any new Facility Amount will take effect from the date specified by UBS in writing.

9.2 Term

Unless extended or otherwise agreed in writing by UBS, the Term of any Loan commences on the first Drawdown Date, and terminates on the Maturity Date.

9.3 Interest Period

The Term of a Loan may be made up of one or more Interest Periods. Each Interest Period begins and ends on the dates set out in your Confirmation.

9.4 Loan Establishment Fee

The Loan Establishment Fee (if any) is payable by you on the first Drawdown Date.

9.5 Loan segmented into tranches

Each Loan is a separate Transaction. Each reference in this Agreement to a Loan is to each Loan separately. If you enter into multiple Loans, UBS will maintain sub-accounts recording the balance of each Loan from time to time and records showing each other Transaction to which the Loan relates, and the relevant Mortgaged Property.

9.6 Corporate Actions

If a Corporate Action occurs in respect of the Underlying Securities in relation to a Loan, UBS may amend any Loan terms and/or take any action it reasonably believes appropriate to put the parties in substantially the same economic position as the parties would have been in had the Corporate Action not occurred. Such action may include directing you or the Nominee to deal with the Mortgaged Property or respond to the Corporate Action in a particular way and you agree to act in accordance with UBS's directions.

10. Drawdown and Interest

10.1 Drawdown Amounts

You may make one or more drawdowns of a Drawdown Amount by delivering a Drawdown Notice to UBS subject to the following:

- (a) at all time during the Term of a Loan, the aggregate of all Drawdown Amounts must not exceed the Facility Amount;
- (b) any initial Drawdown Amount drawn on the first Drawdown Date must be no less than the Minimum Initial Drawdown Amount;
- (c) each Drawdown Date specified in a Drawdown Notice must be a Business Day;
- (d) each Drawdown Amount must be at least A\$50,000 (unless otherwise agreed with UBS in writing); and
- (e) each Drawdown Amount must not exceed the then applicable Available Amount.

For the avoidance of doubt, your failure to satisfy any of these obligations or any waiver of these requirements by UBS does not in any way diminish your obligation to repay any Drawdown Amount on the Repayment Date or your obligation to pay Interest on any Drawdown Amount.

10.2 Interest Amounts

The Interest Amount payable on any Drawdown Amount during an Interest Period is calculated as:

$$DA \times IR \times (d / 365)$$

where:

“DA” is the Drawdown Amount;

“IR” is the Interest Rate applicable to that Drawdown Amount for that Interest Period; and

“d” is the number of days in the relevant Interest Period.

10.3 Payment of Interest Amounts

- (a) Each Interest Amount is payable on the Interest Payment Date specified by UBS for the relevant Interest Period.
- (b) Unless specified otherwise in your Confirmation, on each Interest Payment Date, you irrevocably direct UBS to draw down an amount equal to the Interest Amount under your Loan Facility and to apply the amount drawn down to meet your Interest obligations due on that Interest Payment Date.
- (c) For the avoidance of doubt, if your Loan is fully drawn or the Available Amount is less than the Interest Amount due then you are nonetheless liable for the Interest Amount and must pay the amount on the applicable Interest Payment Date to UBS out of your own funds.

10.4 Repayment

- (a) Subject to paragraph (b), you must repay each Drawdown Amount to UBS on the earlier of:
 - (i) the relevant Repayment Date(s); or
 - (ii) upon receipt of a notice from UBS requiring repayment following the occurrence of an Event of Default.
- (b) You must, at least five Business Days before the Maturity Date, by irrevocable notice in writing, inform UBS either that:
 - (i) you will repay the Loan Balance and any outstanding Interest to UBS on the Maturity Date; or
 - (ii) you will not repay the Loan Balance and/or any outstanding Interest and UBS may proceed on the Maturity Date to exercise its rights under the Mortgage or otherwise under this Agreement.

If UBS does not receive such a notice by the time required, UBS may exercise its rights under the Mortgage and this Agreement immediately.

- (c) Unless otherwise provided in this Agreement or your Confirmation, you must make each payment due to UBS under this Agreement by authorising UBS to direct debit your nominated account as specified in your Application Form. UBS may, by exception, agree to accept a cheque or an electronic transfer of cleared funds to an account specified by UBS. All amounts payable on a due date are to be made without set-off, counterclaim or other deduction except as expressly approved by UBS. Time is of the essence in making all payments and failure to pay by the specified time will result in UBS immediately exercising its rights arising on default under this Agreement. UBS may charge a fee of \$100 if a direct debit from your nominated account fails and UBS is required to re-run the direct debit or process payment by some other method.

10.5 Interest on overdue payments

- (a) If you fail to:
 - (i) repay all or part of a Drawdown Amount on the relevant Repayment Date; or
 - (ii) pay Interest as required by this Agreement,

then in addition to any other rights UBS may have, UBS may calculate Interest on such outstanding amount from the respective due date up to the date of actual payment, at the Interest Rate then applicable to that Drawdown Amount plus 4% per annum.

- (b) Interest due under this provision, but unpaid, may be capitalised on the last day of each month, commencing from the first month in which the amount was due, whereupon it shall bear Interest in accordance with this clause.

10.6 Early Repayment

You may, if permitted by your Confirmation and agreed by UBS, by giving at least 5 Business Days' prior written notice to UBS, repay all or part of a Drawdown Amount before the Repayment Date, provided that you pay all other amounts due to UBS under, or in connection with, this Agreement, including without limitation any Early Termination Amount, at the time you make such repayment.

10.7 Draw down at Maturity

In the absence of an early repayment or an Early Termination Date, if your Loan Balance immediately prior to Maturity is less than the Facility Amount, you authorise UBS to draw down the Loan to the Facility Amount and to first apply the funds to pay any amount that you owe under this Facility (other than the Loan Balance) and then to advance any remaining amount as a Drawdown Amount to you immediately prior to Maturity.

11. Limited recourse

11.1 Limited recourse against you for repayment of Drawdown Amounts

- (a) Subject to this clause 11, and provided you have complied with your obligations under this Agreement, the recourse of UBS against you in respect of the Loan Balance on the Maturity Date is limited to the amount which UBS can obtain by enforcing its rights in respect of the Mortgaged Property securing the Loan Balance.
- (b) For the avoidance of doubt, UBS's recourse against you at any other time and for all other amounts due under this Agreement are personal and unlimited.

11.2 Full recourse

The limitation in this clause 11 does not apply where:

- (a) an Early Termination Date occurs;
- (b) you or the Guarantor have breached any provision of this Agreement;
- (c) a representation made or a warranty given by you or the Guarantor under this Agreement was or becomes incorrect or misleading;
- (d) UBS has relied on a statement or some conduct of yours or the Guarantor's which in UBS's opinion was false or misleading;
- (e) you and UBS agree and have stated in the Confirmation that the limitation will apply only in respect of a portion of the Facility Amount, such that if total drawdowns exceed this amount then UBS's recourse against you in respect of the excess is personal and unlimited; or
- (f) You have made an election under clause 12.4 and you have defaulted on any payments due to UBS.

11.3 Winding up

Notwithstanding anything in clauses 11.1 and 11.2, UBS may prove for the Loan Balance, any Drawdown Amount or any other amount owing to UBS under this Agreement and otherwise participate in your bankruptcy or insolvency if another creditor initiates those proceedings.

11.4 Limitations

Nothing in this clause 11:

- (a) releases you from your obligations under this Agreement;
- (b) affects in any way whatsoever UBS's right to recover personally from you interest, costs and expenses or Taxes under, or in connection with, this Agreement;

- (c) prevents UBS from obtaining equitable relief under, or in connection with, this Agreement; or
- (d) affects in any way whatsoever the rights of UBS to apply any proceeds received by UBS on enforcement of the Mortgage against any amount payable under, or in connection with, this Agreement or any other agreement, including or interest, costs and expenses or Taxes under, or in connection with, this Agreement.

PART C – OPTION TERMS

12. General

This clause 12 applies to all Options transacted under this Agreement.

12.1 Number of Underlying Securities per Option

Each Option relates to the number of Underlying Securities set out in your Confirmation (usually one Underlying Security per Option, unless a Corporate Action has occurred).

12.2 Exercise

- (a) An Option can only be exercised by delivery of a valid Exercise Notice by the Holder to the Provider before the Maturity Time. If no date and time is specified by which an Option must be exercised, then the Option is exercisable by the Holder only at the Maturity Time by service of a valid Exercise Notice to the Provider.
- (b) An Exercise Notice will only be valid if:
 - (i) the Holder has paid the First Premium Amount (if any);
 - (ii) the Holder has paid the Second Premium Amount (if any); and
 - (iii) the Exercise Notice has been received by UBS at least three Business Days before the Maturity Date.
- (c) The Exercise Notice must be given in writing in a form acceptable to UBS.
- (d) UBS is not bound to accept an Exercise Notice given at a time when an Event of Default is subsisting.
- (e) Once delivered, an Exercise Notice is irrevocable.
- (f) Automatic Exercise is not applicable unless specified in your Confirmation. If Automatic Exercise is specified in your Confirmation, this election is irrevocable.
- (g) Partial exercise of an Option is not applicable unless specified in your Confirmation.
- (h) If you accept an offer by UBS under clause 12.4 in relation to an Option, then any purported Exercise Notice given after that time in relation to that Option will be void and of no effect.

12.3 Settlement and Transfer

- (a) Subject to paragraph (d), all Options will be physically settled when exercised. Settlement of the transfer of the Underlying Securities will occur on the Option Settlement Date.
- (b) If and when a contract arises following the exercise of an Option in accordance with this Agreement, on the Option Settlement Date:
 - (i) you must pay all expenses relating to the transfer of the relevant Underlying Securities, including any stamp duty or similar tax or charge associated with the transfer of those securities;

- (ii) the party acquiring the Underlying Securities must pay the Strike Price per Option exercised to the other party; and
 - (iii) the party disposing of Underlying Securities must transfer full legal and beneficial title to the Underlying Securities as Unrestricted Stock to the other party.
- (c) The transfer of Underlying Securities will be effected by way of a special crossing or an off market transfer at UBS's discretion. If Underlying Securities are to be transferred to UBS then UBS may specify the entity to accept such transfer.
- (d) If for any reason UBS is or reasonably believes it will be unable to freely sell all or any portion of the Underlying Securities to be transferred to it pursuant to the exercise of an Option, UBS has the right to require that an Option be cash settled. Such election shall be made by UBS no later than the close of business on the third Business Day prior to the Maturity Date. If UBS elects that an Option be cash settled, UBS will calculate the Market Price, any Second Premium Amount and the cash settlement amount in a commercially reasonable manner.

12.4 Offer by UBS to acquire Underlying Securities

- (a) If the Underlying Securities are subject to the Mortgage, UBS may by no later than 10:00am on the fourth Business Day prior to the Maturity Date offer in writing to acquire from you the Underlying Securities for each Option at the Market Price.
- (b) UBS acknowledges that you are not obliged to accept this offer but if you do accept it in writing by no later than 4:00pm on the third Business Day prior to the Maturity Date, then the parties will transact as follows (noting that this agreement to so transact will arise only at that time and not before):
- (i) UBS will purchase the Underlying Securities from you and pay you the Market Price;
 - (ii) you will transfer full legal and beneficial title to the Underlying Securities to UBS as Unrestricted Stock and will pay all expenses of transfer, including any stamp duty or similar tax or charge associated with the transfer of the relevant Underlying Securities;
 - (iii) UBS's obligation to pay the Market Price is set off against your obligation to pay any money to UBS under this Agreement (including without limitation any Second Premium Amount, such that UBS is obliged to pay to you only the excess (if any) of the Market Price over those amounts); and
 - (iv) the transfer of the Underlying Securities will occur on the Option Settlement Date and will be effected by way of a special crossing or an off-market transfer at UBS's discretion, to the entity specified by UBS as the entity to accept such transfer.

12.5 Early termination

The parties may by agreement terminate an Option prior to its scheduled Maturity Date. If this occurs, UBS will calculate the Early Termination Amount payable by one party to the other, and settlement will occur on the third Business Day following the Early Termination Date. Any Early Termination Amount payable by you to the Provider of an Option will be further consideration for offer made by the Provider, in accordance with clauses 15.2, 16.2, 17.2 or 18.2, as applicable.

12.6 Corporate Actions

If a Corporate Action occurs in relation to Underlying Securities, UBS may amend any Transaction terms and/or take any action it reasonably believes appropriate to put the parties in substantially the same economic position as the parties would have been in had the Corporate Action not occurred. Such action may include directing you or the Nominee to deal with the Mortgaged Property or respond to the Corporate Action in a particular way and you agree to act in accordance with UBS's directions. Without limiting in any way UBS's discretion, the following are examples of actions which may be taken to make these adjustments:

- (a) special dividends – the special dividend proceeds may be used to purchase additional Underlying Securities which will become subject to the Option and the Mortgage (if applicable). The Strike Price may also be adjusted;
- (b) return of capital – the capital return proceeds may be used to purchase additional Underlying Securities which will become subject to the Option and the Mortgage (if applicable). The Strike Price may also be adjusted;
- (c) takeover – in the case of a scrip for scrip takeover, or a scheme of arrangement involving scrip consideration, provided the securities of the acquirer are acceptable to UBS, the Option may be adjusted to refer to those securities as Underlying Securities, with adjustments made to reflect the new Underlying Securities. If UBS in its sole discretion decides that the securities of the acquirer are not acceptable then the Option will terminate early and you will settle the Early Termination Amount with UBS. If all or part of the takeover consideration is cash, then the Option may terminate and you may be required to settle an Early Termination Amount with UBS;
- (d) stock split or consolidation or other form of capital reconstruction – the description of the Underlying Securities and/or the Strike Price may be adjusted; and
- (e) rights issue – if the rights issue is renounceable, then UBS may direct you or the Nominee to dispose of the rights and apply any proceeds to purchase additional Underlying Securities which will become subject to the Option and the Mortgage (if applicable). The Strike Price may also be adjusted. If the rights issue is non-renounceable then the Strike Price and/or number of Underlying Securities per Option may or may not be adjusted.

