



# UBS Outperformance Callable Range Accrual Units – Series 7 & Series 8

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

## Units linked to the outperformance of

- the Consumer Staples Select Sector SPDR Fund and
- the Energy Select Sector SPDR Fund

## versus the Consumer Discretionary Select Sector SPDR Fund

- AUD Series 7
- USD Series 7
- AUD Series 8 (Non-Australian resident investors only)
- USD Series 8 (Non-Australian resident investors only)

Product Disclosure Statement Dated 21 July 2008



## Product Disclosure Statement dated 21 July 2008

### Important Notice:

This Product Disclosure Statement ("PDS") is for the offer of an agreement to purchase shares in Telstra Corporation Limited ("Delivery Assets") on certain terms including deferred delivery. This PDS is dated 21 July 2008 and is issued by UBS AG, Australia Branch ("UBS") (Australian Financial Services Licence ("AFSL") No. 231087). This PDS has not been lodged, and is not required to be lodged with the Australian Securities and Investments Commission ("ASIC"). UBS will notify ASIC that this PDS is in use in accordance with the Corporations Act. ASIC and its officers take no responsibility for the contents of this PDS.

### Your Decision to Invest

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

### Applications

This PDS is available in paper form and in electronic form. If you wish to invest in the Units, you must complete the Investor Application Form attached to this PDS and return it to your Approved Adviser. The Units will only be issued to you on receipt and acceptance of an Investor Application Form which is attached to this PDS.

For Investor Application Forms and instructions on how to apply for Units, refer to the **"How to invest and sell back"** section. Investors should contact their adviser, stockbroker or financial planner before making an Application for Units.

### Delivery Asset

References in this PDS to the Delivery Asset are included solely for the purposes of identification of the underlying Delivery Asset to which the Units relate. Neither Telstra Corporation Limited nor ASX have authorised, been involved in the preparation of, or caused the issue of this PDS. Neither Telstra Corporation Limited nor ASX take any responsibility for any part of this PDS. Refer to section 7 "The Delivery Asset" for further information.

### Restrictions on Distribution of the PDS

Unless it is lawful to offer the Units and Delivery Assets to which this PDS relates in a jurisdiction outside Australia, the offer to which this PDS relates is only made in Australia. This PDS is only available from UBS or an Approved Adviser in Australia. This PDS does not constitute an offer of Units or the Delivery Asset 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. Failure to comply with the relevant restrictions may violate those laws. Units may not be offered or sold in the United States of America ("US") or to, or for the account of or benefit of, US persons. Accordingly neither this PDS nor the Investor Application Form may be sent to persons in the US or otherwise distributed in the US.

### Disclosure of Interests

UBS and its related entities, and their directors and employees may have pecuniary or other interests in the Delivery Asset. Clients who have received this PDS from a financial intermediary, adviser or broker should be aware that if you invest in the Units, UBS may pay that financial intermediary/adviser/broker a commission or fee in the nature of an up front selling fee. The upfront selling fee is generally between 0% and 3.5% of the Total Investment Amount (inclusive of GST). All fees and charges described in this PDS are GST inclusive unless stated otherwise.

### Update of information

This PDS is current as at 21 July 2008. Information in this document is subject to change from time to time, for example the Component Assets may be altered in some circumstances (refer to the **"Risk Factors"** section). To the extent that the 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](http://www.ubs.com/equitysolutions). UBS will provide to investors, free of charge, a paper copy of the updated information on request.

### Electronic Product Disclosure Statement

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

### Definitions

Certain expressions used in this PDS are as defined in the Glossary and in the Term Sheet.

### The Issuer

UBS, Australia Branch is an authorised foreign Authorised Deposit-Taking Institution under the Banking Act 1959 (Cth), and is supervised by the Australian Prudential Regulation Authority. However, it is important for you to note that the Units are not deposit products and will not be covered by the depositor protection provisions set out in Division 2 of the Banking Act 1959 (Cth), as these provisions do not apply to foreign Authorised Deposit-Taking Institutions. If you are an Australian resident, UBS will issue the Units to you in Australia. If you are a non-resident, UBS will issue the units to you from an off shore banking unit.

\* Please note "Units" when used in this PDS means an agreement to buy a Delivery Asset between the Issuer and the Investor pursuant to the Deferred Purchase Agreement. It is not a unit in a managed investment scheme.



## IMPORTANT NOTICE<sup>1</sup>

### 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 Form<sup>2</sup> with your Approved Adviser, you acknowledge and agree that:

- (a) the Issuer and your Approved Adviser collect, hold, use and disclose your Personal Information<sup>3</sup> 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);

<sup>1</sup> 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.

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

<sup>3</sup> “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](http://www.ubs.com/equitysolutions).

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## Key Dates<sup>1</sup>

Initial Offer Period Open:	21 July 2008
Initial Offer Period Close:	5pm (Sydney time) 20 August 2008
Payment Date <sup>2</sup> :	28 August 2008
Strike Date:	29 August 2008
Issue Date <sup>3</sup> :	29 August 2008
Periodic Payment Determination Dates	The last Business Day of every third month <sup>4</sup> prior to Maturity from and including 28 November 2008 to and including the Final Maturity Date if no Call Event, Early Maturity or UBS Buy-Back occurs.
Periodic Payment Dates:	5 Business Days after each Periodic Payment Determination Date.
Call Dates:	The last Business Day of every third month <sup>5</sup> from and including 27 February 2009 to and including 31 May 2013 (AUD Series) and 30 May 2014 (USD Series).
Final Maturity Date:	30 August 2013 (AUD Series) and 29 August 2014 (USD Series).
General Offer Period Open:	1 September 2008
General Offer Period Close:	22 August 2013 (AUD Series) and 22 August 2014 (USD Series).

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<sup>1</sup> The Key Dates are indicative only and are applicable to both the AUD and USD Series unless otherwise specified. UBS may, in its discretion, extend or shorten the offer period without prior notice. If this happens, the Issue Date and/or Payment Date, Strike Date, Periodic Payment Dates, Call Dates and Final Maturity Date may vary accordingly. UBS will notify Investors of a change in dates on the website at [www.ubs.com/equitysolutions](http://www.ubs.com/equitysolutions)

<sup>2</sup> This is the Payment Date for Applications lodged during the Initial Offer Period. Payment date for Applications lodged after the Initial Offer Period is as advised by UBS.

<sup>3</sup> This is the Issue Date for Applications accepted during the Initial Offer Period. Units in a Series will only be issued if the Periodic Payment Rate as determined on the Strike Date is greater than or equal to the Minimum Periodic Payment Rate applicable to that Series (refer to the Term Sheet in Section 2 of this PDS for further information). If the Periodic Payment Rate is not greater than or equal to the Minimum Periodic Payment Rate, the Units in that Series will not be issued and UBS will return the application monies to applicants without interest within (5 Business Days).

<sup>4</sup> If the last Business Day of the third month is not both a Trading Day and a Business Day, the Periodic Payment Determination Date will be the next day which is both a Trading Day and a Business Day. The final Periodic Payment Determination Date will be the Final Maturity Date.

<sup>5</sup> If the last Business Day of the third month is not both a Trading Day and a Business Day, the Call Date will be the next day which is both a Trading Day and a Business Day.

# Section 1 - Product Overview

An investment linked to the outperformance of the Consumer Staples Select Sector SPDR Fund or the Energy Select Sector SPDR Fund (whichever provides a lower return) above the Consumer Discretionary Select Sector SPDR Fund for the period up to the Maturity Date, offering the potential for a fixed return if the outperformance remains above a set level.

UBS Outperformance Callable Range Accrual Units – Series 7 & 8 are part of the UBS Asset Linked Investment product program.

**Series 8 will be issued out of an offshore banking unit of UBS. It is available to non-resident investors only. This is the only difference between Series 7 and Series 8.**

Each investment is a Deferred Purchase Agreement entered into by UBS and the Investor (“Units”). The value of Units in each Series is linked to the outperformance of the Consumer Staples Select Sector SPDR Fund or the Energy Select Sector SPDR Fund (whichever provides a lower return) above the Consumer Discretionary Select Sector SPDR Fund. The following is a summary of the terms of these Units as well as a discussion of factors you should consider before purchasing Units. The information in this section is qualified in its entirety by the more detailed explanations set out elsewhere in this PDS and in the Deferred Purchase Agreement set out in Section 13 of this PDS.

For both Series 7 and Series 8, there are separate AUD and USD Series of Units offered under this PDS. This gives rise to 4 separate Series:

- 1) AUD Series 7 - applicants apply in Australian dollars and all subsequent payments are made in Australian dollars.
- 2) USD Series 7 - applicants apply in US dollars and all subsequent payments are made in US dollars.
- 3) AUD Series 8 - applicants apply in Australian dollars and all subsequent payments are made in Australian dollars. **This is only available to non-resident investors**
- 4) USD Series 8 - applicants apply in US dollars and all subsequent payments are made in US dollars. **This is only available to non-resident investors.**

Throughout this PDS, where a reference is specifically to Australian dollars, it will be denoted A\$. Where a reference is specifically to US dollars, it will be denoted US\$. Where the reference applies equally to A\$ or US\$, it will simply be denoted \$.

A reference to “AUD Series” is a reference to both AUD Series 7 and AUD Series 8 and a reference to “USD Series” is a reference to both USD Series 7 and USD Series 8.

## Summary of the Product

The Units are a Principal Protected<sup>6</sup> investment that provide a quarterly Periodic Payment which, for a maximum period of 5 years for the AUD Series and 6 years for the USD Series, is linked to the daily outperformance of two US exchange-traded funds (whichever provides a lower return) (the “Component Assets”) above the US exchange-traded Consumer Discretionary Select Sector SPDR Fund (the “Fund”) as calculated on certain fixed dates (the “Periodic Payment Determination Dates”).

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<sup>6</sup> Principal Protection only applies where investors purchase their Units at the Issue Price and hold their Units until the scheduled Maturity Date, and where there is no occurrence of an Early Maturity Event (other than a Call Event) or an Investor requested UBS Buy-Back (see clause 5 of Section 13 in this PDS.)



The Component Assets are as follows:

- the Consumer Staples Select Sector SPDR Fund ("XLP"); and
- the Energy Select Sector SPDR Fund ("XLE").

You can obtain price information for the Fund and the Component Assets by referring to the websites listed in Section 5 – "The Fund and the Component Assets" on page 23 of this PDS or by contacting your financial adviser.

The Units will pay a quarterly Periodic Payment, based on the level of the Outperformance Rate, and the level of the Periodic Payment Rate. The Periodic Payment is payable quarterly and will accrue for each Trading Day during the quarter that the Outperformance Rate is greater than the Accrual Level for that Series. The Accrual Levels are -8% for the AUD Series and -8% for the USD Series.

The outperformance is expressed through the "Outperformance Rate". The Outperformance Rate relates to the performance of the Fund relative to the lower of (i) the performance of XLP and (ii) the performance of XLE on each Trading Day compared to their respective Initial Prices on the Strike Date.

Outperformance Rate (i) on a Trading Day is determined in accordance with the provisions below:

$$\text{Outperformance Rate (i)} = \text{Min} [(XLP(i) / XLP(0)), (XLE(i) / XLE(0))] - (\text{Fund}(i) / \text{Fund}(0))$$

Where:

XLP(i) = the Closing Price of XLP on a Trading Day

XLP(0) = the Initial Price of XLP

XLE(i) = the Closing Price of XLE on a Trading Day

XLE(0) = the Initial Price of XLE

Fund(i) = the Closing Price of the Fund on a Trading Day

Fund(0) = the Initial Price of the Fund

For an example of how the Outperformance Rate is calculated please refer to Section 4 "Illustrative Examples" on page 18 of this PDS.

The Periodic Payment Rate for each Series of Units will be fixed on the Strike Date. As an indication, if the product had been issued at the date of this PDS, this Periodic Payment Rate would have been a simple (non-compounding) rate of 15.50% per annum (or up to 3.875% per quarter) for the AUD Series and 7% per annum (or up to 1.75% per quarter) for the USD Series. This is based on the prevailing level for the factors listed on page 6. If the Periodic Payment Rate cannot be set to at least a simple rate of 14.5% per annum for the AUD Series and 6% per annum for the USD Series (the "Minimum Periodic Payment Rates"), the issue for that Series of Units will not proceed and UBS will return any application monies to Investors without interest within 5 Business Days.

The Units also have a call feature.

If the Outperformance Rate is greater than or equal to -4% for the AUD Series and 1% for the USD Series on a Call Date, a Call Event will occur and the Units will mature. The Final Value per Unit will be equal to \$1.00 per Unit (i.e. the Issue Price).

Accordingly, if the above condition is fulfilled on the first Call Date, the Units can mature as early as 6 months after the Issue Date. If the Units are not called on any of the Call Dates the Units will terminate on the Final Maturity Date and the Final Value will be equal to \$1.00 per Unit (i.e. the Issue Price) (less Costs and Taxes, if any).

The Units provide Principal Protection for investors who acquire Units at the Issue Price and hold those Units until a Call Event occurs or until the Final Maturity Date and where there is no occurrence of an Early Maturity

Event (except a Call Event) or a UBS Buy-Back (see clause 5 of the Deferred Purchase Agreement in Section 13 of this PDS).

### **What form does an investment in Units take?**

Each Unit is a separate Deferred Purchase Agreement between you and UBS, under which you agree to purchase the Delivery Assets from UBS on a deferred basis. This means that if, for example, the Issue Price is \$1.00 and your initial investment is \$100,000, you have entered into 100,000 separate Deferred Purchase Agreements at \$1.00 per Unit. Although each Unit constitutes a separate agreement between you and UBS, UBS may in its discretion aggregate the Units for the purposes of calculations.

The Units are an investment that pays a Periodic Payment each quarter, linked to the outperformance of the Component Assets (whichever is lower) above the Fund as measured on each Trading Day during the relevant Periodic Payment Period. The Units have a 100% Principal Protection feature because the Final Value will be equal to the Issue Price if a Call Event occurs or if the Units are held until the Final Maturity Date and where there is no occurrence of an Early Maturity Event (other than a Call Event) or an Investor requested UBS Buy-Back (see clause 5 of the Deferred Purchase Agreement in Section 13 of this PDS).<sup>7</sup>

At Maturity (including as a result of a Call Event), the Units are physically settled to your account in the form of a Delivery Parcel. The Delivery Parcel will be the number of Delivery Assets equal in value to the Final Value of all of your Units (less Costs and Taxes, if any). The Final Value per Unit of your Investment will be equal to \$1.00 per Unit (i.e. the Issue Price if you invested in the Initial Offer Period).

Investors may elect to sell the Delivery Parcel by using the Agency Sale Arrangement described Section 6 – “What happens at Maturity?” on page 24 of this PDS.

### **What returns will the Units pay?**

The Units may pay a quarterly Periodic Payment, based on the level of the Outperformance Rate and the Periodic Payment Rate.

The Periodic Payment is payable quarterly and will accrue for each Trading Day during the quarter that the Outperformance Rate is greater than the Accrual Levels, being -8% for the AUD Series and -8% for the USD Series. Each quarter is termed a Periodic Payment Period. The Periodic Payment will be determined on the Periodic Payment Determination Date, being the last Business Day of every third month<sup>8</sup> and the Final Maturity Date, and will be payable on the Periodic Payment Date, 5 Business Days after the Periodic Payment Determination Date.

The amount of the Periodic Payment per Unit is calculated as follows:

$$\text{Periodic Payment} = (\text{Periodic Payment Rate} / 4) \times (n/N) \times \text{Issue Price}$$

where:

n = the number of Trading Days in the relevant Periodic Payment Period on which the Outperformance Rate is greater than -8% for the AUD Series and -8% for the USD Series (the Accrual Levels).

N = the number of Trading Days in the relevant Periodic Payment Period.

No Periodic Payment is payable in respect of a Periodic Payment Period during which a Call Event occurs. A Called Periodic Payment (as defined below) will be made in its place on the Called Periodic Payment Date.

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<sup>7</sup> For Investors who acquire Units after the Initial Offer Period at a Purchase Price that is different to the Issue Price, the Principal Protection feature will work differently because those Investors will receive a Final Value that is different to their Purchase Price per Unit. Please refer to Section 9 – “Risk Factors” on page 29 of this PDS for further discussion on considerations applicable to these Investors.

