



UBS Instalments Important Notice – Tax Update

The Government announced in the 2008 Budget that the deductible cost of capital protected borrowing will be capped at a benchmark interest rate. In the 2010 Budget the Government announced that the relevant benchmark is the RBA indicator rate for standard variable housing loans + 1%. On 29 June 2011, the Tax Laws Amendment (2010 Measures No 5) Bill 2010 was passed into legislation, providing confirmation that the benchmark interest rate should be set at the RBA indicator rate for standard variable housing loans + 1%.

This legislation is applicable to capital protected loans entered into from 13 May 2008 and may therefore impact on investors who have borrowed to invest in UBS Self Funding Instalments, UBS Rolling Self Funding Instalments, UBS Capped Instalments, UBS Capped Self Funding Instalments (UBS Market Growth Instalments), and Equity Insulator Instalments (collectively “UBS Instalments”).

The Issuer does not consider the passing of the Bill to be a material adverse change for investors in UBS Instalments. Please note, as advised in the product disclosure statement for the relevant UBS Instalment Series, all investors should seek their own tax advice on how this legislative change will impact them, taking into account their personal circumstances.

PDS Disclaimer

UBS AG Australia Branch (“UBS”) (ABN 47 088 129 613, AFSL 231087) is the issuer of UBS Instalments and recommends that investors obtain the relevant Product Disclosure Statement (**PDS**) for UBS Instalments and read it before making a decision to acquire Units in the Fund. The terms of UBS Self Funding Instalments are contained in the PDS issued by UBS dated 2 October 2007. The terms of UBS Rolling Self Funding Instalments are contained in the PDS issued by UBS dated 2 February 2009. The terms of UBS Capped Instalments are contained in the PDS issued by UBS dated 16 February 2011. The terms of UBS Capped Self Funding instalments (UBS Market Growth Instalments) are contained in the PDS issued by UBS dated 23 May 2011. The terms of Equity Insulator Instalments are contained in the PDS issued by UBS dated 19 May 2011. The PDS has not been lodged, and is not required to be lodged with the Australian Securities and Investments Commission (ASIC). The PDS is available from UBS by calling 1800 633 100.

This document does not take into account your investment objectives, financial situation or particular needs. Accordingly, nothing in this document or the relevant PDS is a recommendation by UBS or its related entities or by any other person concerning investment in UBS Instalments and before acting on this information, you should consider its appropriateness having regard to your situation. We recommend that you not only consider the information in the relevant PDS but also obtain independent financial and taxation advice as to the suitability of an investment in the UBS Instalments for you (bearing in mind your investment objectives, financial situation and particular needs). UBS Instalments are only available to persons receiving the PDS in Australia. The PDS does not constitute an offer of UBS Instalments in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of the relevant PDS in jurisdictions outside Australia may be restricted by law and any person who resides outside Australia into whose possession this information comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions. Accordingly neither the relevant PDS nor the Application Form may be sent to persons in the US or otherwise distributed in the US.