UBS may also (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Corporate Action made by an options exchange to ETOs over the relevant Underlying Securities traded on that options exchange.

Notwithstanding anything in this section, UBS may determine a Corporate Action to be an Event of Default and deal with it as such (please see clause 4.1).

13. Put Option

13.1 Nature of Put Option

- (a) A Put Option is an irrevocable offer made by the Provider to the Holder to purchase the Underlying Securities at the Strike Price on the Maturity Date.
- (b) The irrevocable offer referred to in paragraph (a) may be accepted by the Holder by service of a valid Exercise Notice or upon Automatic Exercise (if applicable) in accordance with clause 12.2. At that time, but not prior to that time, a contract arises between the Provider and the Holder under which the Holder must sell to the Provider and the Provider must buy from the Holder the Underlying Securities at the Strike Price.

13.2 First Premium Amount

In consideration of the Holder's agreement to pay the First Premium Amount to the Provider on the Premium Payment Date the Provider makes the offer described in clause 13.1 and undertakes not to revoke that offer prior to the Maturity Time other than as contemplated by clause 4.2.

13.3 Collateral

- (a) This clause 13.3 applies if you enter into a Put Option as Provider.
- (b) UBS may require you to pay an amount of money in cleared funds to UBS as collateral (**Cash Collateral**), by specifying that in the Quote Sheet or otherwise giving you notice in writing of that requirement. UBS may at any time following the entry into a Put Option require you to provide further Cash Collateral, by giving you notice in writing. You must comply with such a request within 24 hours of the request being made by UBS.

- (c) Cash Collateral secures the performance of your obligations under the Put Option. Cash Collateral will not fall due for repayment until your obligations under the Put Option are satisfied in full. Until this time, Cash Collateral will not constitute a debt due from UBS to you, nor will you have any right to receive payment of these funds. If there is an Event of Default, UBS may apply the Cash Collateral to discharge or reduce any payment obligations under the Put Option and otherwise exercise its rights of set-off under clause 8.12.
- (d) You will be entitled to interest on any Cash Collateral held by UBS at a cash deposit rate specified by UBS in your Confirmation. Interest will be paid in arrears on the earlier of the Maturity Date or the last day of each 12 month period during the Term of the Option (the first period commencing on, and including, the Trade Date).
- (e) UBS will deposit Cash Collateral received by it under this clause 13.3 in a client segregated account maintained for the purposes Chapter 7.8 of the Corporations Act. You acknowledge that monies in the client segregated account are pooled with money of other clients of UBS and that under section 981D of the Corporations Act, UBS may use such monies to meet obligations incurred by UBS in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives by UBS (including dealings on behalf of persons other than you).

14. Call Option

14.1 Nature of Call Option

- (a) A Call Option is an irrevocable offer made by the Provider to the Holder to sell the Underlying Securities at the Strike Price on the Maturity Date.
- (b) The irrevocable offer referred to in paragraph (a) may be accepted by the Holder by service of a valid Exercise Notice or upon Automatic Exercise (if applicable) in accordance with clause 12.2. At that time, but not prior to that time, a contract arises between the Provider and the Holder under which the Holder must buy from the Provider and the Provider must sell to the Holder the Underlying Securities at the Strike Price.

14.2 First Premium Amount

In consideration of the Holder's agreement to pay the First Premium Amount to the Provider on the Premium Payment Date the Provider makes the offer described in clause 14.1 and undertakes not to revoke that offer prior to the Maturity Time other than as contemplated by clause 4.2.

15. Put Spread

15.1 Nature of Put Spread

- (a) A Put Spread is an irrevocable offer made by the Provider to the Holder to purchase the Underlying Securities at the Strike Price on the Maturity Date provided that the offer to purchase the Underlying Securities may only be accepted if the Holder pays the Second Premium Amount (if any).
- (b) The irrevocable offer referred to in paragraph (a) may be accepted by the Holder by service of a valid Exercise Notice or upon Automatic Exercise (if applicable) in accordance with clause 12.2. At that time, but not prior to that time, a contract arises between the Provider and the Holder under which the Holder must sell to the Provider and the Provider must buy from the Holder the Underlying Securities at the Strike Price.

15.2 Premium Amounts

In consideration of the Holder's agreement to pay the First Premium Amount and the Second Premium Amount (if any) to the Provider on the relevant Premium Payment Dates, and any Early Termination Amount payable by the Holder to the Provider on an Early Termination, the Provider makes the offer described in clause 15.1 and undertakes not to revoke that offer prior to the Maturity Time other than as contemplated by clause 4.2.

15.3 Premium Amounts

- (a) The First Premium Amount per Option is as specified in the Confirmation.
- (b) A Second Premium Amount is payable if the Closing Price at Maturity is less than the Contingent Payment Level. The amount of that Second Premium Amount is determined by reference to the Market Price at Maturity in accordance with paragraph (c).
- (c) The Second Premium Amount per Option is equal to:

$$\text{Max [0 , (CPL –MP) x (1 – Participation Rate)]}$$

where:

“MP” means Market Price at Maturity;

“CPL” is the Contingent Payment Level per Option specified in the Confirmation; and

“Participation Rate” is the Participation Rate set out in your Confirmation.

16. Call Spread

16.1 Nature of Call Spread

- (a) A Call Spread is an irrevocable offer made by the Provider to the Holder to sell the Underlying Securities at the Strike Price on the Maturity Date provided that offer to sell the Underlying Securities may only be accepted if the Holder pays the Second Premium Amount (if any).
- (b) The irrevocable offer referred to in paragraph (a) may be accepted by the Holder by service of a valid Exercise Notice or upon Automatic Exercise (if applicable) in accordance with clause 12.2. At that time, but not prior to that time, a contract arises between the Provider and the Holder under which the Holder must buy from the Provider and the Provider must sell to the Holder the Underlying Securities exercised for the Strike Price.

16.2 Premium Amounts

In consideration of the Holder’s agreement to pay the First Premium Amount and the Second Premium Amount (if any) and any Early Termination Amount payable by the Holder to the Provider on an Early Termination to the Provider on the relevant Premium Payment Dates, the Provider makes the offer described in clause 16.1 and undertakes not to revoke that offer prior to the Maturity Time other than as contemplated by clause 4.2.

16.3 Premium Amounts

- (a) The First Premium Amount per Option is as specified in the Confirmation.
- (b) A Second Premium Amount is payable if the Closing Price at Maturity is greater than the Contingent Payment Level. The amount of that Second Premium Amount is determined by reference to the Market Price at Maturity in accordance with paragraph (c).
- (c) The Second Premium Amount per Option is equal to:

$$\text{Max [0 , (MP– CPL) x (1 – Participation Rate)]}$$

where:

“MP” means Market Price at Maturity; and

“CPL” is the Contingent Payment Level per Option specified in the Confirmation; and

"Participation Rate" is the Participation Rate set out in your Confirmation.

17. Collar

17.1 Nature of Collar

- (a) A Collar is an irrevocable offer made by the Provider to the Holder to purchase the Underlying Securities at the Strike Price on the Maturity Date provided that the offer to purchase the Underlying Securities may only be accepted if the Holder pays the Second Premium Amount (if any).
- (b) The irrevocable offer referred to in paragraph (a) may be accepted by the Holder by service of a valid Exercise Notice or upon Automatic Exercise (if applicable) in accordance with clause 12.2. At that time, but not prior to that time, a contract arises between the Provider and the Holder under which the Holder must sell to the Provider and the Provider must buy from the Holder the Underlying Securities at the Strike Price.

17.2 Premium Amounts

In consideration of the Holder's agreement to pay the First Premium Amount and the Second Premium Amount (if any) and any Early Termination Amount payable by the Holder to the Provider on an Early Termination to the Provider on the relevant Premium Payment Dates, the Provider makes the offer described in clause 17.1 and undertakes not to revoke that offer prior to the Maturity Time other than as contemplated by clause 4.2.

17.3 Premium Amounts

- (a) The First Premium Amount per Option is as specified in the Confirmation.
- (b) A Second Premium Amount is payable if the Closing Price at Maturity is greater than the Contingent Payment Level. The amount of that Second Premium Amount is determined by reference to the Market Price at Maturity in accordance with paragraph (c).
- (c) The Second Premium Amount per Option is equal to:

$$\text{Max [0 , (MP – CPL) x (1 – Participation Rate)]}$$

where:

"MP" means Market Price at Maturity; and

"CPL" is the Contingent Payment Level per Option specified in the Confirmation; and

"Participation Rate" is the Participation Rate set out in your Confirmation.

18. Put Spread Collar

18.1 Nature of Put Spread Collar

- (a) A Put Spread Collar is an irrevocable offer made by the Provider to the Holder to purchase the Underlying Securities at the Strike Price on the Maturity Date provided that the offer to purchase the Underlying Securities may only be accepted if the Holder pays the Second Premium Amount (if any).
- (b) The irrevocable offer referred to in paragraph (a) may be accepted by the Holder by service of a valid Exercise Notice or upon Automatic Exercise (if applicable) in accordance with clause 12.2. At that time, but not prior to that time, a contract arises between the Provider and the Holder under which the Holder must sell to the Provider and the Provider must buy from the Holder the Underlying Securities at the Strike Price.

18.2 Premium Amounts

In consideration of the Holder's agreement to pay the First Premium Amount and the Second Premium Amount (if any) and any Early Termination Amount payable by the Holder to the Provider on an Early Termination to the Provider on the relevant Premium Payment Dates, the Provider makes the offer described in clause 18.1 and undertakes not to revoke that offer prior to the Maturity Time other than as contemplated by clause 4.2.

18.3 Premium Amounts

- (a) The First Premium Amount is as specified in the Confirmation.
- (b) A Second Premium Amount is payable if the Closing Price at Maturity is greater than the Upper Contingent Payment Level or less than the Lower Contingent Payment Level. The amount of that Second Premium Amount is determined by reference to the Market Price at Maturity in accordance with paragraph (c).
- (c) The Second Premium Amount is equal to, either:

- (i) if the Closing Price at Maturity is greater than the UCPL,

$$\text{Max [0 , (MP- UCPL) x (1 - Participation Rate)]}$$

where:

"MP" means Market Price at Maturity; and

"UCPL" is the Upper Contingent Payment Level per Option; and

"Participation Rate" is the Participation Rate set out in your Confirmation; or

- (ii) if the Closing Price at Maturity is less than the LCPL,

$$\text{Max [0 , (LCPL - MP) x (1 - Participation Rate)]}$$

where:

"MP" means Market Price at Maturity; and

"LCPL" is the Lower Contingent Payment Level per Option; and

"Participation Rate" is the Participation Rate set out in your Confirmation.

PART D – MORTGAGE AND NOMINEE ARRANGEMENT

19. Representations and warranties in respect of Mortgaged Property

- (a) You represent and warrant that:
 - (i) you are the legal and beneficial owner of the Mortgaged Property (except to the extent that the legal ownership is held by the Nominee as contemplated by this Agreement) and all Secured Securities comprising the Mortgaged Property are fully paid up; and
 - (ii) the Mortgaged Property is not and will not be subject in any way to any Security Interest (other than in favour of UBS pursuant to the Mortgage).

- (b) All representations and warranties contained in clause are taken to be repeated by you on each date prior to the payment of amounts or performance of obligations under this Agreement.

20. Nominee arrangements

- (a) By way of consideration of UBS's entering into this Agreement and any related Transactions, you agree that you will where requested by UBS, by the date specified by UBS in your Quote Sheet or Confirmation, cause the legal title to the Mortgaged Property to be held by the Nominee as your nominee in accordance with this clause.
- (b) You hereby appoint the Nominee to hold the Mortgaged Property transferred to it as a bare nominee for you from the day the legal title is first held by Nominee, as contemplated by paragraph (a), until the Mortgage is released in respect of the Mortgaged Property.
- (c) You agree to:
 - (i) comply with all obligations affecting the Mortgaged Property and pay on time all amounts for which the holder of the Mortgaged Property is liable, including calls, instalments and Taxes;
 - (ii) at UBS's request take up any rights attaching to Mortgaged Property if, in UBS's opinion, failure to do so could mean the Mortgaged Property or the Mortgage is or is likely to become materially lessened in value or prejudicially affected;
 - (iii) promptly provide to UBS on request any information which UBS reasonably requests about the Mortgaged Property or anything in relation to it; and
 - (iv) not provide any instructions to the Nominee relating to the Mortgaged Property that are inconsistent with this Agreement;
- (d) You acknowledge that:
 - (i) before acting on your instructions, the Nominee must obtain UBS's consent (as Mortgagee);
 - (ii) the Nominee is authorised to act in accordance with any directions of UBS (as Mortgagee) for any purpose under this Agreement, even if the directions contradict instructions that you have given or will give later in relation to the Mortgaged Property;
 - (iii) you irrevocably authorise and direct the Nominee to use, transfer, sell or convert such of the Mortgaged Property held by the Nominee as is necessary to effect the physical settlement of an Option by you in accordance with the terms of this Agreement;
 - (iv) the Nominee is under no duty to enquire whether UBS (as Mortgagee) may validly give any consent or instruction and you may not challenge the validity of those instructions or any action taken by the Nominee in accordance with those instructions;
 - (v) the Nominee has charged the Mortgaged Property held by it in favour of UBS to secure the due and punctual repayment to UBS of the Secured Moneys and the performance of the Secured Obligations; and
 - (vi) the appointment of the Nominee under this clause 20, for the purpose of securing the performance of your obligations under the Mortgage, is irrevocable until UBS executes a release of the Mortgage or otherwise consents in writing.
- (e) If you do not comply with your obligation to pay any amount of money under paragraph (c)(i), then UBS may pay such amounts and that payment will form part of the Secured Moneys.