<sup>8</sup> If the last Business Day of the month is not both a Trading Day and a Business Day, the Periodic Payment Determination Date will be the next day that is both a Trading Day and a Business Day.

The amount of the Called Periodic Payment per Unit is calculated as follows:

$$\text{Called Periodic Payment} = (\text{Periodic Payment Rate} / 4) \times (n/N) \times \text{Issue Price}$$

where:

n = the number of Trading Days in the relevant Periodic Payment Period up to and including the Call Date on which the Call Event occurs where the Outperformance Rate is greater than -8% for the AUD Series and -8% for the USD Series (the Accrual Levels).

N = the number of Trading Days in the period from and including the Periodic Payment Start Date immediately preceding the Call Date to and including the date that would have been the Periodic Payment End Date had no Call Event occurred.

The Periodic Payment Rate for each Series of Units will be fixed on the Strike Date. As an indication, if the product had been issued at the date of this PDS, this Periodic Payment Rate would have been a simple (non-compounding) rate of 15.5% per annum (or up to 3.875% per quarter) for the AUD Series and 7% per annum (or up to 1.75% per quarter) for the USD Series. This is based on the prevailing level for the factors listed on page 6. If the Periodic Payment Rate cannot be set to a simple rate of at least 14.5% per annum for the AUD Series and 6% per annum for the USD Series (the "Minimum Periodic Payment Rate"), the issue for that Series of Units will not proceed and UBS will return any application monies to Investors without interest within 5 Business Days.

The Periodic Payment Rate is dependent mainly on:

- the volatility of the Component Assets and the Fund;
- the prevailing level of Australian interest rates and US interest rates
- the level of dividends paid on the securities which comprise the Component Assets and the Fund; and
- to a lesser degree, the Closing Prices of the Component Assets and the Fund.

If you invest during the Initial Offer Period, you will be notified of the actual Periodic Payment Rate for your Series in your Confirmation Notice. UBS will also issue a Supplementary PDS after the Initial Offer Period closes to notify Investors who invest during the General Offer Period of the actual Periodic Payment Rate for each Series.

### **When will the Units be called?**

If the Outperformance Rate is greater than or equal to -4% for the AUD Series and 1% for the USD Series on a Call Date ("Callable Level"), a Call Event occurs and the Units will mature. The Final Value per Unit will be equal to \$1.00 per Unit, being the Issue Price per Unit.

A Call Date is the last Business Day of each third month from and including 27 February 2009 to and including 31 May 2013 for the AUD Series and 30 May 2014 for the USD Series<sup>9</sup> i.e. a Call Event cannot occur before the end of the first 6 months.

Your exposure to the Fund and Component Assets ends if a Call Event occurs on a Call Date. UBS will deliver the Delivery Parcel equal in value to the Final Value of all the Units comprising your investment (less Cost and Taxes, if any) on the Settlement Date and your investment will terminate on that date.

### **How will the value of my Delivery Parcel be calculated?**

At Maturity, (including where a Call Event has occurred), you are entitled to receive the Delivery Parcel, the value of which is equal to the Final Value per Unit (less applicable Costs and Taxes). The Final Value per Unit is \$1.

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<sup>9</sup> If the last Business Day of the third month is not both a Trading Day and a Business Day, the Call Date will be the next day which is both a Trading Day and a Business Day.

## **What do I receive at Maturity?**

By investing in the Units, you agree to purchase the Delivery Parcel from UBS which consists of ordinary fully paid shares in Telstra Corporation Limited (the "Delivery Asset"). The value of the Delivery Assets you receive from UBS will equal the Final Value of your Units at the end of the Investment Term less any Costs and Taxes incurred by UBS in relation to Maturity. As at the date of this PDS, UBS does not expect there to be any Costs and Taxes that are not set out in the "Fees & Expenses" section on page 10 of this PDS, or in the paragraph below.

You will need to consider whether the Delivery Assets are a suitable investment for you at the time that the Units mature. You should note that in certain circumstances, UBS has the discretion to substitute the Delivery Assets, which means that you will receive the substituted delivery asset rather than ordinary fully paid shares in Telstra Corporation Limited. You should take this into consideration when deciding whether to invest in Units. Please refer to Section 7 - "The Delivery Asset" on page 26 of this PDS for more information on Telstra Corporation Limited.

Once the Units mature and you receive the Delivery Parcel, you will have an investment in the Delivery Asset and will no longer have exposure to the Component Assets.

Refer to Section 6 - "What Happens at Maturity?" on page 24 of this PDS for further details.

## **The Delivery Asset**

For all Series, the Delivery Assets are ordinary fully paid shares in Telstra Corporation Limited, listed on the ASX.

Please refer to Section 7 - "The Delivery Asset" on page 26 of this PDS for further details about the Delivery Asset.

## **Can I elect to receive a cash payment at Maturity?**

You will automatically receive the Delivery Parcel on the Settlement Date (or as soon as practicable thereafter) although you may elect to sell your Delivery Assets through a special sale facility (the "Agency Sale Arrangement") that UBS will offer at Maturity. Where you elect to use the Agency Sale Arrangement you will receive the Sale Proceeds within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter.

Refer to Section 6 - "What Happens at Maturity?" on page 24 of this PDS for further details.

## **Can I sell my Units prior to Maturity?**

While the Units are designed as a "buy and hold" investment, you will have the opportunity to sell to UBS your Units on the last Business Day of every week during the Investment Term, however your Units will not have the benefit of Principal Protection if you choose to sell your Units at such time (see the example below for more details).

You may request that UBS buys-back the full amount of your Units by filling out the Investor Sale Form relevant to your Series attached to this PDS and lodging it with UBS. Once the Investor Sale Form is lodged, your request for UBS Buy-Back is irrevocable. UBS may in its absolute discretion accept or reject a UBS Buy-Back request.

If you change from being a non-resident to an Australian resident (or vice versa) you must notify UBS in writing, at least 10 Business Days prior to this taking place, and you will be deemed to have requested a UBS Buy-Back in respect of all of your Units

If your Units are sold prior to Maturity pursuant to a UBS Buy-Back, your investment will not be Principal Protected and you may receive less than the Total Investment Amount which you have invested. The amount you receive ("the Buy-Back Price") takes into account any Costs and Taxes, any Break Costs and a buy/sell spread. Break Costs include all costs, expenses and losses incurred by UBS as a result of the determination of the Buy-Back Date, unwinding any hedge position entered into by UBS in connection with the Units, or any loss of profits by reason of such a UBS Buy-Back. Therefore, the actual Buy-Back Price (and any Break Costs)

at which UBS will buy-back your Units will not be known at the time the request is made or accepted, although UBS will provide you with an estimate. That estimate will have already taken into account any Break Costs. Under this arrangement, physical delivery of the Delivery Asset will not be available. Instead, UBS will cash settle, i.e. pay you the Buy-Back Price.

For example, say you have invested in 100,000 Units at \$1.00 per Unit. Six months later UBS may quote you a Buy-Back Price (which depends on how the factors listed below have changed) of, say, \$0.95 per Unit. If the Buy-Back Price has not moved when the request is accepted and executed on the Buy-Back Date then you will receive a total of \$95,000 for your holding.

Execution of a UBS Buy-Back request and the actual Buy-Back Price will be notified to Investors by way of the Settlement Notice, which will be sent to Investors as soon as reasonably practicable after the relevant Buy-Back Date.

You should carefully read clause 5.3 of the Terms of the Deferred Purchase Agreement in section 13 of this PDS to understand your rights and obligations if you request a UBS Buy-Back.

UBS may, in its discretion, decide to publish weekly valuations for the Units and provide this information to certain market data service providers. These valuations are available from the market data service providers or by calling UBS on 1800 633 100. Refer to the market data codes listed in the Term Sheet in Section 2 on page 12 of this PDS. Investors should note that these valuations can change at any time and as such, do NOT indicate the value of the Units which UBS will determine is the price at which UBS may buy back the Units.

The value of the Units will change over time as a result of a number of factors. The main factors and the relationship between them (assuming all other factors are constant) and their effect on the value of the Units can be summarised generally as follows:

<b>Variable</b>	<b>Component Asset or Fund</b>	<b>Change in variable</b>	<b>Change in Unit value</b>
Australian interest rates		↑	↓
US interest rates		↑	↓
Closing Prices of the Component Assets and Fund (which will also influence any potential Periodic Payment)	<b>Fund</b>	↑	↓
	<b>XLP and XLE</b>	↑	↑
Component Asset or Fund volatility	<b>Fund</b>	↑	↓
	<b>XLP and XLE</b>	↑	↓
Dividends paid on the securities which comprise the Component Assets and the Fund	<b>Fund</b>	↑	↑
	<b>XLP and XLE</b>	↑	↓

You can obtain information on the price of the Component Assets and Fund by referring to news services or the websites listed in Section 5 – “The Fund and Component Assets” on page 23 of this PDS, or by contacting your financial adviser.

## **Can UBS nominate an Early Maturity?**

You should be aware that UBS may nominate certain events as Early Maturity Events. There is no Principal Protection on Early Maturity where it is nominated by UBS (that is, other than as a result of a Call Event). Instead, the Delivery Parcel will be determined by reference to the fair economic value of the Units, as determined by UBS in its absolute discretion.

You will be given 30 days' notice of any proposed Early Maturity nominated by UBS (other than as a result of a Call Event), unless it is otherwise impracticable to do so. You should read clauses 5 and 6 of the "Terms of the Deferred Purchase Agreement" in Section 13 on page 44 of this PDS to fully understand when an Early Maturity Event may occur and your rights and obligations if one does occur.

## **What if I'm buying Units after the Initial Offer Period closes?**

An Investor may apply to UBS (through an Approved Adviser) to acquire Units after the Initial Offer Period closes, but should note the following differences:

- the Purchase Price for each Unit will be determined by UBS, in its absolute discretion, on receipt of the Investor's Application Form, taking into account the current value of issued Units, the price and volatility of each Component Asset, and prevailing Australian and foreign interest rates as outlined on page 8<sup>10</sup>;
- the Investor's Total Investment Amount may not be 100% Principal Protected on the Final Maturity Date or following a Call Event because the Investor may have paid more than \$1.00 for each Unit (ie. if the Units are held until the Final Maturity Date, or until a Call Event occurs, the Final Value per Unit will be \$1.00 only);
- the Investor's broker or adviser may charge commission or brokerage at their discretion which will be payable by the Investor in addition to the Purchase Price paid to UBS for the Units.

With the exception of the possible difference in the Purchase Price offered in the Initial Offer Period and in the General Offer Period, the Units purchased by Investors applying after the Initial Offer Period will be subject to the same Terms and have the same Periodic Payment Rate as the Units issued at the end of the Initial Offer Period. In other words, the Final Value and Periodic Payment Rate for these Units will be the same as for Units issued earlier. Please refer to Section 8 – "After the Initial Offer Period" on page 27 of this PDS for more information on making an investment after the Initial Offer Period.

## **What are the taxation implications of this investment?**

Clayton Utz has provided a taxation summary which is included in this PDS. Briefly, the taxation summary, as it relates to Australian residents, includes the following points<sup>11</sup>:

- the Periodic Payments should be included in the Investor's assessable income at the time of receipt;
- the ATO is likely to treat a capital gain or loss as arising in respect of the Units on delivery of the Delivery Parcel;
- any such capital gain should be a discount capital gain where delivery occurs more than 12 months after the date of acquisition of the Units;
- a capital gain or loss may arise in respect of the Delivery Parcel when the Delivery Parcel is sold (including under the Agency Sale Arrangement);

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<sup>10</sup> Please note the Purchase Price for Units after the Initial Offer Period is determined by UBS in its absolute discretion and may be higher than the price at which UBS may buy-back Units from existing Investors.

<sup>11</sup> Depending on your personal circumstances. You should seek your own independent advice on the taxation implications of investing in the Units.

- the ATO is likely to treat the date of acquisition of the Delivery Parcel for the purposes of CGT discount treatment as being the date of delivery of the Delivery Parcel under the Units; and
- assessable and deductible foreign exchange gains and losses may arise as a result of an investment in Units.

The taxation summary is set out in Section 11- "Taxation Summary" on page 34 of this PDS.

## **Fees & Expenses**

UBS may pay to the Approved Adviser upfront selling fees ("Approved Adviser Fee") ranging from 0% to 3.5% (inclusive of GST) of the Purchase Price multiplied by the number of Units distributed by the Approved Adviser. For example, if you invest \$100,000, UBS may pay the Approved Adviser up to \$3,500. These fees will be funded out of UBS' revenue from offering the Units, and are not fees paid by Investors.

UBS may earn income and profit from its management of the underlying risk associated with the Units, which does not impact the return investors receive and is not charged as a fee. The calculation of the Final Value of Units is independent of any income earned by UBS.

UBS reserves the right to pass on to you any unforeseen Costs and Taxes. At the date of this PDS, UBS is not aware of any Costs and Taxes payable.

UBS may also deduct Break Costs in relation to Early Maturity (other than a Call Event) or a UBS Buy-Back. It is not possible to separate Break Costs from the calculation of the Buy-Back Price or Early Maturity Value because such costs are simply part of the determination of fair market value for these calculations. Break Costs include all costs, expenses and losses incurred by UBS as a result of the determination of an Early Maturity Date, Buy-Back Date or other early termination (other than as a result of a Call Event), unwinding any hedge position entered into by UBS in connection with the Units, or any loss of profits by reason of such an early termination. However, UBS will provide you with an estimate of the Buy-Back Price if you request a UBS Buy-Back. That estimate will have already taken into account any Break Costs. The Early Maturity Value is determined in accordance with clause 5 of the Terms of the Deferred Purchase agreement on page 44 of this PDS.

UBS also reserves the right to charge a spread when buying back your Units. The spread may be up to 1.0% of the Buy-Back Price. For example, if the Buy-Back Price is \$1.20, we may charge a spread of 1.2 cents per Unit in addition to any Break Costs.

If you purchase Units during the General Offer Period through an Approved Adviser, that Approved Adviser may charge you brokerage in accordance with any client agreement you may have in place with them. This is not a fee charged by UBS.

For further information regarding all fees and expenses please refer to the Term Sheet in Section 2 on page 12 of this PDS.

## **How do I invest in the Units?**

You can apply for Units through an Approved Adviser on any day during the Initial Offer Period or General Offer Period set out on page 2 of this PDS, by providing your Approved Adviser with a completed Investor Application Form referencing the number of Units that you wish to invest in, and providing payment of your Total Investment Amount. You may also be required to provide other supporting documentation as required by the Approved Adviser. The Approved Adviser will forward your application to UBS.

**There are separate Investor Application Forms for Series 7 and Series 8. The Investor Application Forms for Series 7 (white) are on page 67 and for Series 8 (green) are on page 72. Each of Series 7 and Series 8 both contain an AUD Series and a USD Series – you must indicate on the application form which one you are investing in.**

If you are not an Australian resident, UBS will issue the Units to you from an offshore banking unit of UBS. If you change from being a non-resident to an Australian resident (or vice versa) you must notify UBS in writing, at least 10 Business Days prior to this taking place, and you will be deemed to have requested a UBS Buy-Back in respect of all of your Units. If you are an Australian resident, UBS will issue the Units to you in Australia.

By signing the Investor Application Form and arranging for the Approved Adviser to lodge it with UBS, you agree to be bound by the Terms, which include the terms of the Deferred Purchase Agreement, this PDS and any supplement to this PDS applicable to your Units. You also agree to appoint UBS as your attorney to enable UBS to execute all documents necessary on your behalf to effect the sale and purchase of Units.

Refer to the "How to Invest and Sell Back" section on page 63 of this PDS for more details.



## Section 2 – Term Sheet

The following is a summary only of certain terms of the Units. The information in this section is qualified in its entirety by the more detailed explanations and the Terms of the Deferred Purchase Agreement set out elsewhere in this PDS.