- (f) The Nominee may apply any Mortgaged Property held by it towards the satisfaction of any amount owing by you to UBS or the Nominee.
- (g) The Nominee has no powers, duties, rights or discretions in relation to the Mortgaged Property except as expressly set out in this Agreement.

21. Mortgage

- (a) You mortgage (and agree to mortgage) to UBS all of your right, title and interest in and to the Mortgaged Property (including any Mortgaged Property acquired in the future) which may, after the date of this Agreement, be held by you or by the Nominee on trust for you under this Agreement.
- (b) The Mortgage referred to in paragraph (a) secures the due and punctual repayment to UBS of the Secured Moneys and the performance of the Secured Obligations. The Mortgage is a mortgage which takes priority over all other Security Interests except to the extent determined by law.
- (c) UBS may do or direct the Nominee to do, all such things as may be necessary or appropriate to be done to protect UBS's interests under the Mortgage. Upon UBS's request, you will do all things necessary to perfect the Mortgage or which UBS reasonably requests in relation to the Mortgaged Property.
- (d) The Nominee may not deal with the Mortgaged Property except in accordance with the terms of this Agreement.
- (e) The Nominee agrees, after the Mortgage becomes enforceable, to deal with the Mortgaged Property in accordance with instructions of UBS or any of its affiliates or appointed representatives.
- (f) You must not, without the consent of UBS:
 - (i) sell, assign, redeem or otherwise dispose of the Mortgaged Property or any interest you have in it;
 - (ii) create or allow to exist a Security Interest over, or any other interest or right in, the Mortgaged Property;
 - (iii) abandon, settle, compromise or discontinue or become nonsuited in respect of any proceedings against any person (other than UBS) in respect of any right of UBS in connection with the Mortgaged Property;
 - (iv) waive any of your rights or release any person from its obligations in connection with the Mortgaged Property;
 - (v) request or consent to the removal of any of the Mortgaged Property from any register on which it is recorded or registered; or
 - (vi) attempt to change the Nominee arrangements or remove the Mortgaged Property from the holder record established for the Nominee or from the Nominee's registered holding on an issuer sponsored sub-register (as applicable).
- (g) The Mortgage does not merge with or adversely affect, and is not adversely affected by:
 - (i) another Security Interest or right or remedy to which UBS is entitled at any time; or
 - (ii) a judgement or order that UBS obtains against you or any other person (that is, it can still exercise its rights under this Agreement as well as under the judgement or order).

- (h) The Mortgage is a continuing security and will remain in full force and effect until all the Secured Obligations have been met and the whole of the Secured Moneys have been paid or satisfied in full.
- (i) Your obligations under this clause are absolute, unconditional and irrevocable. Your liability under this clause extends to, and is not affected by, any circumstance, act or omission which, but for this clause, might otherwise affect it at law or in equity.
- (j) If you are a company, you must pay UBS a fee of \$135 for registration of the Mortgage with the Australian Securities and Investments Commission, and a fee of \$65 for the release of each existing charge to allow the Mortgage to be registered.
- (k) Without limiting the definitions of Secured Money, Secured Obligations, Secured Shares or Mortgaged Property or the matters falling within those definitions, and for the purpose of fixing priorities between the Mortgage and any subsequent mortgage registered under the *Corporations Act 2001* (Cth), the Act, the Mortgage secures a prospective liability to a maximum amount which is 200% of the aggregate of all Facility Amounts (in relation to any Loan) and all amounts payable to UBS in connection with any Options.

22. Enforcement

- (a) UBS may enforce the Mortgage (whether or not the Secured Obligations have become due or the Secured Moneys have become payable) at any time after the occurrence of any Event of Default.
- (b) Subject to the express provisions of this Agreement, the Mortgage may be enforced notwithstanding acceptance of any payment of Interest or any other payment after any default and notwithstanding any previous or other default and without the necessity of any notice to or of any consent or concurrence on the part of you or any other person.
- (c) UBS may exercise its rights under the Mortgage even if it has not commenced proceedings or enforced any other right against you, or any other entity or person.
- (d) You waive any right you may have to require UBS to commence proceedings or enforce a right against you or any other person.

23. Powers of UBS on enforcement

- (a) At any time after the Mortgage becomes enforceable UBS may in its sole discretion and with our without your consent, to do all or any of the following:
 - (i) sell (whether by public auction, private arrangement or both and whether on-market or off-market or both) or redeem all or part of the Mortgaged Property, and exercise any other right that the law gives to a mortgagee, without giving you prior notice of the sale or other action taken by it;
 - (ii) receive any dividends or other income payable in respect of any of the Mortgaged Property and deal with the Mortgaged Property in the same way as you could do if the Mortgaged Property were not mortgaged including exercise any option or other right that you have in relation to the Mortgaged Property;
 - (iii) appoint a receiver or receiver and manager to all or part of the Mortgaged Property to do any of the things referred to above;
 - (iv) register all or any part of the Mortgaged Property in the name of UBS; and
 - (v) do anything which UBS considers necessary or desirable for any of these purposes; or
 - (vi) delegate to any person any of the powers conferred upon UBS by this clause.

- (b) Notwithstanding anything in this clause, UBS may be required by law to give notice before exercising some of the rights mentioned in this clause or may have obligations imposed by law about what it must do when doing some of these things. However, to the extent that these requirements and obligations can be excluded or limited by agreement, they are so excluded or limited.
- (c) You irrevocably authorise the Nominee to accept and act in accordance with any instructions or directions from UBS in connection with the exercise of any of its rights under this Agreement.
- (d) UBS need not:
 - (i) enforce, or take steps to enforce, the payment of any dividends or interest in connection with the Mortgaged Property;
 - (ii) vote at any meeting of the holders of the shares or other securities forming part of the Mortgaged Property;
 - (iii) sell the Mortgaged Property, even if there may be reason to believe that it may depreciate in value, or has so depreciated;
 - (iv) be answerable or responsible for any loss occasioned by any delay or omission;
 - (v) marshal or appropriate in favour of you; or
 - (vi) deliver to you any notices or other correspondence (or copies of them) from any company or trust whose shares or other securities are included in the Mortgaged Property.

24. Appointment of receiver

- (a) If UBS appoints a receiver under clause 23(a)(iii), UBS may also:
 - (i) remove any such receiver and in case of the removal, retirement or death of any such receiver appoint another as a replacement; and
 - (ii) fix the remuneration of any such receiver.
- (b) Subject to paragraph (c), every receiver appointed in exercise of the power conferred by this clause, unless and until UBS by notice to you and to the receiver requires that such receiver acts as agent of UBS, will be your agent and you alone will be responsible for the receiver's acts and defaults and remuneration.
- (c) The power to appoint a receiver under this clause may be exercised notwithstanding that at the time when the Mortgage becomes enforceable or at the time when such an appointment is made, an order may have been made or a resolution may have been passed for the winding up of you and notwithstanding that a receiver appointed in those circumstances may not, or may not in some respects, act as your agent.
- (d) The receiver will have full power without any consent on your part to do all or any of the following:
 - (i) perform all or any one or more of the acts and activities described in clause 23; and
 - (ii) delegate to any person, for such time and upon such terms as UBS may approve, any of the powers conferred on it under this Agreement.

25. Application of moneys

- (a) All moneys received by UBS under or by virtue of the Mortgage may be applied in the following manner and order:

- (i) first in payment of all costs, charges and expenses of UBS and any receiver incurred in or incidental to the exercise or performance or attempted exercise or performance of any power or otherwise in relation to this Agreement;
- (ii) secondly in payment of such other outgoings as UBS or any receiver shall think fit to pay;
- (iii) thirdly in payment to any receiver of any remuneration whether by way of commission or otherwise;
- (iv) fourthly in payment to UBS and any receiver of all amounts necessary to give effect to any indemnity contained in this Agreement; and
- (v) fifthly in payment to UBS of the Secured Moneys and in meeting your Secured Obligations.

and the surplus (if any) will belong to you or other persons entitled to it but:

- (vi) the surplus will not carry interest; and
 - (vii) UBS may pay the surplus to the credit of a bank account in your name or other persons entitled to it and will then be under no further liability in respect of it.
- (b) In applying any moneys towards satisfaction of the Secured Moneys your account will be credited only with so much of the money available for the purpose as is actually received by UBS, such credit to date from the time of such receipt.
 - (c) Any compensation which may become payable in respect of the Mortgaged Property will at the option of UBS be applicable in or towards repayment of the Secured Moneys. UBS is empowered to make any claim for such compensation and alone to agree, compromise and settle any such claim and to execute any necessary assurances and releases in your name and the name of UBS. If you receive any compensation before a final discharge of the Mortgage, you shall forthwith pay it to UBS.

PART E – EXERCISE AND SALE FACILITY

26. Interpretation

Notwithstanding the use of expressions such as “borrow”, “lend”, etc., which are used to reflect terminology used in the market for transactions of the kind provided for in this Part E, title to the Underlying Securities “borrowed” or “lent” provided in accordance with this Agreement shall pass from one party to another as provided for in this Agreement.

27. Loan of Securities

- (a) Where UBS accepts an Application by you to use the Exercise and Sale Facility, which acceptance will be at UBS's absolute discretion, UBS will lend to you, and you will borrow from UBS, the number of Underlying Securities specified in the Quote Sheet on the terms of this Agreement (the **Lent Securities**).
- (b) Without limiting the discretion referred to in paragraph (a), UBS may refuse to accept an Application to use the Exercise and Sale Facility where the company issuing the Executive Options has not confirmed the following in writing to UBS (which confirmation may be sought by UBS at any time):
 - (i) that you own the specified number of Executive Options;
 - (ii) that the Executive Options are fully vested and presently exercisable by you;

- (iii) that the Executive Options and Underlying Securities from their exercise are not subject to security interests or other encumbrances;
- (iv) that you have all permission required by the company employee trading policy to exercise the Executive Options;
- (v) that the company employee trading policy permits the use of the Facilities described in this PDS;
- (vi) that there is no company imposed trading blackout which would restrict you from exercising the Executive Options or using the Facilities described in this PDS at the time you want to use them;
- (vii) the timetable for exercise of the Executive Options and share allotment; and
- (viii) the payment instructions for the Executive Option exercise price payment.

28. Delivery, Sale and Exercise

- (a) By agreeing to borrow the Lent Securities, you authorise and instruct UBS to:
 - (i) deliver or procure the delivery of the Lent Securities to you and to execute and deliver all necessary documents and give all necessary instructions to ensure that all right, title and interest in any Lent Securities shall pass from UBS to you; and
 - (ii) sell the Lent Securities on your behalf in accordance with your instructions, the Corporations Act 2001 (Cth), the ASX Market Rules and standard market practice.
- (b) From the proceeds of the sale of the Lent Securities made in accordance with clause 28(a)(ii), you authorise UBS to:
 - (i) deduct and retain brokerage on the proceeds of the sale plus any GST payable in connection with that brokerage, calculated at the rate specified by UBS for your Stock Loan;
 - (ii) deduct and retain any outstanding fees or charges payable to it pursuant to clause 32;
 - (iii) in accordance with the exercise instructions for the Executive Options, make a payment for the total exercise price of such number of Executive Options you instruct, or if there are not sufficient funds for such number after deducting the amounts in this clause 28, the maximum number for which there are sufficient funds, and do all other things necessary to exercise the Executive Options; and
 - (iv) pay the balance (if any) to you upon repayment of the Stock Loan under clause 29.
- (c) By giving such instructions, you agree to do all things necessary, including completing any exercise notice in respect of the Executive Options, to facilitate the exercise of the Executive Options, and you authorise UBS to complete any blanks in, or make any amendments to, that exercise notice.

29. Redelivery of Equivalent Securities

- (a) Subject to clause 1, on the earlier of:
 - (i) the date that the Underlying Securities issued to you pursuant to the exercise of the Executive Options are granted official quotation by ASX;
 - (ii) the date that is 5 Business Days after receipt of written notice from UBS requiring redelivery; and

(iii) 360 days after the date of delivery by UBS of the Lent Securities to you,

you must deliver, or procure the delivery of Equivalent Securities, to UBS or as it directs and execute and deliver all necessary documents and give all necessary instructions to ensure that all right, title and interest in any Equivalent Securities shall pass from you to UBS.

(b) Notwithstanding paragraph (a), you may deliver or procure the delivery of Equivalent Securities to UBS or as it directs at an earlier time, in which case you will be taken to have satisfied your obligations under paragraph (a), provided that you give UBS 24 hours prior notice of such delivery.

30. Distributions

(a) Unless otherwise agreed, where any dividend or other distribution (whether in property or money) is made or paid in relation to any Lent Securities and the record date of the dividend or distribution is a date occurring during the term of the Stock Loan, you will, on the date determined by UBS, pay and deliver to UBS the dividend or distribution, or a sum of money equivalent (or property identical) to the same to UBS.

(b) UBS may, at its discretion, determine that you must pay an additional amount up to the value of any franking credits allocated (or under section 202-65 of the Income Tax Assessment Act 1997, taken to have been allocated) to the dividend or distribution. Without limiting this discretion, UBS may make this determination where UBS incurs equivalent costs in hedging its obligations under the Stock Loan. UBS undertakes to use reasonable endeavours to borrow stock offshore to minimise any such costs.

(c) Subject to paragraph (d), where in respect of any Lent Securities, any rights relating to the conversion, subdivision, consolidation, pre-emption, rights arising under a takeover offer or other rights, including those requiring election by the holder for the time being of such Lent Securities, become exercisable prior to the redelivery of the Equivalent Securities then you must deliver Equivalent Securities in such form as will arise if the right is exercised as determined by UBS.

(d) Notwithstanding paragraph (c), where in respect of any Lent Securities the relevant Issuer issues any right or option in respect of the Lent Securities during the term of the Stock Loan, you must deliver or make available to UBS on the date determined by UBS:

(i) the right, or option; or

(ii) an identical right or option; or

(iii) a payment equal to the value to UBS of the right or option (as determined by UBS in its discretion),

together with any such endorsements or assignments as shall be customary and appropriate.

(e) If you are required to make any payment to acquire or exercise any right or option which you are obliged to acquire or exercise under the provisions of this clause 30, UBS must indemnify you for the amount of any such payment.

(f) In the case of a conversion, subdivision or consolidation of the Lent Securities, the securities into which the Lent Securities have been converted, subdivided or consolidated will be taken to be Equivalent Securities with respect to the relevant Stock Loan, without prejudice to any other right a party may have under this Agreement.

(g) If:

(i) an event of a kind specified in this clause 30 occurs, and UBS considers that any of the provisions of this clause 30 are not appropriate in any particular situation; or

- (ii) an event occurs which is not dealt with in this clause 30 which UBS considers should have been dealt with,

UBS may:

- (iii) make, or refrain from making, any adjustment to the Lent Securities as UBS considers appropriate, and determine the effective date of such adjustment; or
- (iv) require you to re-deliver the Equivalent Securities.

31. Collateral

UBS (or one of its related bodies corporate) may retain as collateral, the net proceeds of the sale of the Lent Securities made in accordance with clause 28(a)(ii) until Equivalent Securities are redelivered in accordance with clause 29. No interest will be payable on the net proceeds of the sale when they are so retained by UBS (or its related bodies corporate).

32. Arrangement Fee

- (a) The cost of borrowing Underlying Securities under this Agreement is the Arrangement Fee specified by UBS in the Quote Sheet or otherwise notified to you. This cost will usually comprise one or more of the following:
 - (i) a fixed fee;
 - (ii) any costs incurred by UBS to unwind your Stock Loan where Executive Options cannot be exercised immediately and unconditionally;
 - (iii) a per annum fee calculated on the Closing Price of the Lent Securities for each day of the Term of the Stock Loan; and/or
 - (iv) a per annum fee calculated on the Closing Price of the Lent Securities on the day they were lent to you.
- (b) For the purposes of section 26BC(3)(d) of the Income Tax Assessment Act (Cth) 1936 the "notifiable consideration" in respect of the Stock Loan under this Part E is dissected as follows:
 - (i) a fee – the Arrangement Fee as set out in the Quote Sheet or otherwise notified to you.
 - (ii) other consideration – your obligations to pay the amounts and/or to deliver the property set out in clause 30.
- (c) You must pay UBS all GST, or other applicable or similar taxes, that UBS is liable (either directly or indirectly) to pay for any supply under or in connection with a Stock Loan.

33. Assignment

UBS must not dispose of (by transfer, declaration of trust or otherwise), the right to receive any part of the total consideration receivable under the Stock Loan, being the right to redelivery of the Equivalent Securities under clause 28 and the notifiable consideration referred to in clause 32.

34. Executive Share Plans

If, instead of exercising Executive Options, you instruct UBS to apply the sale proceeds under clause 27 towards the making of a payment to the Issuer or a third party that would result in Underlying Securities being issued, transferred or released to you, then references in this Part E to exercising Executive Options will be amended to refer to the making of a cash payment to the Issuer or relevant third party, and the references to exercise price and exercise notice for Executive Options will be

taken as references to the payment of the requisite funds to the Issuer or relevant third party and the notice(s) that need to be provided with the payment in order to procure the issuance, transfer or release of Underlying Securities to you.

PART F – STOCK BORROW AGREEMENT

35. Application

- (a) This Part F will only apply to a Transaction if noted in your Confirmation.
- (b) Notwithstanding the use of expressions such as “borrow”, “lend”, etc., which are used to reflect terminology used in the market for transactions of the kind provided for in this Part F, title to the Underlying Securities “borrowed” or “lent” provided in accordance with this Agreement shall pass from one party to another as provided for in this Agreement.

36. Borrowing Underlying Securities

- (a) In consideration of UBS entering into a Transaction with you, you agree that you will, upon the giving of notice by UBS, lend to UBS Underlying Securities that are comprised in the Mortgaged Property (the **Borrowed Securities**) in such number as is required by UBS on the terms of the Stock Borrow Agreement set out in this Part F.
- (b) UBS may use the Borrowed Securities for any purpose and is not required to provide any collateral to you in relation to the Borrowed Securities.
- (c) UBS must notify you where it has borrowed Borrowed Securities from you.

37. Delivery of Underlying Securities

You shall deliver or procure the delivery of the requested number of Underlying Securities to UBS together with appropriate instruments of transfer (where necessary) duly stamped (where necessary) and such other instruments (if any) as may be requisite to vest title thereto in UBS. You will execute and deliver all necessary documents and give all necessary instructions to ensure that all right, title and interest in any Underlying Securities borrowed shall pass from you to UBS.

38. Distributions and Voting

- (a) Unless otherwise agreed, where any dividend or other distribution (whether in property or money) is made or paid in relation to any Borrowed Securities and the record date of the dividend or distribution is a date on which such Borrowed Securities are on loan to UBS, UBS will, on the date determined by UBS, pay and deliver to you the dividend or distribution, or a sum of money equivalent (or property identical) to the same to you.
- (b) If the record date for the dividend or distribution occurs whilst Underlying Securities are on loan to UBS, and had you been the holder of the Underlying Securities on the relevant record date you would have received a franked distribution (including a franked distribution that flows indirectly to you) in respect of the Underlying Securities, then provided you are an Australian resident as defined in section 6(1) of the Income Tax Assessment Act 1936 and you and UBS have not otherwise agreed that you will not receive any compensation for loss of franking credits, then UBS must either:
 - (i) if section 216-10 of the Income Tax Assessment Act 1997 applies, give you a statement in the form approved by the Commissioner of Taxation for the purposes of section 216-30 of the Income Tax Assessment Act 1997 setting out such information in relation to that distribution as is required by the approved form; or
 - (ii) pay to you an amount equal to the franking credit allocated (or under section 202-65 of the Income Tax Assessment Act 1997, taken to have been allocated) to the dividend or distribution.

- (c) Subject to paragraph (d), where in respect of any Borrowed Securities any rights relating to the conversion, subdivision, consolidation, pre-emption, rights arising under a takeover offer or other rights, including those requiring election by the holder for the time being of such Borrowed Securities, become exercisable prior to the redelivery of the Equivalent Securities then, on redelivery of Equivalent Securities UBS will deliver Equivalent Securities in such form as will arise if the right is exercised or, in the case of a right which may be exercised in more than one manner, is exercised as specified by UBS.
- (d) Notwithstanding paragraph (c), where in respect of any Borrowed Securities the relevant Issuer issues any right or option in respect of the Borrowed Securities, UBS must deliver or make available to you on the date determined by UBS:
 - (i) the right, or option; or
 - (ii) an identical right or option; or
 - (iii) a payment equal to the value to you of the right or option (as determined by UBS in its discretion);

together with any such endorsements or assignments as shall be customary and appropriate.

- (e) If UBS is required to make any payment to acquire or exercise any right or option which it is obliged to acquire or exercise under the provisions of this clause 38 you must indemnify UBS for the amount of any such payment.
- (f) If a call in respect of Borrowed Securities that are not fully paid is announced to the ASX by the relevant Issuer, then UBS will notify you of the call. On receipt of such notification, you must pay to UBS the amount referred to in such call in respect of the Borrowed Securities no later than 5 Business Days before the date that is the last day that payment for the call can be made, in which case the Borrowed Securities, as adjusted for the call amount having been paid, will be taken to be Equivalent Securities with respect to the relevant Stock Loan, without prejudice to any other right a party may have under this Agreement.
- (g) In the case of a conversion, subdivision or consolidation of the Borrowed Securities, the securities into which the Borrowed Securities have been converted, subdivided or consolidated will be taken to be Equivalent Securities with respect to the relevant Stock Loan, without prejudice to any other right a party may have under this Agreement.
- (h) If:
 - (i) an event of a kind specified in this clause 38 occurs, and UBS considers that any of the provisions of this clause 38 are not appropriate in any particular situation; or
 - (ii) an event occurs which is not dealt with in this clause 38 which UBS considers should have been dealt with,

UBS may:

- (iii) make, or refrain from making, any adjustment to the Borrowed Securities as UBS considers appropriate, and determine the effective date of such adjustment; or
- (iv) re-deliver the Equivalent Securities.
- (i) If, pursuant to this Agreement, UBS may require you to take any action in respect of any Securities (including pay any call, instalments or other monies, acquire or dispose of rights, sell, dispose, redeem, make any adjustment to or otherwise deal with Securities) those rights will apply equally to the manner in which you exercise your rights pursuant to any Stock Loan, with the intent that the Equivalent Securities will be adjusted in an equivalent manner to the way in which the corresponding Securities would have been adjusted in the event that they were not Borrowed Securities.

39. Redelivery of Equivalent Securities

- (a) UBS undertakes to redeliver Equivalent Securities to you at the earlier of the time agreed under clause 36(a) and 360 days after the date of delivery by you of the Borrowed Securities to UBS.
- (b) UBS also undertakes to redeliver Equivalent Securities at such times, in such number and in such manner as to enable you to comply with your obligations and to exercise your rights pursuant to the terms of any other Transaction between you and UBS under the Agreement. For the avoidance of doubt, and without limitation, UBS undertakes to redeliver Equivalent Securities to you:
 - (i) where the Borrowed Securities secured your obligations under a Loan – immediately before the Maturity Date for the Loan;
 - (ii) where the Borrowed Securities secured your obligations under an Option – immediately before the Maturity Date for the Option;
 - (iii) where an Early Termination Date (including as a result of an Event of Default occurring) occurs in relation to a Transaction secured by the Borrowed Securities – immediately before the Early Termination Date.
- (c) You may provide notice to UBS on any Business Day that you require any or all of the Equivalent Securities to be redelivered, in which case UBS must redeliver the Equivalent Securities specified in the notice to you in not less than the time in which transactions in the Equivalent Securities are customarily settled in accordance with the ASX Market Rules.
- (d) UBS may at any time terminate a particular Stock Loan and redeliver the Equivalent Securities due and outstanding to you under the Stock Borrow Agreement.

40. Stock Borrow Fee and Notifiable consideration

- (a) On the drawdown date of each Stock Loan, UBS may pay you a Stock Borrow Fee. Unless otherwise specified, no Stock Borrow Fee is payable.
- (b) UBS may reduce the premium payable by you in respect of an Option or the Interest Amount payable by you under a Loan by an amount equal to any Stock Borrow Fee.
- (c) For the purposes of section 26BC(3)(d) of the Income Tax Assessment Act (Cth) 1936 the “notifiable consideration” in respect of the Stock Borrow Agreement under this Part F is:
 - (i) a fee – where applicable, the Stock Borrow Fee
 - (ii) other consideration – where applicable, a reduction in the premium payable by you in respect of an Option or the Interest Amount payable by you in respect of the Loan.
 - (iii) other consideration – UBS's obligations to pay the amounts and/or to deliver the property set out in clause 38.

41. Securities Owner Warranty

- (a) You agree that you will not dispose of (by transfer, declaration of trust or otherwise) your right to receive any part of the total consideration to be given by UBS under this Stock Borrow Agreement being the right to redelivery of the Equivalent Securities under clause 39 and the notifiable consideration in clause 40.
- (b) Notwithstanding anything else in this Agreement, UBS indemnifies you for all brokerage, charges and stamp duty incurred by you as a result of UBS borrowing Borrowed Securities under the Stock Borrow Agreement.