**Term Sheet for the Units offered by UBS – linked to outperformance of the Consumer Staples Select Sector SPDR Fund and the Energy Select Sector SPDR Fund (whichever is lower) versus the Consumer Discretionary Select Sector SPDR Fund:**

Issuer:	UBS AG, Australia Branch (ABN 47 088 129 613, AFSL 231087) ("UBS").
Registrar:	Computershare Investor Services Pty Limited.
Product:	UBS Asset Linked Investment.
Series:	UBS Callable Outperformance Range Accrual Units linked to outperformance of the Consumer Staples Select Sector SPDR Fund and the Energy Select Sector SPDR Fund (whichever is lower) versus the Consumer Discretionary Select Sector SPDR Fund versus (AUD Series 7, USD Series 7, AUD Series 8 and USD Series 8).
Investment:	Your agreement to purchase the Delivery Parcel on a deferred basis.
Issue Price:	\$1.00 per Unit (Units are not units in a managed investment scheme).
Total Investment Amount:	Purchase Price per Unit x number of Units purchased.
Minimum Total Investment Amount:	\$10,000 and in multiples of \$1,000 above that amount.
Term:	Maximum 5 years (AUD Series) and 6 years (USD Series) – Early Maturity possible, including in the case of a Call Event.
Principal Protection:	The Final Value will be \$1.00. This means that the Issuer will deliver Delivery Assets equal in value to 100% of your Total Investment Amount provided that the Units are acquired at the Issue Price during the Initial Offer Period and are held until the Final Maturity Date, or until a Call Event occurs and where there is no occurrence of an Early Maturity Event (except a call Event) or UBS Buy-Back (see clause 5 of the Terms of the Deferred Purchase Agreement in Section 13 in this PDS).
Component Assets:	- Consumer Staples Select Sector SPDR Fund ("XLP") - Energy Select Sector SPDR Fund ("XLE")  each a "Component Asset".
Fund:	Consumer Discretionary Select Sector SPDR Fund
Outperformance Rate:	Outperformance Rate (i) on a Trading Day is determined in accordance with the provisions below:  Outperformance Rate (i) =  $\text{Min} [(XLP(i) / XLP(0)), (XLE(i) / XLE(0))] - (\text{Fund}(i) / \text{Fund}(0))$  Where: XLP(i) = the Closing Price of XLP on a Trading Day  XLP(0) = the Initial Price of XLP  XLE(i) = the Closing Price of XLE on a Trading Day

	<p>XLE(0) = the Initial Price of XLE</p> <p>Fund(i) = the Closing Price of the Fund on a Trading Day</p> <p>Fund(0) = the Initial Price of the Fund</p>
Initial Price:	In respect of the Fund and each Component Asset, the official Closing Price of the Fund or the Component Asset on the Strike Date.
Closing Price:	In respect of the Fund and each Component Asset, on any Trading Day, the official closing price of the Fund or the Component Asset, at the close of trading on the Relevant Exchange.
Accrual Level:	-8% for the AUD Series and -8% for the USD Series.
Callable Level:	-4% for the AUD Series and 1% for the USD Series.
Periodic Payment Determination Dates:	The last Business Day of every third month <sup>12</sup> prior to Maturity from and including 28 November 2008 to and including the Final Maturity Date if no Call Event, Early Maturity Event or UBS Buy-Back occurs,
Periodic Payment Dates:	5 Business Days after each Periodic Payment Determination Date.
Periodic Payment Period:	The period starting from (and including) the latter of the Strike Date or the previous Periodic Payment Determination Date up to (but not including) the next Periodic Payment Determination Date or the Final Maturity Date. The final Periodic Payment Determination Date will be the Final Maturity Date.
Periodic Payment Start Date:	The first Business Day in a Periodic Payment Period.
Periodic Payment End Date:	The last Business Day in a Periodic Payment Period.
Periodic Payment:	<p>On each Periodic Payment Date, a Periodic Payment will be payable per Unit in accordance with the following formula:</p> $\text{Periodic Payment} = (\text{Periodic Payment Rate} / 4) \times (n/N) \times \text{Issue Price}$ <p>where:</p> <p>n = the number of Trading Days in the relevant Periodic Payment Period on which the Outperformance Rate is greater than or equal to the Accrual Level.</p> <p>N = the number of Trading Days in the relevant Periodic Payment Period.</p> <p>No Periodic Payment is payable in respect of a Periodic Payment Period during which a Call Event occurs. A Called Periodic Payment (as defined below) will be made in its place.</p>
Periodic Payment Rate:	A simple (non-compounding) rate of return set by UBS on the Strike Date. The issue of a Series will not proceed if the Periodic Payment Rate is less than the Minimum Periodic Payment Rate for that Series. Please refer to page 6 of this PDS for a list of factors that will affect the level of the Periodic Payment Rate. As an indication, if the product had been issued at the date of this PDS, the Periodic Payment Rate would have been a simple (non-

<sup>12</sup> If the last Business Day of the third month is not both a Trading Day and a Business Day, the Periodic Payment Determination Date will be the next day that is both a Trading Day and a Business Day.

compounding) rate of 15.5% per annum for the AUD Series and 7% per annum for the USD Series.

Minimum Periodic Payment Rate:	14.5% for the AUD Series and 6% for the USD Series.
Call Event:	A Call Event occurs if on a Call Date the Outperformance Rate is greater than or equal to the Callable Level. The Units will mature on a Call Date on the occurrence of a Call Event.
Call Dates:	The last Business Day of every third month <sup>13</sup> from and including 27 February 2009 to and including 31 May 2013 for the AUD Series and 30 May 2014 for the USD Series.
Called Periodic Payment:	<p>If a Call Event occurs, a Called Periodic Payment is payable per Unit on the Called Periodic Payment Date in accordance with the following formula:</p> $\text{Called Periodic Payment} = (\text{Periodic Payment Rate} / 4) \times (n/N) \times \text{Issue Price}$ <p>where:</p> <p>n = the number of Trading Days in the relevant Periodic Payment Period prior to and including the Call Date on which the Call Event occurs on which the Outperformance Rate is greater than or equal to the Accrual Level.</p> <p>N = the number of Trading Days in the period from and including the Periodic Payment Start Date immediately preceding the Call Date to and including the date that would have been the Periodic Period End Date had no Call Event occurred.</p>
Called Periodic Payment Date:	5 Business Days after a Call Date.
Final Value:	Final Value of each Unit will be \$1.
Delivery at Maturity:	Units are physically settled. The Delivery Parcel will be delivered following the Final Maturity Date or a Call Date on which a Call Event occurs.
Delivery Parcel:	<p>(a) for the AUD Series the Delivery Parcel is the number of Delivery Assets to be delivered by UBS to you on the Settlement Date as determined by the following formula:</p> $\frac{[(\text{Final Value per Unit} \times \text{number of Units held}) - \text{applicable Costs \& Taxes}]}{\text{Average Price for the Delivery Assets}}$ <p>(b) for the USD Series the Delivery Parcel is the number of Delivery Assets to be delivered by UBS to you on the Settlement Date as determined by the following formula:</p> $\frac{[(\text{Final Value per Unit} \times \text{number of Units held}) - \text{applicable Costs \& Taxes}] \times \text{Exchange Rate}}{\text{Average Price for the Delivery Assets}}$
Delivery Asset:	Ordinary fully paid shares in Telstra Corporation Limited, listed on the ASX (TLS.AX).
Relevant Exchange:	ASX Limited (for Telstra Corporation Limited) and the New York Stock Exchange for the Component Assets and the Fund.

<sup>13</sup> If the last Business Day of the third month is not both a Trading Day and a Business Day, the Call Date will be the next day which is both a Trading Day and Business Day.

Approved Adviser Fee:	UBS may pay to an Approved Adviser an upfront selling fee ranging from 0% to 3.5% (inclusive of GST) of the Total Investment Amount. These fees will be funded out of UBS' revenue from issuing the Units and will not be a fee paid separately by Investors.	
Market Data Codes (AUD Series 7):	Bloomberg:	OCRA7AUD
	Reuters:	.OCRA7AUD
	IRESS:	OCRA7AUD.IF
Market Data Codes (USD Series 7):	Bloomberg:	OCRA7USD
	Reuters:	.OCRA7USD
	IRESS:	OCRA7USD.IF
Market Data Codes (AUD Series 8):	Bloomberg:	OCRA8AUD
	Reuters:	.OCRA8AUD
	IRESS:	OCRA8AUD.IF
Market Data Codes (USD Series 8):	Bloomberg:	OCRA8USD
	Reuters:	.OCRA8USD
	IRESS:	OCRA8USD.IF
No Listing:	The Units will not be listed or displayed on any securities exchange.	
Risk Factors:	See Section 9 - "Risk Factors" on page 29 of this PDS for risks related to an investment in the Units.	
Denomination (AUD Series 7, AUD Series 8):	Australian Dollars.	
Denomination (USD Series 7, USD Series 8):	US Dollars.	

## Contact Details

For more information on the Units please contact your financial adviser or UBS via our Investor Enquiry Line on 1800 633 100.

## Section 3 – Summary of Advantages and Risks of investing in the Units

### Advantages

An investment in the Units offers the following advantages:

- Potential to receive Periodic Payments if the accrual conditions set out in the Term Sheet on page 12 of this PDS are satisfied;
- 100% Principal Protection at Maturity provided that the Units were purchased at the Issue Price during the Initial Offer Period and the Investor holds their Units until a Call Event occurs or until the Final Maturity Date and where there is no occurrence of an Early Maturity Event (except a Call Event) or UBS Buy-Back (see clause 5 of the Terms of the Deferred Purchase Agreement in Section 13 of this PDS);
- Weekly liquidity provided by UBS (but at its discretion) (note there is no Principal Protection if Units are not held to Maturity or an Early Maturity Event occurs); and
- A return that is hedged into Australian Dollars for the AUD Series or hedged into US Dollars for the USD Series.

### Risks

The Units are a speculative financial product. The return you receive could be less than that you might earn on other investments and could be zero.

The key risks include:

- If the worst performing of XLP and XLE perform sufficiently poorly against the Fund, Investors may receive no Periodic Payments. XLP and XLE may be affected negatively by the poor performance of the securities in which each invests (for more information see Section 5 – “The Fund and the Component Assets” on page 23 of this PDS).
- The market value of the Units may fluctuate between the date you purchase Units and the Maturity Date. Several factors will influence the market value of the Units including (among other things) the prevailing price and volatility of the Component Assets and the Fund;
- The price of the Component Assets and the Fund can go down as well as up, and hence the Outperformance Rate can also go down as well as up. This could result in the amount of one or more Periodic Payments being zero and a Call Event never occurring;
- There is no Principal Protection when UBS calls Early Maturity (other than in the case of a Call Event) or if you sell your Units back to UBS prior to Maturity pursuant to a UBS Buy-Back;
- On the Final Maturity Date or if the Units are called as a result of a Call Event, the Final Value will be \$1.00, regardless of how well the Fund has performed;
- There is no assurance that UBS (or its nominee) will buy-back your Units if you give a UBS Buy-Back request and there is no obligation on UBS to do so. UBS Buy-Back requests are irrevocable and UBS might not accept a UBS Buy-Back request immediately but hold it over. This may delay the processing of your buy-back request and may impact the Buy-Back Price you receive;
- If your residency status changes during the term of the Units, you must notify UBS in writing at least 10 Business Days prior to this taking place, and you will be deemed to have requested a UBS Buy-Back in respect of all of your Units;
- Units issued to non-resident Investors will be issued by an offshore banking unit of UBS. If this offshore banking unit loses its status as an offshore banking unit, UBS may nominate this as an Early Maturity Event;
- If you are a resident investor you may only transfer your Units to another resident investor (and only with the consent of UBS);
- If you are a non-resident investor you may only transfer your Units to another non-resident investor (and only with the consent of UBS);
- The Early Maturity Value and Buy-Back Price may be less than the Purchase Price and may also be reduced by any related Costs and Taxes, Break Costs, administrative costs and costs of unwinding any hedge incurred by UBS on Early Maturity or UBS Buy-Back. The Break Costs may be significant and may not be in your favour;

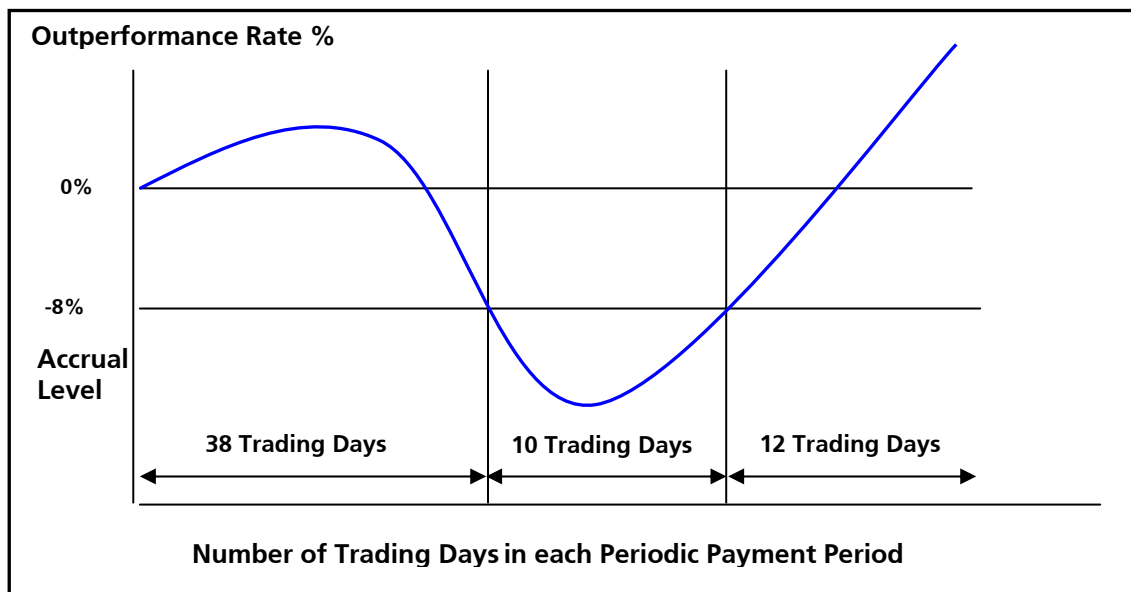
- The delivery of the Delivery Asset (or the Sale Proceeds if you elect to use the Agency Sale Arrangement) equal in value to the Final Value or Early Maturity Value is subject to the creditworthiness of UBS and you should make your own assessment of this risk. In particular, you should note that these obligations are unsecured obligations of UBS which rank equally with all other unsecured obligations of UBS and in the event that UBS is wound up, you may not receive these amounts;
- The availability of any Principal Protection is subject to the creditworthiness of UBS and you should make your own assessment of this risk. In particular, you should note that even though the Units are described as having the benefit of "Principal Protection", meaning that UBS will deliver the Delivery Assets (or the Sale Proceeds if you elect to use the Agency Sale Agreement) equal in value to the Final Value or Early Maturity Value in certain circumstances, these obligations are unsecured obligations of UBS which rank equally with all other unsecured obligations of UBS and in a winding up of UBS, you may not receive these amounts;
- Under the Terms of the Units, UBS has the right to transfer its rights and obligations under this PDS and the Terms;
- The expected tax implications of entering into and/or exiting Units at Maturity may change as a result of changes in the taxation laws and interpretation of them by the Australian Tax Office (ATO). The ATO has recently released draft Taxation Determinations in relation to the taxation treatment of deferred purchase agreements. Please refer to Section 11 – "Taxation Summary" on page 34 of this PDS for a more detailed description of the taxation treatment of the Units and obtain independent advice that takes into account your specific circumstances;
- For Investors who purchase Units in the General Offer Period, their Total Investment Amount may not be Principal Protected on the Maturity Date because the Investor may have to pay more than \$1.00 for each Unit. In addition, those Investors will potentially receive a lower overall return, due to the higher Purchase Price paid;
- The Purchase Price paid by Investors during the General Offer Period may also be less than that paid by Investors during the Initial Offer Period, potentially providing a greater return to those that invest in the General Offer Period compared to those who invested in the Initial Offer Period;
- The Final Value or Early Maturity Value of Units in the USD Series is determined in USD but the Delivery Asset is denominated in AUD. Consequently, to determine the quantity of Delivery Assets making up the Delivery Parcel, UBS will convert the Final Value or Early Maturity Value per Unit from USD into AUD at the prevailing Exchange Rate on the date the Average Price is determined, and calculate the number of Delivery Assets using the Final Value or Early Maturity Value expressed in AUD. If an Investor in the USD Series elects to use the Agency Sale Arrangement, UBS will dispose of the Delivery Assets and convert the Sale Proceeds from AUD into USD at the prevailing Exchange Rate before paying the USD amount to the Investor. Exchange Rates used in these conversions will be observed and determined by UBS in its absolute discretion. Where an Investor in the USD Series elects to use the Agency Sale Arrangement, UBS will use its best endeavours to ensure that the currency conversions from USD into AUD and from AUD into USD are executed at the same Exchange Rate, so that the Investor will receive an amount equal to the USD denominated Final Value or Early Maturity Value per Unit (less any applicable Costs and Taxes). If an Investor in the USD Series takes physical delivery of the Delivery Parcel and subsequently sells the Delivery Assets and exchanges their funds back into USD then the Investor will be exposed to fluctuations in the USD/AUD exchange rate between the Maturity Date and the date they convert AUD back into USD;
- In certain circumstances, UBS has the right to make adjustments to or substitute the Delivery Assets or any part of them. UBS can also amend or adjust any variable, formula, amount or calculation as set out or used in the PDS, the Term Sheet or the Terms. You should read clause 6 of the Terms of the Deferred Purchase Agreement in Section 13 of this PDS and the definition of Adjustment Event in Section 14 – "Glossary" of this PDS. When this PDS refers to ordinary fully paid shares in Telstra Corporation Limited as the Delivery Assets at Maturity, UBS is assuming that there will be no adjustment. However, this may not be the case. You are warned of this and should take this into account when considering your investment. You will be notified if an Adjustment Event occurs; and
- If UBS considers that it is not possible or desirable to deal with the Adjustment Event as set out above, then UBS may make amendments to clause 6 of the Deferred Purchase Agreement in Section 13 of this PDS of the Terms or any other term UBS considers appropriate or nominate it as an Adjustment Event or as an Early Maturity Event.