42. Observance of procedures

Each party will, in taking an action that may be required in accordance with this Stock Borrow Agreement observe the procedures and timetable applied by the ASX Market Rules (if and to the extent applicable) and, further, will observe any agreement (oral or otherwise) as to the time for delivery or redelivery of any money, Borrowed Security or Equivalent Security entered into pursuant to this Stock Borrow Agreement.

43. Mortgage

- (a) The Borrowed Securities are released from the Mortgage upon transfer of those Borrowed Securities pursuant to a Stock Borrow Agreement.
- (b) By entering into a Stock Borrow Agreement you do not breach any of your obligations under this Agreement.
- (c) For the avoidance of doubt, any Equivalent Securities redelivered to you pursuant to a Stock Borrow Agreement form part of the Mortgaged Property, in accordance with the terms of the Mortgage.

Section 14 – Glossary

Agreement means the agreement set out in Section 13 of this PDS, pursuant to which you enter into Transactions with UBS.

Application means a request to enter into the Agreement with UBS, as evidenced by the submission of an Application Form.

Application Form means the application form attached to this PDS.

Approved Securities means:

- (a) in relation to an Option, securities specified by UBS as eligible to be Underlying Securities for that Option; or
- (b) in relation to a Loan, securities that are specified by UBS as eligible to be Mortgaged as collateral for that Loan; or
- (c) in relation to the Exercise and Sale Facility, securities that UBS is prepared to lend to you under that Facility.

Arrangement Fee means, in relation to the Exercise and Sale Facility, the fee payable to UBS for the borrowing of Underlying Securities under the Exercise and Sale Facility.

ASX means the Australian Securities Exchange operated by ASX Limited ABN 98 008 624 691.

Automatic Extension Clause means, in relation to an Option, clause 8.5 of the Agreement.

Automatic Exercise means, in relation to an Option, and if specified in your Confirmation, that the Holder is taken to have provided a valid Exercise Notice on the Maturity Date thereby accepting at Maturity the irrevocable offer made by the Provider, provided that on the Maturity Date:

- (a) if the Option is a Put Option, Put Spread, Collar or Put Spread Collar, the Closing Price on the Maturity Date is less than the Strike Price; and
- (b) if the Option is a Call Option or Call Spread, the Closing Price on the Maturity Date is greater than the Strike Price.

Available Amount means, in relation to a Loan at any point in time, the amount which is the Facility Amount for that Loan less:

- (a) the Loan Balance then outstanding; and
- (b) the sum of all Interest Amounts that are due to be paid via drawdowns under the Loan Facility during the Term but which are not yet paid.

Borrowed Securities means securities borrowed from you by UBS in accordance with clause 36(a) of the Agreement.

Brokerage means, in relation to the Exercise and Sale Facility, the brokerage payable on the sale of the Lent Securities.

Business Day means a day which is not a public holiday and on which banks are open for normal trading in Sydney.

Call Option means an irrevocable offer made by the Provider to the Holder on the terms of clause 14 of the Agreement, which if accepted by the Holder will result in a contract for the Holder to buy the Underlying Securities from the Provider at the Strike Price on the Maturity Date.

Call Spread means an irrevocable offer made by the Provider to the Holder on the terms of clause 16 of the Agreement, which if accepted by the Holder will result in a contract for the Holder to buy the Underlying

Securities from the Provider at the Strike Price on the Maturity Date provided that the Holder pays the Second Premium Amount (if any).

CHES means the Clearing House Electronic Subregister System.

Closing Price means the official closing price of the Underlying Security on a particular day, as published by ASX.

Collar means an irrevocable offer made by the Provider to the Holder on the terms of clause 17 of the Agreement, which if accepted by the Holder will result in a contract for the Holder to sell the Underlying Securities to the Provider at the Strike Price on the Maturity Date. Collars are subject to a Contingent Payment Level above which a Second Premium Amount will be payable.

Confirmation means any confirmation which UBS provides to you following a Transaction under any Facility.

Contingent Payment Level or **CPL** means a reference level used in the calculation of a Second Premium Amount for a Spread Option or Collar. The Contingent Payment Level(s) relevant to a particular Option are as specified in the Confirmation for that Option. Where the context requires, reference to a Contingent Payment Level includes an Upper Contingent Payment Level or a Lower Contingent Payment Level.

Corporate Action means, in relation to Underlying Securities, any of the following events:

- (a) a special dividend;
- (b) a return of capital;
- (c) a takeover bid, scheme of arrangement or merger;
- (d) a stock split or consolidation or other form of capital reconstruction;
- (e) a rights issue; or
- (g) any analogous event.

Dividend Agreement means an agreement which UBS may in some circumstances require you to enter into. If UBS requires you to enter into a Dividend Agreement, it will provide you with further details.

Drawdown Amount means, in relation to a Loan, any amount you draw down on a Drawdown Date.

Drawdown Date means a date specified in your Confirmation, a Drawdown Notice or otherwise agreed between you and UBS on which you agree to draw down a Drawdown Amount.

Drawdown Notice means a notice setting out the proposed details (including Interest Rate, Interest Amount, Drawdown Amount and Drawdown Date), of a drawdown requested by you.

Early Termination Amount means the amount that UBS reasonably determines in good faith to be UBS's total losses and costs (or gain, in which case expressed as a negative number) in connection with an Early Termination Date in relation to a Transaction, including losses and costs in respect of any payment or delivery required to have been made but not made and including any loss of bargain, loss of expected profit, cost of funding or loss or cost incurred as a result of UBS terminating, liquidating, obtaining or re-establishing any hedge or related trading position (or any gain resulting from any of them).

Early Termination Date means the date on which a Transaction is terminated prior to its scheduled Maturity Date or a Drawdown Amount is repaid before the relevant Repayment Date, including following the occurrence of an Event of Default.

Equivalent Securities means securities of an identical type, nominal value, description and amount to the Underlying Securities of a Stock Loan.

ETO means an exchange traded option.

Event of Default has the meaning given to it in clause 4.1 of the Agreement.

Executive Options means call options over shares in a company issued by the company to an employee of the company or a related body corporate.

Exercise and Sale Facility means the facility as described in section 4 of this PDS, the terms of which are set out in Part E of the Agreement.

Exercise Notice means, in relation to an Option Transaction, a notice given by the Holder to the Provider to indicate acceptance of the offer made by the Provider.

Facility means each of the Exercise and Sale Facility, the Loan Facility or the Option Facility as the context requires.

Facility Adjustment Fee means the amount payable by you to UBS under the Loan Facility to increase the Facility Amount, as calculated and advised by UBS.

Facility Amount, in relation to a Loan, means the amount specified as such in a Confirmation or a Drawdown Notice, representing the maximum amount that you can borrow from UBS under the Loan Facility.

First Premium Amount means the amount payable by the Holder of an Option, as set out in your Confirmation.

Gap Value means for a Spread Option, the amount which is the number of Underlying Securities for the Spread Option multiplied by:

- (a) for a Put Spread, the difference between the Strike Price and the highest Contingent Payment Level;
- (b) for a Call Spread, the difference between the Strike Price and the lowest Contingent Payment Level; and
- (c) for a Put Spread Collar, the difference between the Strike Price and the Lower Contingent Payment Level.

GST

This means:

- a) the same as in the A New Tax System (Goods and Services Tax) Act, 1999 (Commonwealth); and
- b) any amount imposed as additional tax, penalty tax, fine, interest or other charge payable in respect of GST as defined in paragraph (a).

GST Exclusive Consideration

The consideration for any Taxable Supply and all other money payable by you under the Loan Facility to UBS or as UBS directs, but does not include GST.

GST Law

This has the same meaning as in the A New Tax System (Goods and Services Tax) Act, 1999 (Commonwealth).

GST Rate

The rate of GST under the GST Law.

Guarantor means the person specified in Attachment 3 to the Application Form as the Guarantor.

Holder means, in relation to an Option, the party to whom the irrevocable offer is made.

Interest means interest accrued or accruing on any Drawdown Amount.

Interest Amount means an amount calculated in accordance with clause 10.2 of the Agreement.

Interest Payment Date means a date on which an Interest Amount is due, as set out in your Confirmation or Drawdown Notice.

Interest Period means an interest period set out in your Confirmation.

Interest Rate means, in relation to an Interest Period, the interest rate applicable to a Drawdown Amount for that Interest Period, as set out in your Confirmation or otherwise advised by UBS.

Irrevocable Direction means, in relation to Executive Options, an irrevocable direction signed by you authorising the company to accept receipt of the Executive Option strike amount from UBS and to deliver the Underlying Securities to UBS.

Issuer means the issuer of the Underlying Securities.

Lent Securities has the meaning given to it in clause 27(a) of the Agreement.

Loan means a Loan provided by UBS to you, secured by Mortgaged Property.

Loan Balance means the sum of all Drawdown Amounts (including any Drawdown Amounts used to pay Interest Amounts) outstanding under your Loan Facility from time to time. For the avoidance of doubt, it does not include any Interest payable by you out of your own funds and not through a drawdown under the Loan, nor does it include any fees, charges, break costs and other amounts owed to UBS under this Agreement.

Loan Establishment Fee means, in relation to a Loan, a fee specified by UBS of up to 2.2% of the Facility Amount payable on the first Drawdown Date of the Loan.

Loan Facility means the facility through which you may apply to obtain a Loan from UBS, the terms of which are set out in the Agreement.

Lower Contingent Payment Level or **LCPL** means, in relation to a Put Spread Collar, the amount as set out in the Confirmation for that Put Spread Collar.

Market Price means the average price at which UBS executes or could execute, a sale or purchase of Underlying Securities for the purpose of hedging or unwinding an Option with you, as determined by UBS in its absolute discretion.

Maturity means the Maturity Time.

Maturity Date means the date set out in your Confirmation as the Maturity Date for your Transaction, or an Early Termination Date, whichever occurs first.

Maturity Time means 5.00pm on the Maturity Date unless otherwise specified in your Confirmation or in a notice from UBS in relation to an Early Termination Date.

Minimum Initial Drawdown Amount means, in relation to a Loan, the minimum amount specified by UBS that you must draw down on the first Drawdown Date. This is equal to zero if no amount is specified by UBS.

Mortgage means the mortgage in favour of UBS referred to in clause 20 of the Agreement and/or created by clause 21 of the Agreement.

Mortgaged Property means, in respect of a Transaction:

- (a) the Underlying Securities under the Transaction;
- (b) any property deemed to be part of the Underlying Securities as a result of a Corporate Action;
- (c) any property that you or the Nominee receive as a result of a Corporate Action;
- (d) any Options over the Underlying Securities;
- (e) any cash collateral;
- (f) any rights you have in relation to any property set out in paragraph (a) to (e) above;

- (g) any rights you have under any Stock Borrow Agreement;
- (h) any rights you have in respect of the issue of the securities on the exercise of any Executive Options;
- (i) any rights you have under the terms of any Facility; and
- (j) any other property or rights acceptable to UBS,

which is mortgaged to UBS in accordance with or as referred to in the Agreement.

Nominee means UBS Nominees or any other person nominated by UBS.

Option means a Call Option, a Put Option, a Collar, a Put Spread, a Call Spread or a Put Spread Collar as the context requires.

Option Facility means the Facility through which you may enter into Options with UBS, the terms of which are set out in the Agreement.

Option Settlement Date means the third Business Day following the Maturity Date.

Option Transaction means a transaction under which you enter into one or more Options with UBS, with the Options having the same Underlying Securities, Trade Date, Maturity Date and terms. For example, if you entered into 300,000 Call Options with UBS, with each Option having the same Underlying Securities, Trade Date, Maturity Date and terms, this would constitute one Option Transaction.

Participation Rate, in relation to a Collar or a Spread Option, means the proportion, expressed as a fraction, of participation above or below the relevant Contingent Payment Level which you have chosen in your Confirmation (and if not specified in your Confirmation is assumed to be zero).

PDS means this product disclosure statement.

Premium Amount means a First Premium Amount or a Second Premium Amount, as the context requires.

Premium Payment Date means:

- a) in respect of any First Premium Amount (except where you sell a Put Option), the third Business Day after the Trade Date of the Option; and
- b) in respect of the First Premium Amount for a sold Put Option and any Second Premium Amount, the Option Settlement Date.

Protected Value means, for a Loan Transaction, the Strike Price multiplied by the number of Underlying Securities for the accompanying Option Transaction.

Provider means, in relation to an Option, the party who makes the irrevocable offer.

Put Option means an irrevocable offer made by the Provider to the Holder on the terms of clause 13 of the Agreement, which if accepted by the Holder will result in a contract for the Holder to sell the Underlying Securities to the Provider at the Strike Price on the Maturity Date.

Put Spread means an irrevocable offer made by the Provider to the Holder on the terms of clause 15 of the Agreement, which if accepted by the Holder will result in a contract for the Holder to sell the Underlying Securities to the Provider at the Strike Price on the Maturity Date.

Put Spread Collar means an irrevocable offer made by the Provider to the Holder on the terms of clause 18 of the Agreement, which if accepted by the Holder will result in a contract for the Holder to sell the Underlying Securities at the Strike Price on the Maturity Date. Put Spread Collars are subject to Contingent Payment Levels above or below which a Second Premium Amount will be payable.

Quote Sheet means the document provided by UBS to you setting out indicative terms of a Transaction under a Facility which you or your Adviser must return to UBS before UBS will enter into a Transaction with you.

Repayment Date means, in relation to a Loan, the date on which all or part of a Drawdown Amount must be repaid, as set out in your Confirmation or otherwise agreed with UBS in writing.

Second Premium Amount means a contingent amount payable by the Holder of a Collar or a Spread Option as calculated in accordance with clauses 15.3(c), 16.3(c), 17.3(c) or 18.3(c) as applicable of the Agreement.

Secured Moneys means all amounts which are payable, present and future, owing but not payable, or contingently owing by you to UBS under or in connection with the Agreement, including all amounts which are payable, or have been advanced or paid, by UBS to protect any Mortgaged Property, or any Security Interest created by the Agreement, at any time, for any reason.

Secured Obligations means your obligations under the Agreement.

Secured Securities means any securities or any securities issued on the exercise of Executive Options in relation to which UBS requires legal title to be transferred to the Nominee in accordance with the Agreement, as adjusted in relation to any Corporate Action affecting the securities. The number and description of Secured Securities required by UBS is set out in the Quote Sheet and your Confirmation.

Security Interest includes any mortgage, charge, bill of sale, pledge, deposit, lien, encumbrance, hypothecation, arrangement for the retention of title and any other right, interest, power or arrangement of any nature whatsoever having the purpose or effect of providing security for, or otherwise protecting against default in respect of, the obligations of any person.

Spread Option means a Put Spread, a Call Spread or a Put Spread Collar as the context requires.

Stock Borrow Agreement means the agreement set out in Part F of the Agreement pursuant to which UBS borrows Underlying Securities from you.

Stock Borrow Fee means the fee described as such in clause 40 of the Agreement, the amount of which is set out in your Confirmation.

Stock Loan means:

- (a) in respect of the Exercise and Sale Facility, a loan of securities made to you under that Facility; and
- (b) in respect of the Stock Borrow Agreement, a loan of securities made by you to UBS under the Stock Borrow Agreement.

Strike Price means the price identified as such in the Confirmation for an Option.

Strike Value means, in respect of a Transaction, the Strike Price multiplied by the number of Underlying Securities the subject of that Transaction.

Structured Option and Loan Facility means the Option Facility, Loan Facility and Exercise and Sale Facility made available under this PDS.

Tax or Taxes includes any tax, levy, duty, charge, deduction or withholding, however it is described, that is imposed by a government agency, together with any related interest, penalty, fine or other charge.

Taxable Supply has the same meaning given to this term in the GST Law.

Term means:

- a) in respect of a Loan, the period from the first Drawdown Date to the Maturity Date;
- b) in respect of an Option, the period from the Trade Date until the Maturity Date; and

c) in respect of the Exercise and Sale Facility, the term of the Stock Loan.

Trade Date means, in relation to a Transaction, the date specified as the Trade Date in your Confirmation.

Transaction means a transaction entered into between you and UBS pursuant to the terms of the Agreement, which may be for example, a Loan, an Option Transaction, or a Stock Loan, with a specific Trade Date, Maturity Date and key terms as specified in a Confirmation. The parties can enter into more than one Transaction on any day during the term of this Agreement.

UBS means UBS AG, Australia Branch (ABN 47 088 129 613, AFSL 231087) and its affiliates and employees.

UBS Nominees means UBS Nominees Pty Limited, ABN 32 001 450 522.

UBSSAL means UBS Securities Australia Limited, ABN 62 008 586 481.

Underlying Securities means:

- (a) in relation to an Option, the securities which must be delivered on the valid exercise of the Option; or
- (b) in relation to a Loan, the securities (other than Options) which are held by the Nominee as security for the Loan and mortgaged to UBS; or
- (c) in relation to the Exercise and Sale Facility, the securities which will be issued on exercise of the Executive Options.

Unrestricted Stock means securities that are free and clear of any Security Interest (except as created pursuant to the Mortgage or otherwise authorised in writing by UBS) and which are not subject to any transfer restriction in the hands of a current holder immediately prior to delivery to a purchaser and would not be subject to any transfer restriction in the hands of that purchaser upon delivery to another purchaser.

Upper Contingent Payment Level or **UCPL** means, in relation to a Put Spread Collar, the amount as set out in the Confirmation for that Put Spread Collar.

Appendix 1 – Stock Borrow Agreement

Stock Borrow Agreement

In certain circumstances, UBS may need to borrow your Underlying Securities under a Stock Borrow Agreement (**Borrowed Securities**). When UBS provides price protection for your Underlying Securities (whether explicit under an Option or implicit under a Loan), it has to offset its risk by selling securities and dynamically managing this “short” position throughout the term of the Option or Loan. UBS must be able to borrow securities to cover the settlement of hedging transactions that it has executed, and if this borrow is difficult to access in the broader market at a reasonable price, then UBS will seek to borrow your Underlying Securities to cover its hedging activities.

The terms of the Stock Borrow Agreement are contained in Part F of the Agreement. The intention is that a Stock Loan on these terms will be in compliance with s.26BC of the Income Tax Assessment Act 1936 but you should seek independent tax advice to confirm this. For general information on the tax implications of a Stock Borrow Agreement, please see the Taxation Summary in Section 11.

If UBS does borrow your Underlying Securities under a Stock Borrow Agreement, it will have the following implications for you:

- the Borrowed Securities will no longer be held by the Nominee for you – instead you will have a right to receive those Borrowed Securities (or Equivalent Securities) from UBS at the Maturity of the Stock Borrow Agreement.
- In the event that a Corporate Action occurs, your right to receive Underlying Securities may also be adjusted in accordance with the Agreement in Section 13, such that you may receive equivalent Underlying Securities instead or an adjusted number of Underlying Securities.
- you will no longer be entitled to voting rights on the Borrowed Securities as they are no longer held by the Nominee on your behalf.
- your dividends or distributions will be paid to you by UBS directly, rather than via the Nominee. If you are a qualifying Australian resident then you will either receive a franking statement or these dividends or distributions will be grossed up for any attached franking credits.

The Stock Borrow Agreement will not impact on the effectiveness of any protection strategy that you have implemented under the Option Facility. If, say, you buy a Put Option and you lend your Underlying Securities to UBS during the term of the Option, then at Maturity, UBS will be obliged to return equivalent Underlying Securities to you under the Stock Borrow Agreement, so if the Market Price is below the Strike Price, you can still sell the Underlying Securities to UBS through an exercise of the Put Option and receive the Strike Price per Put Option.

UBS will notify you in writing if we have borrowed your Underlying Securities. Any payment made to you for borrowing your Underlying Securities will be netted against either your Premium Amount (in the case where you have entered into an Option) or your Interest Amount (in the case of a Loan).

Application Form & Attachments

Instructions for Applicants

Please complete the Application Form and relevant attachments in accordance with the following instructions.

APPLICATION FORM

Section 1: Applicant Details

- Under A. Applicant Details, please complete parts 1), 2), 3), 4) and 5) as instructed at the top of the application form, depending on the type of Applicant you are.
- Under B. Postal Address Details, please provide your postal address for all correspondence, if different from the Residential Address you have supplied.
- Under C. Bank Account Details for Distribution Payments, you must provide a bank account for UBS to make payments to you. UBS will not send cheques to you.
- Under D. Tax File Number, you may provide you tax file number to UBS. Please note the consequences discussed there of supplying or not supplying this to UBS.
- Under E. Contact Details, please provide the best phone number for you to be contacted on during the day, as well as your fax number (if you have one) and your email address (if you have one).
- Under F. Employment Details, please specify if you are employed by an ASX listed company.
- Under G. Nominated Financial Adviser, please specify the details of your nominated Financial Adviser (both firm and individual).
- Under H. ONLY if you are a Trustee applicant, you will need to have you solicitor provide their details and sign the declaration where indicated.

Section 2: Privacy

Each Applicant and Guarantor must read this section.

Section 3: Signature and Acknowledgment

- Each Applicant must read this section.
- Joint applications must be signed by all Applicants.
- Company applications must be executed either under common seal, in accordance with section 127(1) of the Corporations Act, or under a power of attorney. Section 127(1) 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.
- For company and corporate trustee applications, the Guarantor (if any) is also required to complete and sign Attachment 3.
- If the Application Form is signed under a power of attorney, the attorney, by signing, certifies that they have 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.

ATTACHMENT 1: INFORMATION REQUIRED FROM CURRENT OR FORMER EMPLOYEES OF THE APPROVED SECURITY ISSUER

- You will need to fill out this section if you intend to perform a Transaction under any of the Facilities over Approved Securities you already hold (or will hold through the exercise of

Executive Options) and the Approved Securities have been or will be issued by a past or present employer.

- UBS requires this information to determine whether there are any restrictions imposed on the relevant Approved Securities, and to confirm you are free to transact and that you have no inside information in respect of the Issuer.
- This attachment must be filled out, signed and sent to UBS every time you transact under a Facility.

Section 1: Your relationship with the issuer of the Approved Securities or executive options over the Approved Securities

- UBS needs this information to determine the nature of the relationship you have with the Issuer of the Approved Securities you propose to implement a transaction over.

Section 2: Information on Executive Options you hold and intend to exercise using one of the Facilities

- If you hold Executive Options over Approved Securities, UBS needs specific details of these Executive Options and the administrator of the Executive Option plan.

Section 3: Signature

- Each Applicant must read this section.
- Joint applications must be signed by all Applicants.
- Company applications must be executed either under common seal, in accordance with section 127(1) of the Corporations Act, or under a power of attorney. Section 127(1) 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 Attachment is signed under a power of attorney, the attorney, by signing, certifies that they have not received notice of revocation of that power of attorney. A certified copy of the power of attorney must be lodged with the Attachment.

ATTACHMENT 2: DIRECT DEBIT REQUEST FORM

- **This must be completed if you will or may have to make payments to UBS under any of the facilities.** Any Interest payments or First Premium Amounts, which are not financed through a Loan to you from UBS, will be direct debited from your nominated bank account on the relevant date.

ATTACHMENT 3: GUARANTOR / STATEMENT OF FINANCIAL POSITION

- You will only be required to fill out this section if UBS has agreed to a Transaction structure that involves taking credit risk against you (for example, if UBS has permitted you to pay Interest on a Loan annually in advance from your own funds).

Section 1: Guarantor

- Where you are a company or a corporate trustee Applicant, one of your directors must be a Guarantor. Please fill in the name and contact details for that director.

Section 2: Statement of Financial Position

- If you are applying as an individual or you are a Guarantor for a company or corporate trustee Applicant, fill in the financial details requested as completely as possible.

Section 3: Signature

- Each Applicant must read this section.
- Joint applications must be signed by all Applicants.
- Company applications must be executed either under common seal, in accordance with section 127(1) of the Corporations Act, or under a power of attorney. Section 127(1) 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.
- For company and corporate trustee applications, the Guarantor (if any) is also required to sign.
- If the Attachment is signed under a power of attorney, the attorney, by signing, certifies that they have not received notice of revocation of that power of attorney. A certified copy of the power of attorney must be lodged with the Attachment.

Lodging the Application:

- Application forms and any required attachments, together with the supporting documentation specified in the Application form or attachment may be lodged with your adviser or sent to the address at the top of the Application Form.

UBS reserves the right to reject any application in whole or in part without giving any reason.

Application Form

Structured Option and Loan Facility

(PDS dated 28 February 2008)

Financial Adviser Stamp:

Please return the ORIGINAL signed application form to:

Structured Option and Loan Facility Applications
 Risk Management Products
 UBS AG, Australia Branch ABN 47 088 129 613
 AFS Licence 231087
 Level 16, Chifley Tower
 2 Chifley Square
 Sydney NSW 2000

Section 1: Applicant Details

Please tick one of the following and fill in your details below:

- Individual(s)
 Company
 Corporate Trustee
 Individual Trustee
 Super Fund

If an individual applicant, please provide your 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, the details of the trustees under 1) below, the names only of the beneficiaries under 3) below, the name only of the trust settlor under 4) below, and specify the country that the trust was established in under 5) below

If a trust applicant with a corporate trustee, please provide the full name of the trust under 2) below, the details of 2 directors of the trustee under 1) below, the names only of the beneficiaries under 3) below, the name only of the trust settlor under 4) below, and specify the country that the trust was established in under 5) below

A. Applicant Details:

1) Applicant 1 / Trustee / Director Name

First Name	Middle Name	Last Name
Date of Birth	Occupation	

Residential Address Details (Please note that a PO Box is NOT accepted)

Number and Street		
Suburb, City or Town	State	Postcode

Applicant 2 / Trustee / Director Name

First Name	Middle Name	Last Name
Date of Birth	Occupation	

Residential Address Details (Please note that a PO Box is NOT accepted)

Number and Street		
<input type="text"/>		
Suburb, City or Town	State	Postcode
<input type="text"/>		

2) Company/Trust/Super Fund Name

Name
<input type="text"/>
ABN / ACN / ARBN
<input type="text"/>

3) Names of Trust/Super Fund Beneficiaries

<input type="text"/>

4) Name of Trust Settlor

<input type="text"/>

5) Country where Trust was established

<input type="text"/>

B. Postal Address Details (if different from Residential Address):

Number and Street / PO Box		
<input type="text"/>		
Suburb, City or Town	State	Postcode
<input type="text"/>		

C. Bank Account Details for Distribution Payments (ALL APPLICANTS MUST COMPLETE THIS SECTION- Cheques will not be provided)

Bank / Financial Institution Name	BSB	Account Number
<input type="text"/>	<input type="text"/>	<input type="text"/>
Account Name	Branch	
<input type="text"/>	<input type="text"/>	

D. Tax File Number:

Applicant 1:	<input type="text"/>	Applicant 2:	<input type="text"/>
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Please note: 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). 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 the tax laws and the Privacy Act 1988 (Cth).