These risks are explained in more detail in Section 9 "Risk Factors" on page 29 of this PDS.

## Section 4 – Illustrative Examples

Please note these examples assume a Periodic Payment Rate of 15.5% per annum (or 3.875% per Periodic Payment Period) for the AUD Series and 7% per annum (or 1.75% per Periodic Payment Period) for the USD Series. These are the levels that would have been set if the Units were issued on the date of this PDS. Note that the actual Periodic Payment Rate will be set on the Strike Date and will not be less than the Minimum Periodic Payment Rate for each Series, but may be less than the rates in this example. Any growth in value or returns shown are assumed returns over the period and are not based on any historical period and are not an indicator of future returns.

### Example of Periodic Payment Calculation (AUD Series)



AUD Example where:

$N = \text{Total Number of Trading Days in Periodic Payment Period} = 60 \text{ Trading Days}$

$n = \text{Total Number of Trading Days that the Outperformance Rate is at or above } -8\% = 38 + 12 = 50 \text{ Trading Days}$

For an Investor that holds 100,000 Units

$$\begin{aligned} \text{Periodic Payment} &= (\text{Periodic Payment Rate} / 4) \times (n/N) \times \text{Issue Price} \times \text{number of Units held} \\ &= (15.5\% / 4) \times 50/60 \times \$1.00 \times 100,000 \\ &= \$3,229.17 \end{aligned}$$

The above example assumes that no Early Maturity Event (including a Call Event), UBS Buy-Back or Adjustment Event has occurred.

### **Example of Call Feature and Called Periodic Payment Calculation**

The following examples show 3 different scenarios where Units are called when a Call Event occurs on a Call Date

Initial Assumptions:

	Initial Price
Fund	US\$27

Component Asset	Initial Price
XLP	US\$27
XLE	US\$83

#### **(1) Scenario 1 – Call Event occurs after 6 months (earliest possible date) (AUD Series example)**

Periodic Payment Period	Month	Closing Prices		Closing Price Fund	Outperformance Rate	Call Event ?
		XLP	XLE			
1	3	US\$28	US\$79	US\$26	-1.12%	N/A
2	6	US\$28	US\$75	US\$25	-2.23%	Yes

\* The Outperformance Rate for the second Periodic Payment Period is calculated as follows:

$$\text{Min} \left[ \frac{XLP_i}{XLP_o}, \frac{XLE_i}{XLE_o} \right] - \left[ \frac{Fund_i}{Fund_o} \right] = \text{Min} \left[ \frac{US\$28}{US\$27}, \frac{US\$75}{US\$83} \right] - \left[ \frac{US\$25}{US\$27} \right]$$

$$= \text{Min} [103.70\%, 90.36\%] - 92.59\% = -2.23\%$$

At the end of 6 months, a Call Event has occurred as the Outperformance Rate on the Call Date is greater than or equal to -4% (the Callable Level for the AUD Series). The investment is called and the Units will mature. The Final Value per Unit will be equal to \$1.00 per Unit (i.e. the Issue Price) or \$100,000 for an Investor who bought 100,000 Units during the Initial Offer Period.

A Called Periodic Payment may also be payable.

#### AUD Series Example:

Assume the following:

N= Total Number of Trading Days in Periodic Payment Period 2 = 60 Trading Days

n = Total Number of Trading Days that the Outperformance Rate is at or above -8% up to and including the Call Date = 60 Trading Days

For an Investor that holds 100,000 Units:

$$\begin{aligned} \text{Called Periodic Payment} &= (\text{Periodic Payment Rate} / 4) \times (n/N) \times \text{Issue Price} \times \text{number of Units held} \\ &= (15.5\% / 4) \times 60/60 \times \$1 \times 100,000 \\ &= \$3,875.00 \end{aligned}$$

The above example assumes that no Early Maturity Event (except a Call Event), UBS Buy-Back or Adjustment Event has occurred.



**(2) Scenario 2 – Call Event occurs after 2 years and 3 months (AUD Series)**

Periodic Payment Period	Month	Closing Prices		Closing Price Fund	Outperformance Rate	Call Event ?
		XLP	XLE			
1	3	US\$28	US\$75	US\$25	-2.23%	N/A
2	6	US\$28	US\$76	US\$26	-4.73%	No
3	9	US\$29	US\$76	US\$26	-4.73%	No
4	12	US\$29	US\$78	US\$27	-6.02%	No
5	15	US\$30	US\$80	US\$28	-7.32%	No
6	18	US\$31	US\$81	US\$28	-6.11%	No
7	21	US\$32	US\$82	US\$28	-4.91%	No
8	24	US\$33	US\$83	US\$29	-7.41%	No
9	27	US\$31	US\$83	US\$28	-3.70%	<b>Yes</b>

At the end of 27 months, a Call Event has occurred as the Outperformance Rate on the Call Date is greater than or equal to -4% (the Callable Level for the AUD Series). The investment is called and the Units will mature. The Final Value per Unit will be equal to \$1.00 per Unit (i.e. the Issue Price) or \$100,000 for an investor who bought 100,000 Units during the Initial Offer Period.

A Called Periodic Payment may also be payable.

AUD Series Example:

Assume the following:

N = Total Number of Trading Days in Periodic Payment Period 9 = 61 Trading Days

n = Total Number of Trading Days that the Outperformance Rate is at or above -8% up to and including the Call Date = 30 Trading Days

For an Investor that holds 100,000 Units

$$\begin{aligned}
 \text{Called Periodic Payment} &= (\text{Periodic Payment Rate} / 4) \times (n/N) \times \text{Issue Price} \times \text{number of Units held} \\
 &= (15.5\% / 4) \times 30/61 \times \$1 \times 100,000 \\
 &= \$1,905.74
 \end{aligned}$$

The above example assumes that no Early Maturity Event (except a Call Event), UBS Buy-Back or Adjustment Event has occurred.

**(3) Scenario 3 – Call Event never occurs and the Units reach Final Maturity (AUD Series)**

Periodic Payment Period	Month	Closing Prices		Closing Price	Outperformance Rate	Call Event ?
		XLP	XLE	Fund		
1	3	US\$28	US\$75	US\$25	-2.23%	N/A
2	6	US\$28	US\$76	US\$26	-4.73%	No
3	9	US\$29	US\$76	US\$26	-4.73%	No
4	12	US\$29	US\$78	US\$27	-6.02%	No
5	15	US\$30	US\$80	US\$28	-7.32%	No
6	18	US\$31	US\$81	US\$28	-6.11%	No
7	21	US\$32	US\$82	US\$28	-4.91%	No
8	24	US\$33	US\$83	US\$29	-7.41%	No
9	27	US\$33	US\$83	US\$29	-7.41%	No
10	30	US\$32	US\$82	US\$28	-4.91%	No
11	33	US\$29	US\$78	US\$27	-6.02%	No
12	36	US\$30	US\$80	US\$28	-7.32%	No
13	39	US\$31	US\$81	US\$28	-6.11%	No
14	42	US\$29	US\$76	US\$26	-4.73%	No
15	45	US\$28	US\$76	US\$26	-4.73%	No
16	48	US\$29	US\$78	US\$27	-6.02%	No
17	51	US\$30	US\$80	US\$28	-7.32%	No
18	54	US\$31	US\$81	US\$28	-6.11%	No
19	57	US\$32	US\$82	US\$28	-4.91%	No
20	60	US\$33	US\$83	US\$29	-7.41%	N/A

Throughout the entire 5 years, there is not one Call Date when the Outperformance Rate is greater than or equal to -4% (the Callable Level for the AUD Series). The Investor will therefore receive the Periodic Payment each quarter and the investment will mature on the Final Maturity Date and the Final Value per Unit will be equal to \$1.00 per Unit (i.e. the Issue Price) or \$100,000 for an Investor who bought 100,000 Units during the Initial Offer Period.

A Periodic Payment may also be payable at Maturity.

AUD Series Example:

Assume the following:

N= Total Number of Trading Days in Periodic Payment Period 20 = 61 Trading Days

n = Total Number of Trading Days that the Outperformance Rate is at or above -8%= 2 Trading Days

For an Investor holding 100,000 Units

$$\begin{aligned}\text{Periodic Payment} &= (\text{Periodic Payment Rate} / 4) \times (n/N) \times \text{Issue Price} \times \text{number of Units held} \\ &= (15.5\% / 4) \times 2/61 \times \$1 \times 100,000 \\ &= \$127.05\end{aligned}$$

The above example assumes that no Early Maturity Event (including a Call Event), UBS Buy-Back or Adjustment Event has occurred.

## Section 5 – The Fund and the Component Assets

### **The Fund**

The Fund is the Consumer Discretionary Select Sector SPDR Fund (Bloomberg Code XLY: US). The Fund is an exchange traded fund, listed on the New York Stock Exchange.

The Fund seeks to provide investment results that correspond generally to the price and yield performance of the Consumer Discretionary Select Sector Index. The Consumer Discretionary Select Sector Index includes companies in the automobile, consumer durables, apparel, media, hotel and leisure industries.

For more information regarding the Fund refer to [www.spdretfs.com](http://www.spdretfs.com).

You can obtain price information for the Fund by referring to [www.bloomberg.com](http://www.bloomberg.com), or by contacting your financial adviser.

### **The Component Assets**

#### **XLP**

XLP is the Consumer Staples Sector SPDR (Bloomberg Code XLP: US). XLP is an exchange traded fund, listed on the New York Stock Exchange.

The Fund seeks to provide investment results that correspond generally to the performance of the Consumer Staples Sector Index. The Consumer Staples Sector Index includes companies in the cosmetic and personal care, pharmaceuticals, soft drinks, tobacco and food products industries.

#### **XLE**

XLE is the Energy Select Sector SPDR Fund (Bloomberg Code XLE: US). XLE is an exchange trade fund, listed on the New York Stock Exchange.

XLE seeks to provide investment results that correspond generally to the performance of the Energy Select Sector Index. The Energy Select Sector Index includes companies that develop and produce crude oil and natural gas, provide drilling and other energy related services.

For more information regarding the Component Assets refer to [www.spdretfs.com](http://www.spdretfs.com).

You can obtain price information for the Component Assets by referring to [www.bloomberg.com](http://www.bloomberg.com), or by contacting your financial adviser.

## Section 6 - What happens at Maturity?

Subject to any particular amendments as set out in the Term Sheet in Section 2 on page 12 of this PDS for the relevant Series, UBS will notify Investors of the Final Maturity Date by sending them a Maturity Notice approximately 20 Business Days before the Final Maturity Date.

UBS will also remind Investors of the potential for Early Maturity due to a Call Event, by sending a Standing Election Notice approximately 20 Business Days prior to the first Call Date (6 months after the Strike Date). This Standing Election Notice will include an election between the two options outlined below, that will apply for any Early Maturity occurring as a result of a Call Event. This election may be revoked by the Investor in writing at any time and any revocation will be effective for Call Dates occurring at least 5 Business Days after the revocation is lodged with UBS.

To facilitate settlement, UBS will calculate the Delivery Parcel for the Units using the Final Value. The Delivery Parcel is the number of Delivery Assets to be delivered by UBS or its nominee to you on Maturity. The Delivery Assets are fully paid ordinary shares in Telstra Corporation Limited, listed on the ASX. However, you should note that UBS has the right to substitute another asset as the Delivery Asset. The substitute Delivery Asset will be a security quoted and trading on the ASX. Otherwise, the choice of substitute Delivery Asset is at UBS's discretion.

At Maturity there are two options available to you. These options are:

1. accept physical delivery of the Delivery Parcel; or
2. elect to take advantage of the Agency Sale Arrangement, which allows you to sell the Delivery Parcel and receive the Sale Proceeds.

Once the Units mature and you accept delivery of the Delivery Parcel or elect to sell the Delivery Parcel, you will no longer have exposure to the Fund or the Component Assets. You will need to consider whether an investment in fully paid ordinary shares in Telstra Corporation Limited will be suitable for you at Maturity. If you choose to accept delivery of fully paid ordinary shares in Telstra Corporation Limited, then you will hold that investment. If, at Maturity, you think this investment is not suitable, you can elect to use the Agency Sale Arrangement and sell the Delivery Parcel and receive the Sale Proceeds. If you do not choose to use the Agency Sale Arrangement physical delivery of the Delivery Parcel will occur.

### **Option 1 - Physical delivery of the Delivery Parcel**

You do not need to do anything when you receive the Maturity Notice or Standing Election Notice. If you do nothing, physical delivery will automatically occur.

UBS or its nominee will purchase the Delivery Assets specified in the Delivery Parcel (less any Costs and Taxes) and register those Delivery Assets in your name on the Settlement Date in accordance with the settlement details provided to UBS.

If you are not CHESS sponsored or do not provide UBS with your CHESS details, UBS or its nominee will register the Delivery Assets as an issuer-sponsored holding in your name.

### **Option 2 - The Agency Sale Arrangement**

To take advantage of the Agency Sale Arrangement to receive the Sale Proceeds of the Delivery Parcel, you must:

- Elect the Agency Sale Arrangement option in the Maturity Notice or Standing Election Notice; and
- Return the Maturity Notice or Standing Election Notice to UBS at least 5 Business Days prior to the Maturity Date.

Under the Agency Sale Arrangement UBS or one of its related entities will accept physical delivery of the Delivery Parcel on the Settlement Date on your behalf and will then sell the Delivery Parcel on your behalf. UBS will pay to you the Sale Proceeds, which will equal the number of Delivery Assets sold multiplied by the

Average Price less any Costs and Taxes, converted into the currency of denomination of the relevant Series. If, for any reason whatsoever, UBS is unable to sell the relevant Delivery Parcel at the Average Price, UBS will use its best endeavours to sell that relevant Delivery Parcel as soon as practicable at the best price it can obtain.

The Sale Proceeds will be transferred into your nominated Settlement Account or paid to you by cheque within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter.

### **Fractional Units**

If after aggregating all Delivery Assets transferable to you on the Settlement Date, the Delivery Parcel includes a fractional unit in the Delivery Asset which is valued at more than \$20.00, UBS will transfer the relevant amount of dollars into your nominated Settlement Account or pay it to you by cheque within 10 Business Days after the Settlement Date or as soon as reasonably practicable thereafter. This amount is in effect a reimbursement of a portion of your Total Investment Amount.