E. Contact Details:

Daytime Fax Number (include area code)	Daytime Fax Number (include area code)
Email address:	

F. Employment Details

1) Are you employed by a company that is listed on the ASX?

- Yes No

If you checked "Yes", please specify the company and answer question 2):

2) Do you hold shares or executive options in that company and if so, do you intend to enter into a transaction using any of the Facilities over those share or executive options?

- Yes No

If yes, you must provide details in Attachment 1 and return this to UBS, along with your Application Form.

G. Nominated Financial Adviser

Your nominated Financial Adviser authorised to give trading instructions on your behalf to UBS as described in the PDS is:

Name of Financial Advisory Firm		
Address - Number and Street / PO Box		
Suburb, City or Town	State	Postcode
Name of Financial Adviser		
Signature of Financial Adviser		

H. TRUSTEE APPLICANTS ONLY - Solicitor's Declaration

I have examined the following documents:

- this PDS
- the properly executed and stamped (if required) trust deed establishing the Trust including any amendments, variations or alternations to it(the "Trust Deed"); and
- all other documents necessary for me to give the opinion in this Application Form.

Based on my examination of those documents, it is my opinion that the Trustee:

- 1) has full legal capacity and power under the Trust Deed to:
- (a) enter into the Facilities; and
 - (b) carry out the transactions and fulfill the obligations that the Facilities contemplate;

2) has taken all action that is necessary or desirable under the Trust Deed or at law to:

- (a) authorise the entry into and the execution of the Facilities;
- (b) carry out the transactions that the Facilities contemplate; and
- (c) ensure that the Facilities are legal, valid and binding on it; and

3) has the right to be fully indemnified out of the assets of the Trust to satisfy any liability arising under, or in connection with, the transactions that the Facilities contemplate.

I have not advised on the commerciality of the transactions that the Facilities contemplate.

This declaration is for the sole benefit of UBS and UBS may rely on this letter in deciding whether to enter into the Facilities and the transactions that they contemplate and may do so whether or not it has been given or seen a copy of the Trust Deed.

Name of Solicitor Firm

Address - Number and Street / PO Box

Suburb, City or Town State Postcode

Name of Solicitor

Signature of Solicitor

Section 2: Privacy

(For individual Applicants, individual trustee Applicants, Guarantors and representatives of company applicants, super fund Applicants and corporate trustee Applicants) We are required by anti-money laundering legislation to collect information to identify and verify your identity. Further, without the personal information we ask you to supply in this Application Form we may not be able to accept your Application. The personal information collected from you will not be used or disclosed except for a purpose set out below, in accordance with an authority given by you, for a purpose you would reasonably expect, or where required or permitted by law. You can access the personal information held about you by UBS by calling 1800 633 100.

- 1) I/we acknowledge that the personal information about me/us provided to UBS in this Application Form is collected and used for the following purposes (as relevant):
 - to assess whether to accept my/our Application and to enter into Transactions with me/us (or whether to accept me as Guarantor);
 - to prepare any documentation relevant to and to maintain any Facilities or guarantee under the Agreement;
 - to effect Transactions with me/us;
 - to communicate with me/us in relation to my/our Transactions;
 - to comply with legislative or regulatory requirements;
 - to perform UBS's administrative operations; and
 - to tell me/us about products and services offered by UBS (unless I/we ask UBS not to).
- 2) I/We agree that UBS:
 - may give certain information about me/us to a credit reporting agency in order to obtain a credit report about me/us. The information which may be given is covered by s18E(1) of the Privacy Act 1988 (Cth) (the **Act**) and may include, as relevant, identity particulars and the fact that I/we applied for credit (or have offered to act as a Guarantor);
 - may, in assessing whether to accept my application and to enter into a Loan with me/us (or to accept me as a Guarantor), seek and obtain information about me from a credit reporting agency or another credit provider and give information about me to another credit provider including, in each case, information about credit worthiness, history, standing or capacity which credit providers are permitted by the Act to obtain or receive;

- (for Applicants only) may give such information about me to any of UBS's related bodies corporate;
 - may give personal information about me/us to:
 - (a) UBS's agents, contractors and external service providers and advisers both onshore and offshore;
 - (b) Regulatory bodies, government agencies, law enforcement bodies and courts;
 - (c) Other organisations (including UBS's related bodies corporate) for the marketing of their products and services (unless I/we ask UBS not to); and
 - (d) The entities in which investments are made and/or to any agents or contractors for the purpose of administering or enforcing Transactions or any Guarantee;
 - may disclose personal information about me/us to my/our financial or other adviser and that once UBS provides information to my/our financial or other adviser, UBS can no longer control the ways in which that information is used and I/we agree that UBS is not liable for any loss, expense, damage, or claim directly or indirectly connected with any disclosure of information by UBS to my/our financial or other adviser, except to the extent required by law;
 - May collect personal information about me/us from, and give it to, my/our executor, administrator, trustee, guardian or attorney and my/our agents and representatives (including my finance broker, legal and financial adviser); and
 - is authorised to provide my/our TFN/ABN to the Nominee as required,
- even if the disclosure of my/our personal information is to an organisation overseas which is not subject to privacy obligations equivalent to those which apply to UBS.
- 3) I/We represent that, if at any time I/we supply UBS with personal information about another individual, I am/ we are authorised to do so and agree to inform that individual of who UBS is and of the matters set out in this section of the Application Form.
 - 4) Unless I/we ask UBS, by calling 1800 633 100, not to contact me/us about its products and services and not to disclose information it holds about me/us to others for that purpose, I/we consent to UBS contacting me/us by telephone while I/we have any Transactions outstanding with UBS, notwithstanding registration at any time of my/our telephone number/s on the Do Not Call Register.
 - 5) I/We consent to UBS sending commercial electronic messages (including messages about the products and services of UBS and of any third party) to any electronic address which I/we provide or for which I am/we are responsible. I/We warrant that I/we have authority, either as or on behalf of the electronic account holder, to provide this consent and agree that until I/we withdraw my/our consent by written notice to UBS or by using an unsubscribe facility in the message, UBS may continue to send commercial electronic messages to those addresses.

Section 3: Signature and Acknowledgement

Each Applicant must read and execute where indicated below:

I/We:

- 1) apply to use the Facilities described in the PDS on the terms of the Agreement which are set out in the PDS;
- 2) represent that I/we have full legal capacity to complete and lodge this Application Form and be bound by the Agreement and have taken all action that is necessary to authorise this Application and be bound by the Agreement;
- 3) acknowledge that by signing this Application Form I/we agree to be bound by, and in the case of joint Applicants, agree to be jointly and severally bound by, the Agreement, the terms of which are set out in the PDS and represent that the Agreement will constitute legal, valid and binding obligations on me/us enforceable in accordance with its terms. I/we acknowledge that the Agreement becomes effective as soon as UBS signs the original or a copy of this Application Form which has been signed by me/us;
- 4) acknowledge and accept the terms of the power of attorney set out in clause 8.13 of the Agreement;
- 5) agree to the terms of the Privacy statement in section 2 of this Application Form
- 6) represent that I/we have reviewed the PDS and Application Form to the extent that I/we consider necessary, and have made my/our own independent investigation and appraisal of the taxation, legal, economic and credit aspects associated with this investment, including obtaining independent advice where I/we deem necessary;
- 7) represent that I/we have not relied in any way whatsoever on any statements made by, or purported to be made by, UBS or its related entities or any of their respective servants, agents, employees or representatives in relation to this investment, other than as set out in the PDS and Application Form, and acknowledge that UBS has not made any representations to me/us with regard to the suitability or appropriateness of this investment to my/our individual circumstances;
- 8) represent that I/we have obtained all consents which may be required by law to enable me/us to acquire Approved Securities and to become registered as holder of Approved Securities and to mortgage Approved Securities to UBS

and that my/our registration as the holder of Approved Securities, and the granting of a Mortgage over them, will not contravene any law, regulation or ruling or constitution of any company;

- 9) represent and warrant that all the information I/we have given in this Application Form (including any Attachments) is correct and is not misleading and I/we have not withheld any relevant information;
- 10) agree to indemnify UBS against any loss or claim of or against UBS to the extent that the loss or claim arises from or is connected with any breach of any of the representations contained in this Application Form;
- 11) understand that nothing in the PDS or Application Form can be considered investment advice or a recommendation to invest in any Approved Securities;
- 12) acknowledge that UBS has an absolute right to reject my/our Application;
- 13) acknowledge that I/we received a complete copy/print-out of the PDS accompanied by this Application Form before I/we completed this Application Form;
- 14) agree to receive the Financial Services Guide of UBS Securities Australia Limited and UBS Nominees Pty Limited in relation to the securities dealing and nominee services provided by those entities in connection with this PDS electronically via the UBS website at www.ubs.com/equitysolutions and represent and warrant that I/we have received a copy of each document in printable form and read and understood it prior to signing this application form; and
- 15) request and authorise any lender or other person who has a pre-existing mortgage, charge or other security interest over my/our assets to amend or release such security interest to the extent required to enable UBS to take a first ranking registered fixed charge over the Mortgaged Property.
- 16) **Business Purpose Declaration** (for individual Applicants and individual trustee Applicants only)

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.

ONLY PERSONS WITHIN AUSTRALIA MAY USE THE APPLICATION FORM ATTACHED TO THIS PDS.

SIGNED, SEALED AND DELIVERED by:

(Individual Applicant, joint Applicants or individual trustee Applicant)

First Applicant's Signature

Second Applicant's Signature

First Applicant's Name

Second Applicant's Name

Date: _____ (THIS **MUST** BE FILLED IN)

(Company Applicant or corporate trustee Applicant) Executed by:

Company Name

Affix Company Seal:

Director's Signature

Director / Secretary's Signature

Director's Name

Director / Secretary's Name

Date: _____ (THIS **MUST** BE FILLED IN)

For office use only

Agreement dated: _____

SIGNED for UBS AG, Australia Branch by its authorised representatives:

ATTACHMENT 1 – INFORMATION REQUIRED FROM EXECUTIVES

ONLY FILL OUT THIS SECTION IF YOU ARE A PAST OR PRESENT EMPLOYEE OF THE ISSUER OF THE APPROVED SECURITIES OVER WHICH YOU INTEND TO TRANSACT.

Applicant:

Approved Security (Full name of Issuer and ASX Code):

Section 1: Your relationship with the issuer of the Approved Securities or executive options over Approved Securities

1) Are you a past employee or current employee?

Past Current

2) Past or current Title:

3) Are you, or have you ever been a company director of the issuer?

No Yes

4) What percentage of the outstanding shares of the issuer do you (either alone or with others) beneficially own or control, directly or indirectly?:

Please include any shares that you have the right to acquire within 60 days through the exercise of options, convertible securities or otherwise. Indirect ownership or control could include ownership through a trust, partnership or other entity.

(if less than 1%, just indicate "<1%").

5) Do you presently or have you previously:

a) had a substantial shareholding (5% or more) in the shares of the issuer (either alone or with your affiliates, e.g. family members, trusts or private companies)?

Yes No

b) Either alone or with your affiliates been subject to any foreign ownership restrictions in respect of shares of the issuer?

Yes No

6) Are you currently in possession of any material, non-public information regarding the issuer?

Yes No

Note: you will be prohibited from dealing in the Approved Securities or procuring someone else to deal in the Approved Securities when you are in possession of material, non-public information. Please seek professional legal advice as you deem necessary on what constitutes material, non-public information.

7) Are you required to notify the ASX of information relating your shareholding in the issuer under s.205G of the Corporations Law (because you are a company director of a listed public company), or under any other applicable law, rule or regulation?

Note: you should seek professional advice on this matter as you deem necessary before answering this question.

Yes No

8) Are you a party to any shareholders' agreement, standstill agreement, voting agreement or other contract that gives you the right to appoint a company director of the issuer or otherwise relates to control of the issuer or voting or ownership of the issuer's shares, or have you agreed to act in concert with any other person or entity with respect to transactions involving the Approved Securities?

Yes No

If you checked "Yes", please describe:

9) Please describe any other contracts, agreements or relationships with the issuer of the Shares, including any restrictions relating to dealings in Shares (e.g. underwriter's lock-up, escrow, employee hedging guidelines or employee option and share dealing windows):

In the case of share dealing windows, please specify when the window opens and close.

IF YOU ARE AN EMPLOYEE OF THE ISSUER OR HAVE A RELATIONSHIP WITH THE ISSUER, UBS WILL SEEK VARIOUS CONFIRMATIONS AND/OR AN ACKNOWLEDGEMENT LETTER FROM THE ISSUER PRIOR TO TRANSACTING.