## Section 7 - The Delivery Asset

The Delivery Assets are fully paid ordinary shares in Telstra Corporation Limited listed on the ASX (ASX Code: TLS), or any other asset specified as the Delivery Asset in the Term Sheet.

Telstra Corporation Limited (Telstra) is a telecommunications and information services company. The company's principal activities include the provision of basic access services to homes and businesses in Australia; local and long-distance telephone calls in Australia, and international calls to and from Australia; mobile telecommunications services; a range of data and Internet services; management of business customers' information technology (IT) and/or telecommunications services; wholesale services to other carriers and carriage service providers; advertising, directories and information services, and cable distribution services for FOXTEL's cable subscription television services. Telstra operates through eight business segments: Telstra Consumer Marketing and Channels, Telstra Business, Telstra Enterprise and Government, Telstra International, Telstra Operations, Telstra Wholesale, Sensis and Other.

More information on Telstra can be obtained from [www.telstra.com.au](http://www.telstra.com.au). As Telstra is listed on the ASX, information and announcements are also available from the ASX website ([www.asx.com.au](http://www.asx.com.au)) and major newspapers and market information services.

The performance of Units is not directly affected by the performance of shares in Telstra Corporation Limited up to the Settlement Date, but if you elect to hold the Delivery Assets after the Settlement Date, the value of those shares will be affected by the price of the shares as traded on ASX.

UBS may in its reasonable opinion determine that if it is not possible, desirable or efficient to obtain or transfer one or more of the intended Delivery Assets (i.e. shares in the Telstra Corporation Limited), it may substitute the Delivery Assets for any other security quoted and trading on ASX (including any other security or fund or entity listed on ASX) and deliver that substituted asset instead.

As at the date of this PDS the Delivery Assets are expected to be the ordinary fully paid shares in Telstra Corporation Limited, and all references to the Delivery Asset in this PDS are to those shares. However, you should be aware that UBS can substitute the Delivery Asset, and you should take this into account when considering whether to invest in the Units. For further information about substitution of the Delivery Asset refer to "UBS can substitute the proposed Delivery Assets" in Section 9 "Risk Factors" on page 29 of this PDS.

## Section 8 – After the Initial Offer Period

### How can I monitor my investment?

You can obtain price information for the Fund and the Component Assets by referring to the websites listed in Section 5 – “The Fund and the Component Assets” on page 23 of this PDS, or by contacting your financial adviser.

UBS will publish valuations for the Units periodically, by providing this information to certain market data service providers and Approved Advisers. You can request this information from your Approved Adviser, or refer to the market data service codes listed in the Term Sheet or alternatively you may contact UBS on 1800 633 100. These valuations can change at any time and as such, do NOT indicate the value of the Units which UBS will take into account when determining the price at which it may buy back your Units (i.e the Buy-Back Price).

UBS, in its discretion, will calculate the value of Units prior to Maturity having regard to a number of factors, as relevant to the particular Series, such as (but not limited to):

- price of the Component Assets and the Fund;
- time to Maturity;
- interest rates and exchange rates;
- correlation between the Component Assets and the Fund;
- dividend yield of the securities which comprise the Component Assets and the Fund; and
- volatility of the Component Assets and the Fund.

### Buy back of Units by UBS

While the Units are designed as a “buy and hold” investment, if you wish to exit your investment in the Units you may sell the Units to UBS. UBS intends to provide you with the opportunity to sell Units to UBS on the terms set out in this PDS, although UBS is not required to do so and may stop offering to buy back the Units at any time without notice.

**If your residency status changes, you must notify UBS in writing at least 10 business days prior to this taking place. When you give this notice you will be deemed to have requested a UBS Buy-Back in respect of all of your Units.**

There is no Principal Protection if UBS Buys-Back your Units prior to Maturity. The amount you receive (the “Buy Back Price”) takes into account (i.e. deducts) any Costs and Taxes and any Break Costs. Break Costs include all costs, expenses and losses incurred by UBS as a result of the determination of a Buy-Back Date, unwinding any hedge position entered into by UBS in connection with the Units, or any loss of profits by reason of such a UBS Buy-Back. You should be aware that the Break Costs could be significant and may not be in your favour. Therefore, the actual Buy Back Price at which UBS will buy back your Units will not be known at the time the request is made or accepted, although UBS will provide you with an estimate. That estimate will have already taken into account any Break Costs. Under a UBS Buy-Back, physical delivery of the Delivery Assets will not be available. Instead, UBS will cash settle, i.e. pay you the Buy-Back Price.

Refer to the “How to Invest and Sell Back” section on page 63 of this PDS for details on how to sell your Units.

As the Units will not be listed or displayed on any securities exchange such as the ASX, there may be little or no secondary market for the Units. Even if a secondary market for the Units develops, it may not provide significant liquidity or trade at prices advantageous to you. You should also note that Principal Protection will only apply if Units are held until Maturity and where there is no occurrence of an Early Maturity Event (other than a Call Event) or a UBS Buy-Back (see clause 5 of the Terms of the Deferred Purchase Agreement in Section 13 in this PDS), so you may receive a price that is significantly less than the Purchase Price of your Unit if you sell those Units to UBS prior to Maturity or UBS calls an Early Maturity Event.



## **Further issue of Units during the General Offer Period**

Investors can apply for Units during the General Offer Period which will open after the Strike Date. During the General Offer Period, the Purchase Price at which Investors can acquire Units will be determined by UBS in its absolute discretion when the Application is lodged. This price can be different to the Issue Price of Units set out in the Term Sheet (it can be higher or lower), and it will vary over time. Investors should contact their financial adviser or UBS to obtain an indication of the current applicable Purchase Price.

With the exception of the possible difference in the Purchase Price offered in the Initial Offer Period and in the General Offer Period, all Units on issue in a Series will be subject to the same Terms, e.g. same Periodic Payment Rate, same Final Value calculation, Periodic Payment Dates, Call Dates and Final Maturity Date. However, the fact that an Investor may have paid something other than the Issue Price for a Unit means that the Final Value of the Unit may be different to their Purchase Price, which in turn means that their Total Investment Amount may not be 100% Principal Protected at Maturity. Please refer to Section 9 - "Risk Factors" on page 29 of this PDS for more information.

## **Register**

Ownership of Units is evidenced by your name or your investment entity's name being entered on the Register during the Investment Term. The Register will be maintained by UBS or by the Registrar appointed by UBS.

Certificates will not be issued to Investors. Notice of trusts will not be entered on the Register. Investors must notify UBS of any change in their particulars entered on the Register. The Register can be closed for a total of 20 Business Days a year.

## Section 9 - Risk Factors

**This section describes the most significant risks relating to the Units. UBS urges you to read the following information about these risks, together with the other information in this PDS before investing in the Units.**

**Units are intended to be held until Maturity. Principal Protection of the Total Investment Amount only applies if you purchase Units at the Issue Price and hold the Units to Maturity or a Call Event and where there is no occurrence of an Early Maturity Event (except a Call Event) or UBS Buy-Back.**

### **Principal Protection and minimum return amounts**

On the Settlement Date, you will receive a Delivery Parcel which is the number of Delivery Assets equal in value to the Final Value of all your Units (less Costs and Taxes, if any). The Final Value will be equal to the Issue Price of \$1.00 per Unit (less Costs and Taxes) if you hold your Units until Maturity or a Call Event, as defined in the Term Sheet in Section 2 on page 12 of this PDS.

For Investors who purchase Units in the General Offer Period, their Total Investment Amount may not be 100% Principal Protected at Maturity because the Investor may have paid more than \$1.00 for each Unit. Conversely, the Investor may have paid less than \$1.00 per Unit and therefore receive an enhanced return on their Investment when the Final Value is delivered.

If you sell your Units back to UBS prior to Maturity pursuant to a UBS Buy-Back, or if there is an Early Maturity Event (other than a Call Event), you will not receive the benefit of Principal Protection on the portion of your Units sold or subject to the Early Maturity (other than a Call Event) and the amount you receive may be less than the Purchase Price you paid for the Units. See clause 5 of the Terms of the Deferred Purchase Agreement in Section 13 of this PDS for more detail.

### **Ability of UBS to fulfil its obligations**

UBS and its affiliates have certain obligations under the Terms. You must make your own assessment of the ability of UBS and its affiliates to meet their obligations and their general creditworthiness. Please refer to Section 10 - "Description of UBS" section on page 33 of this PDS for more detail.

Obligations created by the Units are unsecured contractual obligations of UBS and will rank equally with UBS' other unsecured obligations and debt other than liabilities mandatorily preferred by law. Obligations created by the Units do not constitute deposit obligations of UBS.

### **Opportunity Cost**

The Units are a speculative financial product and may produce a return that is less than that offered by other investments of the same maturity. While UBS may provide in the Term Sheet for a pre-defined level of Principal Protection, the actual return you receive could possibly be zero. In addition, it is likely that it will not be the same return as that you would earn if you had invested directly in the Component Assets or the Fund or directly in the Delivery Assets where you may have received the distributions paid on the Delivery Assets during the investment period.

**Historical prices of the Component Assets and the Fund or the Outperformance Rate should not be taken as an indication of, and are not a reliable guide to the future performance of the Component Assets, the Fund or the Outperformance Rate during the Investment Term**

It is impossible to predict whether the Component Assets or the Fund and consequently the Outperformance Rate will rise or fall. Trading prices of the securities that make up the Component Assets or the Fund will be influenced by complex and interrelated political, economic, financial and other factors, including:

- General movements in local and international security and commodity markets;
- Prevailing economic conditions, including interest rates and inflation;
- Market perception of the prospects for the Relevant Exchange;
- Profitability of the securities which comprise the Component Assets or the Fund;

- The distribution payment policy of each of the securities that comprise the Component Assets or the Fund; and
- Changes in law affecting the market relevant to the Component Asset or the Fund.

UBS does not guarantee the performance of the Component Assets or the Fund. Nothing in this PDS is a recommendation by UBS concerning an investment in the Units, the Component Assets, the Fund or the Delivery Assets.

**Specifically, if the Fund performs sufficiently well against the worst performing of XLP and XLE, investors may receive no Periodic Payments.**

**You will not receive dividend or other distribution payments or have voting rights on the securities that comprise the Component Assets or the Fund.**

**You will not receive dividend or other distribution payments on the Delivery Parcel or have security holder rights in the securities that make up the Delivery Parcel**

You will not receive any dividend payments or other distributions paid in respect of the Delivery Assets that make up the Delivery Parcel during the Investment Term. As an owner of Units, you will not have any voting rights or any other rights that holders of the Units or other securities that make up the Delivery Parcel may have during the Investment Term, other than the right to receive a Delivery Parcel on the Settlement Date.

**There may not be an active trading market in the Units – sales made in the secondary market may result in significant losses, and restrictions will apply depending on your residency status**

There may be little or no secondary market for the Units. The Units will not be listed or displayed on any securities exchange such as the ASX. You may request a UBS Buy-Back by submitting an Investor Sale Form and UBS may accept your request for UBS to buy back your Units from time to time (as specified in clause 5 of the Terms of the Deferred Purchase Agreement in Section 13 of this PDS) at prices set by UBS, although UBS is not required to do so and may stop accepting UBS Buy-Back requests at any time without notice. Even if a secondary market for the Units develops, it may not provide significant liquidity or trade at prices advantageous to you.

As a result, if you sell your Units before Maturity, you may have to do so at a discount from the Total Investment Amount and you may suffer losses. You should also note that if you are an Australian resident, you can only transfer your Units to another Australian resident (and only with the consent of UBS). If you are a non-resident, you can only transfer your Units to another non-resident (and only with the consent of UBS). In addition, if your residency status changes, you must notify UBS in writing at least 10 Business Days prior to this taking place, and you will be deemed to have requested a UBS Buy-Back in respect of all of your Units.

**The market value of the Units may be influenced by unpredictable factors**

The market value of the Units may fluctuate between the date you purchase Units and the Final Maturity Date when UBS will determine the value of your Delivery Parcel. Therefore, you may sustain a significant loss if you sell Units in the secondary market (if one exists) or to UBS. Several factors, many of which are beyond UBS' control, will influence the market value of the Units. UBS expects that generally the price of the Component Assets and the Fund (and hence the Outperformance Rate) and interest rates on any day will affect the market value of the Units more than any other factors. Other factors that may influence the market value of the Units include:

- the volatility of the Component Assets and the Fund (i.e., the frequency and magnitude of changes in the price of the Component Assets and the Fund);
- the correlation between the Component Assets and the Fund;
- the market price of the securities which comprise the Component Assets and the Fund;
- the dividend rate paid on the securities which comprise the Component Assets and the Fund ;
- the time remaining to the Maturity of the Units;

- supply and demand for the Units;
- economic, financial, political, regulatory, or judicial events that affect the price of the Component Assets or the Fund or that affect stock markets generally; or
- the creditworthiness of UBS.

### **Potential Conflicts of Interest**

UBS and its affiliates may conduct transactions as principal or agent in various securities including the Delivery Asset and the securities which comprise the Component Assets or the Fund. These trading activities may affect (positively or negatively) the value, or liquidity of the Delivery Asset or the Component Assets or the Fund, and may therefore affect the return you receive on the Units.

### **UBS can substitute the proposed Delivery Assets**

UBS may in its reasonable opinion determine that if it is not possible using commercially reasonable efforts to obtain or transfer one or more of the intended Delivery Assets it may substitute the Delivery Assets for any other security quoted and trading on ASX (including any other security or fund or entity listed on ASX) and deliver that substituted asset instead.

In addition, if you elect to use the Agency Sale Arrangement, UBS and its nominees will use their best endeavours to sell the relevant Delivery Parcel for an amount per Delivery Asset equal to the Average Price. However, if they are unable to do so then UBS and its nominees will sell the Delivery Asset as soon as practicable at the best price they can reasonably obtain. If the market value of the Delivery Parcel has fluctuated then the amount you receive per Delivery Asset may be less than the Average Price.

### **UBS can make adjustments to the Terms due to Adjustment Events, including setting an Early Maturity Date**

There may be adjustments made to the Terms of the Units due to Adjustment Events such as (but not limited to) mergers and disposals, price source disruption, trading suspension, material change in the calculation and/or composition of the Component Assets or the Fund and changes in the Corporations Act or taxation laws as set out in the Terms. The adjustments made by UBS may, in turn, depend on UBS' judgment whether the event has materially interfered with UBS' ability to unwind its hedge positions. Since these determinations by UBS may affect the market value of the Units, UBS may have a conflict of interest if it needs to make any such decision.

UBS has the discretion to nominate an Early Maturity Event on the occurrence of certain events, including where the off shore banking unit which issues the Units to non-resident Investors loses its status as an off shore banking unit. You will be given 30 days notice of any proposed Early Maturity unless it is otherwise impracticable to do so.

UBS is only obliged to provide Principal Protection for Units that are held until Maturity or to a Call Event (where no Early Maturity Event (other than a Call Event) or UBS Buy-Back has occurred). Prior to Maturity the fair economic value of the Units, the Buy-Back Price or the Refund (as determined by UBS) will be based on various market factors, such as the performance of the Component Assets and Fund (and hence Outperformance Rate), interest rates, volatility and time remaining to the Maturity Date. This may result in the value of the Units being less than the Issue Price in instances where Early Maturity applies (other than as a result of a Call Event). In determining the fair economic value, the Buy-Back Price or the Refund, UBS may deduct Break Costs in relation to any Early Maturity (other than a Call Event) or UBS Buy-Back.

Investors should read clauses 5 and 6 in section 13 "Terms of the Deferred Purchase Agreement" of this PDS to fully understand their rights and obligations if an Adjustment Event or an Early Maturity Event occurs.

### **UBS can postpone the determination of the Closing Price of the Component Assets or Fund on a Call Date or the Final Maturity Date if a Market Disruption Event occurs (or continues to occur) on the Call Date or Final Maturity Date**

The determination of the Closing Price for the Fund or the Component Assets may be postponed if UBS determines that a Market Disruption Event has occurred or is continuing on a Call Date or the Final Maturity Date. The determination made by UBS may or may not depend on UBS' judgment whether the event has materially interfered with UBS' ability to unwind its hedge positions. Since these determinations by UBS may affect the market value of the Units, UBS may have a conflict of interest if it needs to make any such decision.

If such a postponement occurs, then UBS will instead use the Closing Price of the Fund or the Component Asset on the first Trading Day after that day on which no Market Disruption Event occurs or is continuing. In no event, however, will the Call Date or Final Maturity Date for the Units be postponed by more than 10 Business Days. If the Call Date or Final Maturity Date is postponed to the last possible day, but a Market Disruption Event occurs or is continuing on such last possible day, that day will nevertheless be the Call Date or Final Maturity Date. If a Market Disruption Event is occurring on the last possible Call Date or Final Maturity Date, UBS will make a good faith estimate in its absolute discretion of the Closing Price of the Fund or the Component Asset that would have prevailed on the original Call Date or Final Maturity Date in the absence of the Market Disruption Event.

Investors should read clause 6.2 in the Terms of the Deferred Purchase Agreement in Section 13 of this PDS to fully understand their rights and obligations if a Market Disruption Event occurs.

### **Tax Risk**

The expected tax implications of entering into the investment may change as a result of changes in the taxation laws and interpretation of them. Investors should be aware that the ATO recently released draft Taxation Determinations in relation to the tax treatment of deferred purchase agreements. These Taxation Determinations are still subject to consultation, and the views adopted in them may change prior to release of the final Taxation Determinations. The Taxation Determinations are discussed in greater detail in the Taxation Summary in Section 11 of this PDS. All Investors should seek independent tax advice as to the possible impact of these matters in light of their own personal circumstances.

## Section 10 - Description of UBS

**The information set out below is intended to be a brief summary only of UBS. Investors must make their own assessment of the ability of UBS to meet its obligations in relation to the Units. Nothing in this PDS is, or may be relied on 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, according to its own opinion, one of the world's leading financial firms. Securities in UBS AG are listed 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 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 AG; and
- the latest available quarterly financial report of UBS AG.

UBS AG's latest available annual and quarterly financial reports can also be downloaded from [www.ubs.com](http://www.ubs.com).

## Section 11 - Taxation Summary

This summary has been prepared by Clayton Utz for the purposes of inclusion in this PDS and any opinions expressed in this tax summary are those of Clayton Utz and not UBS.

The discussion contained in this summary outlines the main Australian income tax, GST and stamp duty implications for Investors who acquire their Units otherwise than in the course of carrying on a business and hold them on capital account and is subject to the assumptions outlined below. This summary is of a general nature only and does not take into account the specific circumstances of any Investor. This summary does not address the taxation implications for other investors or investors in circumstances where the assumptions below do not apply. The taxation consequences for such investors or in such circumstances may be different to the taxation consequences outlined below.

Taxation laws, their interpretation, and relevant administrative practices may change over the term of an investment in Units.

Each Investor must take full and sole responsibility for their own investment in Units, the associated taxation implications arising from that investment and any changes in those taxation implications during the course of that investment.

This discussion is provided only for the benefit of UBS. The information in this summary does not purport to constitute legal or tax advice. As the taxation implications for each potential Investor may be different, each prospective Investor should obtain their own independent professional taxation advice on the full range of taxation implications applicable to their own individual facts and circumstances.

### Assumptions

This summary of the taxation implications for an Investor in Units, for both the AUD Series and the USD Series, assumes that:

- a resident will hold the Units and Delivery Assets 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 they regularly acquire and dispose of securities;
- the market value of the Beneficial Interest in the Portion of the Delivery Assets will not change from the Issue Date to the Maturity Date;
- an Investor will not change their residency status for Australian tax purposes at any time;
- a non-resident Investor will not acquire or use the Units or Delivery Assets in carrying on business at or through a permanent establishment in Australia;
- a non-resident Investor will not be an associate of UBS;
- the Delivery Assets will be denominated in AUD and will not be shares in a foreign company or units in a foreign trust;
- at all times during the term of the investment in Units, Telstra Corporation Limited will be an Australian resident for tax purposes and will be managed and controlled in Australia;
- the Units in the AUD Series will be denominated in AUD and the Units in the USD Series will be denominated in USD;
- any currency exchange entered into by UBS and the Investor will be at the spot rate at the time of exchange;
- none of the Component Assets, the Fund and the Delivery Asset will be equity interests in UBS or an entity that is a connected entity of UBS;

- the aggregate Principal Protected amount will not be more than 100% of the Total investment Amount;
- there is nothing in the circumstances of the transaction, or in the way it is implemented, that would indicate at commencement of an investment that an Investor would elect to utilise the Agency Sale Arrangement at a Call Date or at Maturity, and there is nothing in the conduct of an Investor prior to or during their holding period of the Units, that would indicate such an intention; and
- the Investor does not enter into a Unit in substitution for an economically equivalent investment that they would otherwise be expected to enter into.

This summary is based on Australian taxation laws in force and administrative practices generally accepted as at the date of this PDS. Any of these may change in future without notice and legislation introduced to give effect to announcements may contain provisions that are currently not contemplated. Future changes in taxation laws, their interpretation or associated administrative practices could affect the treatment of the Investors investment in Units. All references in this summary to legislative provisions are to provisions of the *Income Tax Assessment Act 1936* or the *Income Tax Assessment Act 1997* (together, the **Tax Act**).

## **Australian Resident Investors:**

### **1. Acquisition of Units**

Each Unit is an agreement between the Investor and UBS for the purchase of the Delivery Parcel on a deferred basis. The Units (and in particular the Investor's rights in respect of each Unit, including the right to receive delivery of the Delivery Parcel) will be capital gains tax assets (**CGT assets**) of the Investor for tax purposes. There should be no taxing event for an Investor at the time of acquiring Units.

### **2. Delivery of the Delivery Parcel**

Under the ATO's current approach in relation to the taxation of deferred purchase agreements, as outlined in draft Taxation Determination TD 2008/D5, a capital gains tax event (**CGT event**) "C2" occurs upon delivery of the Delivery Parcel to the Investor in respect of the CGT assets comprised by the Investor's rights under the Units. Under this approach, the Investor is regarded as deriving a capital gain or incurring a capital loss on the happening of this CGT event, equal to the difference between the value of the Delivery Parcel at the time of delivery and the Total Investment Amount (less any reimbursement referable to a fractional unit, plus any incidental costs) (for the USD Series, converted into AUD at the exchange rate applicable at the time of acquisition of the Units). This approach would apply whether delivery occurs by way of physical delivery to the Investor or by delivery to UBS or its nominee on behalf of the Investor (that is, where the Agency Sale Arrangement is utilised).

Investors should be aware that where an Investor acquires a Unit in the course of carrying on a business or as part of a business operation or commercial transaction with a purpose of profit-making, any gain in respect of the Investor's Unit upon delivery of the Delivery Assets may be on revenue account. Acquiring a Unit with the intention of disposing of the Delivery Assets immediately upon Maturity, eg through the Agency Sale Arrangement, may be viewed as evidence of a profit-making purpose. Any such gain will be assessable to the Investor as income under either section 6-5 or 15-15 of the Tax Act, rather than as a capital gain (such that discount CGT treatment (as discussed below) will not apply).

Investors should note however that TD 2008/D5 has only been released in draft form. It is subject to consultation and may change before the final Taxation Determination is released. Investors should be aware that the ATO intends to apply the final Taxation Determination to transactions entered into both before and after the date the final Taxation Determination are issued.

On delivery of the Delivery Parcel, the Investor will also acquire other CGT assets, being the Delivery Assets comprising the Delivery Parcel.

### **3. Sale of the Delivery Assets**

When the Investor sells the Delivery Assets comprising the Delivery Parcel, including where the Investor uses the Agency Sale Arrangement, a CGT event "A1" will occur and the Investor will realise a capital gain or capital loss equal to the difference between the Investor's capital proceeds and the cost base or reduced cost base of the Delivery Assets.



Whilst not covered by draft TD 2008/D5, we would expect the ATO to treat the Investor's cost base and reduced cost base in the Delivery Assets comprising the Delivery Parcel as being equal to the market value of the Delivery Assets at the time of delivery. Although it is possible that the ATO may treat the Investor's cost base and reduced cost base in the Delivery Assets comprising the Delivery Parcel as being equal to the cost base and reduced cost base of the Units (ie the Total Investment Amount, less any reimbursement referable to a fractional unit, plus any incidental costs (for the USD Series, converted into AUD at the exchange rate at the time of acquisition of the Units)), we would not expect the ATO to apply this treatment, as this would result in any gain or loss on the Units effectively being recognised twice for tax purposes, and would be inconsistent with the treatment of the Units as set out in draft TD 2008/D5.

The capital proceeds will include the amount received by the Investor on the sale of the Delivery Assets. Where the Investor uses the Agency Sale Arrangement, the Investor's capital proceeds will include the Sale Proceeds obtained by UBS on behalf of the Investor (this will be the AUD Sale Proceeds, regardless of whether an Investor is paid in USD).

In this circumstance, as the sale of the Delivery Assets under the Agency Sale Arrangement is likely to occur on, or very soon after, the date of delivery, we would expect the Sale Proceeds to closely reflect the market value of the Delivery Assets at the date of delivery. Where the ATO treats the Investor's cost base in the Delivery Assets as being equal to this market value amount, any capital gain or loss arising should be relatively minimal.

#### **4. Beneficial Interest**

At the time of acquisition of Units the Investor will also acquire a Beneficial Interest in a Portion of the Delivery Assets. This will also be a CGT asset of the Investor. The Investor's cost base in this asset will include any part of the Total Investment Amount applied toward the acquisition of the Beneficial Interest (for the USD Series, converted into AUD at the exchange rate at the time of acquisition of the Units).

On the Maturity Date, the Investor will dispose of the Beneficial Interest. No capital gain or loss should arise in respect of this Beneficial Interest where its market value has not changed since the time of entry into the Units (as has been assumed).

#### **5. Buy-Back of Units**

Where the Investor wishes to exit their investment prior to Maturity and requests a buy-back of the Units (including the Beneficial Interest), the Investor will realise a capital gain to the extent that the capital proceeds received in respect of the event exceed its cost base in the Units (including the Beneficial Interest). A capital loss will arise to the extent that the Investor's capital proceeds are less than its reduced cost base in the Units (including the Beneficial Interest).

The Investor's cost base in the Units will include the Total Investment Amount paid by the Investor to acquire the Units (including the Beneficial Interest) (for the USD Series, converted into AUD at the exchange rate at the time of acquisition of the Units), and the capital proceeds will include the total amount received by the Investor on the transfer of the Units to UBS. Where the capital proceeds are received in USD, the capital proceeds will be converted into AUD at the exchange rate at the Buy-Back Date.

#### **6. Discount CGT Treatment**

Investors who are individuals, complying superannuation funds or trusts may be entitled to discount CGT treatment on any of the capital gains discussed above (eg from the satisfaction of their rights under the Unit by way of delivery of the Delivery Assets, the disposal of the Delivery Assets or any disposal of their Units (including the Beneficial Interest)) where the Investor has held the relevant asset for at least 12 months prior to the disposal (excluding the acquisition and disposal dates). For individuals and trusts, the discount rate is currently 50%. For complying superannuation entities, the discount rate is currently 33 1/3%.

The Investor's acquisition date for the Unit (including the Beneficial Interest) should be the date the Investor entered into the Deferred Purchase Agreement (that is, either the Issue Date or the date of the contract for the transfer of the Units to the Investor). Accordingly, under the ATO's approach in draft TD 2008/D5, Investors may be entitled to discount CGT treatment provided they acquired the Unit at least 12 months prior to the date of satisfaction of their rights under the Unit by delivery of the Delivery Parcel or the date of disposal of the Units (as appropriate) (excluding the acquisition and disposal dates).

Under the ATO's approach in draft TD 2008/D5, the Investor's acquisition date for the Delivery Assets comprising the Delivery Parcel should be the date of delivery. Accordingly, Investors should be entitled to discount CGT treatment where they dispose of the Delivery Assets at least 12 months after the date of delivery (excluding the delivery and disposal dates).

## **7. Qualifying Securities and Traditional Securities**

Under current income tax laws, returns on "qualifying securities" may be taxable on an accruals basis over the term of that security. Securities that are not "qualifying securities" may be "traditional securities" for income tax purposes, with any gains or losses on the disposal of that security taxable on revenue account. These rules take precedence over the capital gains tax regime.

The Units should not be characterised as either a "qualifying security" or a "traditional security". In draft Taxation Determination TD 2008/D4, the ATO has confirmed that a deferred purchase agreement with the features described in draft TD 2008/D4 (which include capital guarantee features and rights to receive coupons during the investment period) will generally not have sufficient "debt-like" characteristics to satisfy the definition of a "security".

Investors should note however that TD 2008/D4 has only been released in draft form. It is subject to consultation and may change before the final Taxation Determination is released. Investors should be aware that the ATO intends to apply the final Taxation Determination to transactions entered into both before and after the date the final Taxation Determination are issued.

## **8. Periodic Payments and Called Periodic Payments**

Any Periodic Payment or Called Periodic Payment received from UBS will be included in the assessable income of an Investor at the time it is received (for the USD Series, converted into AUD at the exchange rate at the date it is received).

## **9. Foreign Exchange (Forex) provisions**

For Investors investing in the USD Series, a forex realisation event will occur at the time of payment of the USD Total Investment Amount to UBS, and a forex realisation gain or loss will be derived or incurred equal to the difference between the value of the Total Investment Amount determined in Australian dollars at the time of payment and the value of the USD funds determined in Australian dollars at the time they were obtained by the Investor. Any such forex realisation gain will be included in the Investor's assessable income, and any forex realisation loss will be deductible, at the time of payment of the Total Investment Amount.

If an Investor in the USD Series transfers their Units to UBS under a UBS Buy-Back, a forex realisation gain or loss may arise equal to the difference between the value of the Buy-Back Price determined in AUD on the date of receipt and the value of the Buy-Back Price determined in AUD on the Buy-Back Date. This will be a capital gain or loss unless the Investor elects in writing for the amount to be assessable or deductible. Any such election will be irrevocable and will apply to all future foreign currency denominated transactions of an Investor.

An Investor who elects to use the Agency Sale Arrangement and receive USD may also make a foreign exchange gain or loss on any subsequent disposal of the USD amount received, which should broadly be equal to the difference between the AUD value of the USD amount at the time of disposal and its AUD value at the time of receipt.

An investment in Units should not give rise to any other forex realisation gains or losses for an Investor.

## **10. Foreign Income Fund (FIF) and Controlled Foreign Company (CFC) provisions**

As the Units are not an interest in, and do not give an Investor a right to acquire an interest in, a foreign company or foreign trust, the FIF provisions will not apply to an Investor in relation to their Units. Similarly, as the Units do not give Investors and/or their associates any rights to distributions, capital or voting in a foreign company, or any other control interest, the CFC provisions will not apply to an Investor in relation to their Units.

## **11. Interest Costs**

Interest paid on a loan applied to acquire Units may be deductible to the extent that this interest cost is incurred for the purpose of gaining or producing assessable income. Each Investor should obtain their own independent advice as to the amount and timing of any available deductions and other taxation implications arising from the incurrence of such expenses.

## **12. Proposed amendments - Taxation of Financial Arrangements**

The Tax Laws Amendment (Taxation of Financial Arrangements) Bill 2007 (**TOFA**) contains proposed amendments to the Tax Act as it applies to "financial arrangements". Although the TOFA Bill has lapsed, the Government has announced that it will be amended and re-introduced into Parliament. As the proposed provisions are currently drafted, each Unit would constitute a "financial arrangement".

One of the main features of the proposed TOFA regime is to tax gains from financial arrangements on a revenue basis and, where a gain from the arrangement is sufficiently certain at commencement to arise, or becomes sufficiently certain during the term to arise, on an accruals basis over the term of the arrangement. Where a gain from a financial arrangement is not, and does not become, sufficiently certain to arise prior to the time that it is to be realised, the gain will be taxed on a realisation basis. Alternatively, the TOFA Bill provides for certain taxpayers to elect to apply one of a number of alternative methods for the purpose of calculating gains and losses from financial arrangements.