PLEASE PROVIDE A CONTACT NAME AND DETAILS FOR THAT PURPOSE (THIS WILL GENERALLY BE THE COMPANY SECRETARY FOR THE ISSUER):

Name	Title
<div style="border: 1px solid black; height: 20px;"></div>	<div style="border: 1px solid black; height: 20px;"></div>
Organisation	
<div style="border: 1px solid black; height: 20px;"></div>	
Phone	Fax
<div style="border: 1px solid black; height: 20px;"></div>	<div style="border: 1px solid black; height: 20px;"></div>
Email	
<div style="border: 1px solid black; height: 20px;"></div>	

Section 2: Information on Executive Options you hold and intend to exercise using one of the facilities

ONLY FILL OUT THIS SECTION IF YOU INTEND TO ENTER INTO A TRANSACTION OVER APPROVED SECURITIES THAT YOU WILL HOLD THROUGH THE EXERCISE OF EXECUTIVE OPTIONS

1) Number and exercise price of Executive Options:

Please provide a photocopy of your latest holding statement or option certificate.

2) Are the Executive Options fully vested and presently exercisable?

Yes No

If note, please provide further information on when this will occur:

3) Are you aware of any restrictions on the transferability of the underlying Approved Securities? e.g. escrow, or holding period requirements under option plans etc?

Yes No

If yes, please describe restrictions and when they will be satisfied:

Please provide a copy of any escrow agreement, restrictive covenant, etc.

4) Will the Underlying Securities become subject to any mortgage or lien when issued?

Yes No

If yes, please specify nature of mortgage / lien:

Please provide a copy of any relevant mortgage.

5) Please provide contact name and details of Option plan administrator who will be responsible for option exercise and allotment of shares:

Name	<input type="text"/>	Title	<input type="text"/>
Organisation	<input type="text"/>		
Phone	<input type="text"/>	Fax	<input type="text"/>
Email	<input type="text"/>		

Section 3: Signature

By signing this Attachment you represent and warrant that all the information you have given in this Attachment is correct and is not misleading and you have not withheld any relevant information

SIGNED, SEALED AND DELIVERED by:

(Individual Applicant, joint Applicants or individual trustee Applicant)

First Applicant's Signature

Second Applicant's Signature

First Applicant's Name

Second Applicant's Name

Date: _____ (THIS **MUST** BE FILLED IN)

(Company Applicant or corporate trustee Applicant) Executed by:

Company Name

Affix Company Seal:

Director's Signature

Director / Secretary's Signature

Director's Name

Director / Secretary's Name

Date: _____ (THIS **MUST** BE FILLED IN)

ATTACHMENT 2 – DIRECT DEBIT REQUEST

Direct Debit Request Service Agreement

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.

1. Debiting your account

- 1.1 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.
- 1.2 We will only arrange for funds to be debited from your account as authorised in the direct debit request.
- 1.3 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

- 2.1** 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

- 3.1** Subject to 3.2 and 3.3, you may change the arrangements under a direct debit request by contacting us on 1800 633 100.
- 3.2** 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.
- 3.3** 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:

UBS Structured Option and Loan Facility
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.
- 4.4** Unless indicated otherwise, any fees and charges payable on a supply made in connection with this agreement are stated exclusive of any goods and services tax (GST).
- 4.5** If UBS AG, Australia Branch is liable to pay 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

6.1 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 within the Direct Debit Request Form:

- (a) to the extent specifically required by law; or
- (b) for the purposes of this agreement (including disclosing information in connection with any query or claim); or
- (c) as otherwise agreed by you.

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:

UBS Structured Option and Loan Facility
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.

Please note: Bank account name(s) must match the Applicant name(s) given in Section A1 of this Application Form and be signed by that person(s). In the case of joint accounts, both signatures are required. If a Company or Corporate Trust is applying, this form must be signed by either the sole director (if there is only one) OR two directors or a director and secretary (if there are two or more).

Request and Authority to debit the account named below to pay UBS AG, Australia Branch	
Request and Authority to debit	<p>Surname / company name _____</p> <p>Given names / ACN / ABN _____ (“you”)</p> <p>request and authorise UBS AG, Australia Branch (User ID number 181243) to arrange, through its own financial institution, for any amount 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 AG, Australia Branch, subject to the terms and conditions of the Direct Debit Request Service Agreement.</p> <p>UBS AG, Australia Branch will only arrange for funds to be debited from your account if we have sent to the address nominated by you, a billing advice which specifies the amount payable by you to us and when it is due.</p>
Insert details of account to be debited	<p>Please note: The account name below must match the Applicant name(s) given in Section A1 of this Application Form (e.g. same individual name if an individual applicant or same company name if a company applicant)</p> <p>Name of account _____</p> <p>Financial institution name _____</p> <p>BSB number _ _ _ _ - _ _ _ _ </p> <p>Account number _ _ _ _ _ _ _ _ _ _ _ _ _ _ </p>
Acknowledgment	<p><i>By signing this Direct Debit Request you acknowledge having read and understood and agree to the terms and conditions governing the debit arrangements between you and UBS AG, Australia Branch as set out in this Request and in your Direct Debit Request Service Agreement.</i></p>
<p>Insert your signature and address</p> <p><i>If signing for a company please print full name and capacity for signing (eg. Director).</i></p> <p><i>In the case of joint accounts, BOTH signatures are required.</i></p>	<p>Signature Applicant 1/(Sole) Director</p> <p>_____</p> <p>Address _____</p> <p>_____</p> <p>Signature Applicant 2/Director/Company Secretary</p> <p>_____</p> <p>Address _____</p> <p>_____</p> <p>Date ___ / ___ / ___</p>

ATTACHMENT 3 – GUARANTOR / STATEMENT OF FINANCIAL POSITION

ONLY FILL OUT THIS SECTION IF REQUESTED BY UBS – THIS INFORMATION WILL NOT NORMALLY BE REQUIRED FROM YOU.

Applicant (must be the same as in the Application Form):

Section 1: Guarantor

A. Guarantor Details:

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 Details (Please note that a PO Box is NOT accepted)

Number and Street		
<input type="text"/>		
Suburb, City or Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>

B. Postal Address Details (if different from Residential Address):

Number and Street / PO Box		
<input type="text"/>		
Suburb, City or Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>

C. Telephone Details:

Daytime Number (include area code)	<input type="text"/>	Contact Name	<input type="text"/>
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Section 2: Statement of Financial Position

Financial details of Applicant.

Complete this section if you are an individual Applicant, an individual trustee Applicant, a company Applicant or a corporate trustee Applicant. Joint Applicants should provide information on the sum of their assets, liabilities, income and expenditure.

PLEASE NOTE the supporting documentation which must be supplied to UBS with your application form. In particular:

Individuals must supply a group certificate or tax return as proof of their income stated below.

Self employed individuals must supply a signed copy of their business accounts for the previous 2 years as proof of their income stated below.

Companies must supply a signed copy of their financial statements for the previous year, and their Guarantor Director must supply a group certificate or tax return as proof of their income.

Corporate Trustees must supply a signed copy of the trust’s financial statements for the previous year, a signed copy of the Company’s financial statements for the previous year, and their Guarantor Director must supply a group certificate or tax return as proof of their income.

Individual Trustees must supply a signed copy of the trust’s financial statements for the previous year, and their individual trustee must supply a group certificate or tax return as proof of their income.

Assets	Liabilities
Cash \$ _____	Loans secured against shares and managed funds \$ _____
Shares \$ _____	Loans secured against residential property \$ _____
Managed Funds and other liquid investments \$ _____	Loans secured against investment property \$ _____
Residential property \$ _____	Personal unsecured loans (e.g. leases, credit cards) \$ _____
Investment Property \$ _____	Guarantees granted \$ _____
Other assets (please specify): \$ _____	Other Liabilities (please specify): \$ _____
(A) Total Assets \$ _____	(B) Total Liabilities \$ _____
NET ASSETS (= A – B): \$ _____	

Annual Income	Annual Expenditure
Salary (gross) \$ _____	Mortgage and interest payments on secured loans detailed above \$ _____
Rental and dividend income \$ _____	Interest payment on unsecured loans detailed above \$ _____
Other income (please specify): \$ _____	Living expenses and school fees \$ _____
Total Gross Income \$ _____	Other expenses (please specify): \$ _____
LESS Tax payable \$ _____	(D) Total Expenditure \$ _____
(C) Total After Tax Income \$ _____	(D) Total Expenditure \$ _____
NET AVAILABLE INCOME (= C – D): \$ _____	

Financial details of Guarantor (Company and Corporate Trustee Applicants Only).

PLEASE NOTE the supporting documentation summarised above, must also be supplied to UBS for your Guarantor.

Assets	Liabilities
Cash \$ _____	Loans secured against shares and managed funds \$ _____
Shares \$ _____	Loans secured against residential property \$ _____
Managed Funds and other liquid investments \$ _____	Loans secured against investment property \$ _____
Residential property \$ _____	Personal unsecured loans (e.g. leases, credit cards) \$ _____
Investment Property \$ _____	Guarantees granted \$ _____
Other assets (please specify): \$ _____	Other Liabilities (please specify): \$ _____
(A) Total Assets \$ _____	(B) Total Liabilities \$ _____
	NET ASSETS (= A – B): \$ _____

Annual Income	Annual Expenditure
Salary (gross) \$ _____	Mortgage and interest payments on secured loans detailed above \$ _____
Rental and dividend income \$ _____	Interest payment on unsecured loans detailed above \$ _____
Other income (please specify): \$ _____	Living expenses and school fees \$ _____
Total Gross Income \$ _____	Other expenses (please specify): \$ _____
LESS Tax payable \$ _____	(D) Total Expenditure \$ _____
(C) Total After Tax Income \$ _____	
	NET AVAILABLE INCOME (= C – D): \$ _____

Section 3: Signature

By signing this Attachment you represent and warrant that all the information you have given in this Attachment is correct and is not misleading and you have not withheld any relevant information.

SIGNED, SEALED AND DELIVERED by:

(Individual Applicant, joint Applicants or individual trustee Applicant)

First Applicant's Signature

Second Applicant's Signature

First Applicant's Name

Second Applicant's Name

Date: _____ (THIS **MUST** BE FILLED IN)

(Company Applicant or corporate trustee Applicant) Executed by:

Company Name

Affix Company Seal:

Director's Signature

Director / Secretary's Signature

Director's Name

Director / Secretary's Name

Date: _____ (THIS **MUST** BE FILLED IN)

Capitalised terms below have the meaning given to them in the Product Disclosure Statement for the UBS Structured Loan and Option Facility dated 28 February 2008 (the "PDS").

By signing below the Guarantor agrees to be bound by the Agreement as Guarantor and represents and warrants as follows:

- 1) all the information you have given in this Attachment is correct and is not misleading and you have not withheld any relevant information;
- 2) you agree to guarantee all obligations of the Applicant listed above under the Agreement (the "Agreement") contained in the Product Disclosure Statement for the UBS Structured Loan and Option Facility dated 28 February 2008 on the terms of the Agreement and represent and warrant that the Agreement will constitute legal, valid and binding obligations on you enforceable in accordance with its terms. You acknowledge that the Agreement becomes effective as soon as UBS signs the original or a copy of the Application Form which has been signed by the Applicant;
- 3) You have full legal capacity to complete and lodge this Form and be bound by the Agreement and have taken all action that is necessary to authorise this Form and be bound by the Agreement if required;
- 4) You agree to the terms of the Privacy statement in section 2 of the Application Form in relation to your personal information;
- 5) You have reviewed the PDS including the Agreement and Application Form to the extent that you consider necessary, and have made your own independent investigation and appraisal of the taxation, legal, economic and credit aspects associated with the Facilities, including obtaining independent advice on your obligations as Guarantor where necessary;
- 6) You have not relied in any way whatsoever on any statements made by, or purported to be made by, UBS or its related entities or any of their respective servants, agents, employees or representatives in relation to the Facilities and the investment in them by the Applicant, other than as set out in the PDS and Application Form, and acknowledge that UBS has not made any representations to me with regard to the suitability or appropriateness of this investment to the Applicant's individual circumstances;
- 7) You agree to fully indemnify UBS on demand against any loss or claim of or against UBS to the extent that the loss or claim arises from or is connected with any breach of any of the representations and warranties contained in this Application Form;
- 8) You understand that nothing in the PDS or Application Form can be considered investment advice or a recommendation for you to invest in any Approved Securities or Facilities;

- 9) You received a complete copy/print-out of the PDS including the Application Form and this Form before you completed this Form; and
- 10) You have received valuable consideration for your accepting obligations under the Agreement.

(Guarantor for company or corporate trustee Applicant)

Guarantor's Signature

Guarantor's Name

Date: _____ (THIS **MUST** BE FILLED IN)

Directory

Issuer

UBS AG, Australia Branch

Level 16

Chifley Tower

2 Chifley Square

SYDNEY NSW 2000

Level 16

8 Exhibition Street

MELBOURNE VIC 3000

Issuer's Solicitors

Blake Dawson

Level 36

Grosvenor Place

225 George Street

SYDNEY NSW 2000

Clayton Utz

1 O'Connell Street

Sydney NSW 2000



UBS AG, Australia Branch

ABN 47 088 129 613 AFSL 231087

Level 16
Chifley Tower
2 Chifley Square
Sydney NSW 2000

INVESTOR ENQUIRY LINE 1800 633 100

Level 16
8 Exhibition Street
Melbourne VIC 3000

www.ubs.com/equitysolutions