The TOFA Bill sets out a number of exceptions to the application of the proposed provisions. Relevantly, these include financial arrangements involving individuals, or non-financial entities with an annual turnover of less than \$100 million, where the arrangement is not a qualifying security. As discussed above, Units should not be characterised as a "qualifying security" on the basis that they should not have sufficient "debt-like" characteristics to satisfy the definition of "security". As a result, an Investor who is an individual should qualify for this exemption. Draft TD 2008/D4 confirms that this view applies for deferred purchase agreements with the features described in draft TD 2008/D4. We note however that TD 2008/D4 has only been released in draft and may change prior to issue of the final Taxation Determination. Please refer to the heading "Qualifying Securities and Traditional Securities" above for more detail.

If enacted in their current form, the proposed amendments will only have compulsory application to income years commencing on or after 1 July 2009. Further, unless the Investor elects to apply the rules to all of their financial arrangements existing at the start of the relevant income year, the provisions will apply only to new financial arrangements entered into after that time. Where an Investor makes this election, a balancing adjustment calculation is required in respect of these financial arrangements and the resulting gain/loss is spread evenly over four income years.

Accordingly, whilst our comments above are based on the tax law as it currently applies, it is possible that the taxation treatment of an investment in a Unit may change in the future for certain taxpayers following the introduction of the proposed TOFA rules.

All Investors should obtain independent taxation advice as to the application of the proposed provisions and their implications for the taxation treatment of an investment in Units.

## **Non-Resident Investors:**

### **1. Acquisition and Disposal of Units and Delivery Parcel**

The delivery of the Delivery Parcel, the sale of the Delivery Parcel or the buy-back of the Units should not give rise to Australian income tax consequences for a non-resident Investor who holds the Units on capital account, as, although any gain arising upon the occurrence of such an event will have an Australian source, based on our assumptions above that gain should be a capital gain derived in respect of the disposal of an asset that is not taxable Australian property.

Where a non-resident Investor holds the Units on revenue account (as discussed above under the heading "Delivery of the Delivery Parcel" in relation to Australian resident Investors), the Australian income tax implications will depend on the country in which the Investor is resident. Based on our assumptions above, an Investor who is resident in a country with which Australia has concluded a double tax agreement (**DTA**)

should not be subject to income tax in Australia in respect of any revenue gain made on delivery of the Delivery Parcel where the relevant DTA provides the Investor with relief from income tax in Australia in respect of such amounts. This will generally be the case under most of Australia's DTAs, however Investors should consider the terms of any DTA that is applicable to them in light of their own particular circumstances.

An Investor who is resident in a country with which Australia has not concluded a DTA may be subject to income tax in Australia in respect of any revenue gain made on delivery of the Delivery Parcel. Any such revenue gain (determined as the difference between the market value of the Delivery Parcel on delivery and the cost of acquisition of the Units (for the USD Series, converted into AUD at the exchange rate at the time of acquisition)) will be assessable to the Investor as income under either section 6-5 or 15-15 of the Tax Act.

## **2. Periodic Payments and Called Periodic Payments**

An Investor who is resident in a country with which Australia has concluded a DTA should not be subject to income tax in Australia in respect of any Periodic Payment or Called Periodic Payment paid by UBS where the relevant DTA provides the Investor with relief from income tax in Australia in respect of such amounts. This will generally be the case under most of Australia's DTAs, however Investors should consider the terms of the DTA that is applicable to them in light of their own particular circumstances.

An Investor who is resident in a country with which Australia has not concluded a DTA may be subject to income tax in Australia in respect of any Periodic Payment or Called Periodic Payment paid by UBS. For these purposes, Periodic Payments or Called Periodic Payments received in USD should be converted into AUD at the exchange rate at the time they are received by the Investor. Investors should seek their own independent advice in relation to this issue in light of their own particular circumstances.

## **3. Lodgement of income tax returns**

An Investor who is subject to Australian income tax will generally be required to lodge an Australian income tax return in respect of the income year in which the income is derived and will be liable to pay income tax at the marginal tax rates applying to non-residents in respect of this amount. Investors should also obtain independent tax advice on the implications arising in relation to an investment in Units under the tax laws of their home jurisdiction (for example, in relation to the availability of any relief from double taxation).

## **4. Withholding Tax**

A Periodic Payment or Called Periodic Payment paid by UBS to a non-resident Investor should not be subject to Australian withholding tax on the basis that it is not a dividend, royalty, interest or an amount in the nature of, or paid in substitution for, interest.

In any event, if the ATO considers the Periodic Payments or Called Periodic Payments to be "interest" as defined for these purposes, Units that are issued at the Issue Price will be debt interests for tax purposes and should be regarded as a "security" as defined for the OBU withholding tax provisions. As a result, a Periodic Payment or Called Periodic Payment made to a non-resident Investor should be exempt from withholding tax on the basis that the Units are issued by UBS's offshore banking unit.

In addition, Periodic Payments and Called Periodic Payments should not be subject to the non-resident withholding provisions in Subdivision 12-FB of Schedule 1 to the Taxation Administration Act 1953.

## **5. FIF, CFC and Forex provisions**

No amounts will be included in the assessable income of a non-resident Investor under the FIF or CFC provisions discussed above. Generally, no amounts will be included in the assessable income of a non-resident Investor under the forex provisions discussed above, provided all amounts payable under the Units are paid when due.

## **6. Tax Administration**

Investors should note that if UBS owes (or may later owe) money to an Investor, the ATO may give UBS a notice under section 260-5 of Schedule 1 to the *Taxation Administration Act 1953* requiring UBS to pay to

the ATO any moneys owed by UBS to the Investor in order to satisfy any tax related liability of the Investor (whether arising in relation to the investment in Units or otherwise), regardless of where the Investor is resident.

## **Part IVA**

Part IVA is a general anti-avoidance provision which applies where the dominant purpose of a taxpayer (or any other person) in entering into a "scheme" is to obtain a "tax benefit".

Whilst the application of Part IVA can only be conclusively determined on an examination of an Investor's individual circumstances, Part IVA should not apply to a typical Investor acquiring Units. This conclusion relies upon the correctness of the assumptions outlined above in relation to a typical Investor. Investors should however obtain their own independent advice on the application of Part IVA in their own particular circumstances.

## **GST**

The A New Tax System (Goods and Services Tax) Act 1999 (**GST Act**) and related legislation impose a goods and services tax ("**GST**") on certain "supplies". GST is payable on "taxable supplies". However, GST is not payable on supplies that fall within a category of "input taxed" or "GST-free" supplies. The A New Tax System (Goods and Services Tax) Regulations 1999 identify a range of "financial supplies" that are input taxed. Under the GST Act, certain supplies to non-residents who are not "in Australia" may be GST-free.

The acquisition of Units by the Investor, the receipt of the Periodic Payment or Called Periodic Payment by the Investor, the delivery of the Delivery Parcel (consisting of the Delivery Assets) on Maturity, the sale of the Delivery Assets by the Investor, and the buy back of Units will not attract GST under the current GST law.

However, if GST were to become payable by UBS or any other person in connection with the purchase, sale or transfer of a Delivery Asset or rights, or any other supply made under or in connection with the Terms of the Units then UBS would be entitled to recover an additional amount on account of GST from the Investor. For example, with respect to Australian resident Investors, in the event that UBS charges a fee for its services under the Agency Sale Arrangement, (see Section 6 – "What happens at maturity?" in this PDS it is expected that GST would apply and the relevant fee charged by UBS would be grossed up so as to be inclusive of GST. In such a case, the amount of the Sale Proceeds may be reduced.

If any service acquired by UBS attracts GST, UBS may be precluded in its ability to recover full input tax credits for any amounts paid on account of GST in connection with that service. In the event that UBS is precluded from recovering a full input tax credit for its acquisition of any such service, UBS would be entitled to pass on the whole of its cost to the Investor, taking into account any input tax credits that are not available. In such a case, the value of the Units held by an Investor may be reduced.

## **Stamp Duty**

Under current laws, the acquisition of Units by the Investor, the delivery of the Delivery Parcel (consisting of the Delivery Assets) on Maturity or Early Maturity (including on the occurrence of a Call Event), the sale of the Delivery Assets by the Investor (including where the Investor uses the Agency Sale Arrangement on Maturity), and the buy back of Units by UBS will not be liable to duty provided the Delivery Assets satisfy the requirements of the exemption from transfer or conveyance duty for quoted or listed securities under applicable stamp duty laws at the time of the acquisition, delivery, sale or buy back as relevant.

The payment of the Periodic Payment will not give rise to a stamp duty liability.

If stamp duty becomes payable by UBS or any other person in connection with the purchase, sale or transfer of a Delivery Asset or in connection with the terms of the Units then UBS can require an Investor to pay such stamp duty.

## **Other Events and Circumstances**

There may be other events or circumstances affecting an investment in the Units and the Delivery Assets that give rise to tax implications for Investors that are not discussed in this summary. Investors should seek their own independent advice in relation to such other events or circumstances.

# Section 12 - Additional Information

## Preparation of this PDS

Information in this PDS in respect of the Component Assets, the Fund and Delivery Assets 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 on 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 Component Assets, the Fund or the Delivery Assets are made in this PDS or in any offer or invitation to subscribe for, sell or issue Units. UBS do not take into account labour standards or environmental, social or ethical considerations.

## Obligations of UBS

The Units 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 "Description of UBS" on page 33 of this PDS.

UBS reserves the right to buy back Units that have been issued. UBS may cancel at its option the Units bought back.

Applications can be lodged at any time during the Initial Offer Period or the General Offer Period for the Units, subject to the right of UBS to close either offer at an earlier date without prior notice. No cooling off rights apply in respect of a purchase of the Units.

## 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 Ombudsman Service ("FOS") at:

Financial Ombudsman Service  
GPO Box 3  
Melbourne, VIC 3001  
Telephone: 1300 780808 Fax: (03) 9613 6399  
Email: info@fos.org.au

FOS is an independent dispute resolution scheme. Subject to FOS rules, a claim must be under AUD 150,000 for FOS to consider it. 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.

Baker & McKenzie, solicitors, has given, and at the date of this PDS has not withdrawn, its written consent to being named as having acted as solicitors to UBS in connection with the issue of the Units pursuant to this PDS. It has in that capacity, prepared the terms of the Deferred Purchase Agreement. Otherwise, Baker & McKenzie does not make any statement in, or take responsibility for any part of, this PDS and has not authorised the issue of the PDS nor does any statement herein purport to be based on a statement made by Baker & McKenzie expect for the Terms of the Deferred Purchase Agreement.

Clayton Utz, solicitors, has given, and at the date of this PDS has not withdrawn, its written consent to being named as having acted as solicitors to UBS in connection with taxation issues associated with the issue of the Units pursuant to this PDS. It has in that capacity, prepared the Taxation Summary in Section 11 – “Taxation Summary” of this PDS. Otherwise, Clayton Utz does not make any statement in, or take responsibility for any part of, this PDS and has not authorised the issue of the PDS nor does any statement herein purport to be based on a statement made by Clayton Utz expect for the Taxation Summary in Section 11 – “Taxation Summary” of this PDS.

## Privacy Policy

Should you apply for Units by lodging an Investor Application Form with your Approved Adviser, you acknowledge and agree that:

- (a) UBS and your Approved Adviser collect your personal information for the purpose of processing your application for the Units, issuing the Units, managing your investment and complying with relevant laws. If you do not provide the personal information UBS or your Approved Adviser requires, your application may not be processed; and
- (b) UBS or your Approved Adviser may be required to 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;
  - (ii) share registries, custodians and certain software providers and external service providers including offshore providers related to the operational management and settlement of the Units;
  - (iii) other third parties for the purpose of account maintenance and administration, marketing research or acquiring any interest in any part of the business of your Approved Adviser; and
  - (iv) regulatory authorities such as the ASX.

All personal information collected from you will be collected, used and stored by UBS in accordance with the UBS Privacy Policy, a copy of which can be made available to you on request. To obtain a copy, please contact UBS on 1800 633 100.

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.

You can access the personal information UBS or your Approved Adviser holds about you.

UBS 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 Investor Application Form or contact UBS or your Approved Adviser (as appropriate).

## Financial Services Guide

The financial services guide of UBS Securities Australia Limited, which contain information about the services provided by that entity if it acts as ASX broker in relation to the Agency Sale Arrangement is available from [www.ubs.com/equitysolutions](http://www.ubs.com/equitysolutions) or by contacting UBS on 1800 633 100. You should read and ensure you fully understand the financial services guide of UBS Securities Australia Limited before investing in the Units.



# Section 13 - Terms of the Deferred Purchase Agreement

These Terms (including, in respect of a Series, those set out in the Term Sheet for that Series) form the terms and conditions on which the Investor agrees to acquire the Delivery Parcel from UBS. Capitalised words have the meaning given to them in the "Glossary" section of the PDS.

## **1. Applications and Acceptance**

### **1.1 Offer by the Investor**

An Investor may make an offer to UBS to acquire the Delivery Parcel from UBS on a deferred basis in accordance with these Terms:

- (a) by completing and returning a valid Investor Application Form to an Approved Adviser and ensuring the Approved Adviser provides the Investor Application Form to UBS by the time specified by UBS; and
- (b) by ensuring that an amount equal to the Total Investment Amount is received by UBS in cleared funds by the time specified by UBS.

### **1.2 Investor bound by Terms**

By signing the Investor Application Form and arranging for the Approved Adviser to lodge it with UBS, the Investor agrees to be bound by these Terms.

### **1.3 Acceptance of the offer by UBS**

- (a) UBS may decide in its absolute discretion whether or not it will accept the Investor's offer to acquire the Delivery Parcel from UBS.
- (b) If UBS decides that it will accept an Application and provided that UBS has received the Total Investment Amount in cleared funds by the Payment Date (or such other time if otherwise accepted by UBS in its discretion), acceptance of the Investor's offer will take place, and the parties' rights and obligations under these Terms will commence, on the Issue Date. For each multiple of the Purchase Price paid the Investor will be entitled to one Unit.
- (c) Within 10 Business Days of the Issue Date of a Series, UBS will send to the Investor a Confirmation Notice acknowledging either the acceptance or rejection of an Investor's offer and setting out any relevant details of the Unit, such as the Call Dates and the Periodic Payment Rate.

## **2. Appointment of Registrar**

- (a) UBS will appoint the Registrar set out in the Term Sheet. The Registrar will be responsible for establishing and maintaining a separate Register for each Series of Units issued by UBS during the term of the Registrar's appointment. The Register will be established and maintained in Sydney (or any other place in Australia as UBS and the Registrar may agree).
- (b) The Investor acknowledges and agrees that the Register will be conclusive evidence of ownership of interests in the Units. UBS is not required to recognise any interest in Units not recorded in the Register.

## **3. Deferred purchase of Delivery Assets**

### **3.1 Purchase of Delivery Assets**

The Investor agrees to purchase from UBS the Delivery Parcel for the Total Investment Amount (which will be paid by the Investor in accordance with clause 3.2). UBS will deliver the Delivery Parcel to the Investor on the Settlement Date in accordance with clause 4.

### **3.2 Payment of the Total Investment Amount**

- (a) The Investor must pay the Total Investment Amount to UBS in cleared funds by the Payment Date (or such other time if otherwise accepted by UBS in its absolute discretion).
- (b) The minimum Total Investment Amount for which an Application will be accepted by UBS under these Terms in respect of a Series is the minimum amount set out in the Term Sheet for that Series.

### **3.3 Periodic Payment**

- (a) For each Trading Day in a Periodic Payment Period on which the Outperformance Rate is greater than or equal to the Accrual Level, UBS will pay a Periodic Payment to the Investor calculated as described in the Term Sheet.
- (b) The Periodic Payment will be paid to the Investor on each Periodic Payment Date.
- (c) The Investor agrees and acknowledges that no Periodic Payment will accrue, or be due and payable by UBS, in respect of a Periodic Payment Period during which a Call Event occurs.
- (d) UBS will pay a Called Periodic Payment in accordance with clause 5.4(c).

## **4. Maturity and Settlement of deferred purchase**

### **4.1 Notice of Maturity**

UBS will, unless otherwise specified in the PDS:

- (a) give a Maturity Notice to the Investor not less than twenty (20) Business Days before the Final Maturity Date; and
- (b) give a Call Date reminder notice and Standing Election Notice to the Investor not less than twenty (20) Business Days before the first Call Date. If a Call Event occurs on that Call Date or any subsequent Call Date, then that Call Date reminder notice will serve as the Maturity Notice for the purposes of these Terms.

### **4.2 Effecting Maturity**

- (a) If the Investor wishes to use the Agency Sale Arrangement, the Investor must return the Maturity Notice or Standing Election Notice to UBS on the date which is at least 5 Business Days before the Maturity Date or Call Date that is a Maturity Date, specifying in the Maturity Notice that the Investor will use the Agency Sale Arrangement.
- (b) If the Investor:
  - (i) does not lodge a Maturity Notice or Standing Election Notice with UBS by the date which is at least 5 Business Days before the Maturity Date or Call Date that is a Maturity Date;
  - (ii) returns the Maturity Notice or Standing Election Notice to UBS by the date which is at least 5 Business Days before the Maturity Date and the Investor has not elected in the Maturity Notice or Standing Election Notice to use the Agency Sale Arrangement; or
  - (iii) withdraws or revokes a Standing Election Notice provided under clause 4.2(a) at least 5 Business Days prior to a Call Date on which Maturity occurs,physical delivery of the Delivery Parcel will occur in accordance with clause 4.3.

### **4.3 Physical delivery of the Delivery Assets to the Investor**

Unless the Investor has elected on the Maturity Notice or Standing Election Notice to use the Agency Sale Arrangement:

- (a) UBS (either itself or through a nominee) will procure the performance of all acts required of a transferor of marketable securities under the ASTC Settlement Rules for ASX listed Delivery Assets to enable the Delivery Parcel to be transferred to the Investor (or the Investor's nominee) on the Settlement Date or as soon as possible thereafter, free from any security interest or third party interest or restriction on transfer (other than one that has been accepted by the ASX for the purposes of quotation of the property comprising the Delivery Assets);
- (b) In respect of ASX listed Delivery Assets, the Investor irrevocably authorises UBS and any of its nominees, at the option of UBS, to act as the Investor's agent to do all things required to be done, including but not limited to supplying the Investor's HIN, to effect the delivery of the Delivery Parcel to the Investor (or the Investor's nominee); and
- (c) Investors who are CHESS sponsored with UBS or UBS' nominees will receive delivery of the Delivery Parcel in their UBS (or UBS' nominee) sponsored account. Investors who are not CHESS sponsored

with UBS or UBS' nominees, will have their Delivery Parcel delivered to the register of the Delivery Asset issuer.

#### **4.4 Delivery through the Agency Sale Arrangement**

If the Investor has elected to use the Agency Sale Arrangement, UBS (either itself or through a nominee) will procure the delivery of the Delivery Parcel as follows:

- (a) UBS or its nominees are irrevocably authorised to accept physical delivery of the Delivery Parcel for and on behalf of the Investor;
- (b) the Investor irrevocably authorises UBS or its nominees to sell, and irrevocably directs and authorises UBS or any of its nominees to take all actions necessary or desirable to effect the sale by UBS or its nominees of, the Delivery Parcel for and on behalf of the Investor;
- (c) UBS or its nominees on behalf of UBS will pay to the Investor's Settlement Account (or pay by cheque to the Investor if no Settlement Account is nominated) the Sale Proceeds, within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter; and
- (d) The Investor acknowledges and agrees that:
  - (i) UBS or its nominees agree to sell the Delivery Parcel on behalf of the Investor for an amount per Delivery Asset equal to the Average Price;
  - (ii) to the maximum extent permitted by law, UBS and its nominees are not responsible for any loss, costs or expense incurred by the Investor as a result of using the Agency Sale Arrangement, except to the extent that such loss, cost or expense arises as a result of UBS' or the nominee's gross negligence, wilful default, fraud or dishonesty;
  - (iii) UBS and its nominees will use their best endeavours to sell the relevant Delivery Parcel in accordance with clause 4.4(d)(i). If, for any reason whatsoever, the Issuer and its nominees are unable to sell the relevant Delivery Parcel at the Average Price, the Investor irrevocably authorises the Issuer and its nominees to use their best endeavours to sell the relevant Delivery Parcel as soon as practicable at the best price the Issuer and its nominees can obtain.

#### **4.5 Satisfaction of obligations**

Upon delivery of the Delivery Parcel to the Investor in accordance with clause 4.3 or payment by UBS or its nominee (on behalf of UBS) to the Investor of the Sale Proceeds under clause 4.4(c), UBS' obligations to the Investor under these Terms are satisfied in full and discharged.

#### **4.6 Delivery of a whole number of Delivery Assets only**

UBS or its nominee will not transfer a fractional Delivery Asset or parts of a Delivery Asset. If after aggregating all Delivery Assets transferred to an Investor on the Settlement Date, and if any fractional unit would be transferable by UBS on the Settlement Date, UBS will cause to be paid to the Investor (within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter) an amount equal to the value of the fraction of the unit forgone based on the Average Price provided that such amount exceeds twenty Australian Dollars (A\$20.00). If the amount does not exceed A\$20.00, UBS is under no obligation to the Investor to make any payment for the fractional unit. On payment of the amount under this clause, UBS is discharged of its obligation to deliver the fraction of the Unit forgone.

#### **4.7 Substitution of Delivery Assets**

UBS may, in its reasonable opinion, determine that it is not possible or desirable or efficient using commercially reasonable efforts to obtain or to transfer the Delivery Assets comprising the Delivery Parcel to the Investor. In this case, Maturity will take place in accordance with clause 4 (or, in the case of an Early Maturity, in accordance with clause 5.4(a)) except that UBS may substitute the Delivery Asset for any other security quoted and trading on ASX (including any other security or any other fund or entity listed on ASX) and deliver that substituted security in accordance with these Terms as if the definition of "Delivery Asset" was amended to refer to the substituted security.

## **5. Early Maturity**

### **5.1 Early Maturity by UBS**

A Call Event will be an Early Maturity Event, and UBS may also, at any time (in its absolute discretion), nominate any of the following events as an Early Maturity Event:

- (a) an event considered to be an Early Maturity Event as described in the PDS;
- (b) in relation to Units issued by an off shore banking unit of UBS that off shore banking unit loses its status as an off shore banking unit;
- (c) an Adjustment Event occurs or is proposed to occur and in UBS' reasonable opinion it is not possible or desirable to deal with the occurrence of that event in accordance with clause 6;
- (d) if UBS determines in good faith that the performance of its obligations in relation to or under these Terms has or will become, in circumstances beyond the reasonable control of UBS, impossible, unlawful, illegal or otherwise prohibited as a result of compliance with any applicable present or future law, rule, regulation, judgement, order or directive of any government, administrative, legislative or judicial authority or power; or
- (e) any actual or proposed event that may reasonably (in UBS' opinion) be expected to lead to any of the events referred to in paragraphs (a) to (c) above occurring

If any event occurs which constitutes both an Adjustment Event and an Early Maturity Event as defined in this clause, UBS may in its discretion treat that event as either an Adjustment Event or Early Maturity Event.

### **5.2 Determination that there will be an Early Maturity**

Where UBS has nominated an event as an Early Maturity Event, UBS may in its absolute discretion determine that there will be an Early Maturity and may specify a date as the Early Maturity Date. In the case of a Call Event, the Early Maturity Date will be the relevant Call Date.

### **5.3 Investor Requested UBS Buy-Back**

- (a) The Investor may request UBS to buy back their Units on any Business Day by giving an Investor Sale Form to UBS. A UBS Buy-Back can only be requested in respect of the Investor's full amount of Units. Once lodged the request for a UBS Buy-Back is irrevocable. It is in UBS' absolute discretion to accept or reject the request for UBS Buy-Back. If UBS accepts:
  - (i) The Investor acknowledges that Principal Protection will not apply and the Investor may receive less than the Issue Price per Unit.
  - (ii) UBS will, as soon as practicable after the request is received and accepted, execute the UBS Buy-Back on the Buy-Back Date. The Investor acknowledges that the Buy-Back Date will depend, in part, on UBS' ability to liquidate its hedging arrangement (if any), as applicable to that Series.
  - (iii) UBS will, in its absolute discretion, determine the Buy-Back Price for the purchase of the Investor's Units. The Buy-Back Price will be calculated by reference to the fair market value of the Units on the Buy-Back Date, less Costs and Taxes, Break Costs and any buy/sell spread. UBS will provide an Investor with an estimate of the Buy-Back Price before effecting the buy-back. The Investor acknowledges this is an estimate only and the actual Buy-Back Price on the Buy-Back Date may be significantly less than the estimate. UBS will notify the Investor of the actual Buy-Back Price in the Settlement Notice.
  - (iv) On payment by UBS of the Buy-Back Price to an Investor all of UBS' obligations to the Investor under these Terms are deemed to be satisfied and discharged in full.
  - (v) On payment of the Buy-Back Price UBS will arrange for an Investor's name and details to be removed from the Register.
- (b) If the Investor changes their residency status, the Investor must notify UBS in writing within at least 10 Business Days prior to this taking place. By changing their residency status, the Investor will be deemed to have requested a UBS Buy-Back of all of their Units in accordance with clause 5.3(a).

## 5.4 Early Maturity Mechanism

- (a) If UBS determines that there will be an Early Maturity or there is an Early Maturity as a result of a Call Event, the Early Maturity will take place as follows:
- (i) If:
    - (A) Early Maturity occurs as a result of a Call Event, the Maturity process will occur in accordance with clause 5.4(a)(ii) and the Call Date on which the Call Event occurs will be the Early Maturity Date;
    - (B) Early Maturity occurs other than as a result of a Call Event, UBS will, before the Early Maturity Date, notify the Investor that Early Maturity will occur on the Early Maturity Date in accordance with clause 5 of these Terms. The Early Maturity Notice issued by UBS under this clause shall serve as the Maturity Notice. UBS will specify in the Early Maturity Notice whether Early Maturity will occur by the maturity process in accordance with clause 5.4(a)(ii) or by Refund in accordance with clause 5.4(a)(iii).
  - (ii) If specified in the Maturity Notice and subject to clause 5.4(b), Early Maturity will take place in accordance with the procedures set out in clauses 4.2 to 4.7 of these Terms.
  - (iii) If specified in the Early Maturity Notice, Early Maturity will occur by UBS paying to the Investor the Refund to the Investor's Settlement Account (or paying by cheque to the Investor if no Settlement Account is nominated) by the Settlement Date or as soon as practicable thereafter.
  - (iv) After the Delivery Parcel is delivered to the Investor under clause 4.3 or UBS (or its nominee) pays the Investor the Refund in accordance with clause 5.4(a)(iii) or the relevant amount in respect of the Delivery Parcel under clause 4.4 as a result of an Early Maturity Event occurring, all obligations of UBS to the Investor under these Terms are deemed to be satisfied in full and UBS is discharged from its obligations under these Terms. This clause does not discharge UBS of its obligations under the Privacy Act or the terms of its privacy policy.
- (b) If an Early Maturity is nominated by UBS, for the purposes of determining the Delivery Parcel, unless Early Maturity results from a Call Event, the definition of "Delivery Parcel" in the Glossary section of the PDS does not apply and instead the following definition will be applied: "Delivery Parcel" means the number of Delivery Assets to be delivered by UBS to the Investor on the Settlement Date as determined by the following formula:
- $$\text{Delivery Parcel} = \frac{\text{Early Maturity Value} \times \text{Number of Units held by the Investor} - \text{applicable Costs and Taxes}}{\text{Average Price}}$$
- (c) If a Call Event occurs, in addition to delivering the Delivery Parcel, UBS will:
- (i) pay the Investor a Called Periodic Payment on the Called Periodic Payment Date; and
  - (ii) Deliver the Delivery Parcel or Sale Proceeds (if the Agency Sale Arrangement is elected) on the Settlement Date or as soon as reasonably practicable thereafter.

## 5.5 No Principal Protection on Early Maturity or UBS Buy-Back

- (a) Principal Protection will not apply if there is an Early Maturity Event (other than a Call Event) or a UBS Buy-Back.
- (b) Without limiting the foregoing, in determining the "Early Maturity Value" or the Buy-Back Price UBS may deduct any costs, losses or expenses that it incurs in relation to the Early Maturity or UBS Buy-Back, including without limitation, Costs and Taxes, Break Costs, administrative costs, costs of unwinding any hedge put in place for the purposes of meeting its obligations under these Terms, and any cost of funding or any loss of bargain.

## 5.6 Possible reduction of value on Early Maturity

Except in the case of a Call Event, if there is an Early Maturity, UBS does not guarantee to deliver to the Investor a Delivery Parcel based on the Final Value. For the avoidance of doubt, when there is an Early Maturity (and UBS elects to apply the maturity process in accordance with clause 5.4(a)(ii)) the Delivery Parcel

will only be determined in accordance with clause 5.4(b), and any Principal Protection will not apply (unless otherwise specified in the PDS).

## **5.7 Adjustments to this clause**

Subject to clause 14, where UBS determines that any of the provisions of this clause 5 are not appropriate in any particular circumstances, or that any event which is not dealt with in clause 5 should have been dealt with, it may make any alterations to the effect of this provision or any other Term that it considers to be appropriate.

## **6. Adjustment Events and Market Disruption Events**

### **6.1 Adjustment Events**

If an Adjustment Event occurs or is proposed to occur on or before the Maturity Date, UBS may in its absolute discretion elect to do any or all of the following:

- (a) substitute part or all of the affected Component Assets, the Fund or Delivery Asset with any other asset; and/or
- (b) substitute the Delivery Asset with any other security quoted and trading on the ASX; and/or
- (c) adjust or amend any variable, Call Date, Accrual Level, Periodic Payment Rate, formula, amount or calculation as set out or used in these Terms (including the PDS and Term Sheet); and/or
- (d) adjust, amend or substitute the definition of Component Assets, Fund, Outperformance Rate or Delivery Asset and/or vary any of the terms referred to in the PDS, and/or
- (e) determine to suspend any of the necessary calculations referred to in these Terms as appropriate until reliable values can be obtained,

in a manner consistent with any adjustment or change made to UBS' hedging arrangement or in a manner consistent with the PDS provided that in the reasonable opinion of UBS the adjustment in accordance with the above paragraphs is appropriate to put both UBS and the Investor in substantially the same economic position as the Investor and UBS would have been in had the Adjustment Event not occurred. If, in the reasonable opinion of UBS, it is not possible or desirable to deal with the occurrence of the Adjustment Event in accordance with this clause 6, UBS may nominate the event as an Early Maturity Event and may deal with that event in accordance with clause 5. UBS will notify Investors of any adjustment that it proposes to make under this clause before the adjustment occurs or as soon as reasonably practicable after the adjustment occurs and UBS will determine and notify Investors of the effective date of that adjustment.

### **6.2 Market Disruption Events**

If there is a Market Disruption Event affecting a Component Asset or the Fund on a Call Date or on the Maturity Date, then the Call Date or Maturity Date for the affected Component Asset or Fund is to be the first succeeding Trading Day on which there is no Market Disruption Event. However, if there is a Market Disruption Event affecting the Component Asset or Fund on each of the 10 Trading Days immediately following the original date that, but for the Market Disruption Event, would have been the Call Date or Maturity Date, then:

- (a) that 10th Trading Day is to be taken to be the Call Date or Maturity Date (as applicable), despite the Market Disruption Event; and
- (b) UBS must on that 10th Trading Day in good faith and in its absolute discretion determine:
  - (i) whether a Call Event has occurred but for that Market Disruption Event; or
  - (ii) the Closing Price of the Component Asset or the Fund that would have prevailed on the original Maturity Date but for that Market Disruption Event.

UBS must, as soon as practicable (and in no event later than 5 Business Days after the original date that, but for the occurrence or existence of a Market Disruption Event, would have been the Call Date or Maturity Date) notify Investors of the existence or occurrence of a Market Disruption Event.

## **7. Accretions**

These Terms do not confer on the Investor any right or interest in respect of Accretions to the Component Assets, the Fund or the Delivery Assets arising prior to delivery of the Delivery Assets. Accretions to the

Component Assets, the Fund or the Delivery Assets may lead to adjustments as provided for in clause 6 of these Terms.

## **8. UBS' obligations are unsecured**

UBS' obligations under these Terms (including in relation to the deferred purchase of the Delivery Assets) are direct, unconditional and unsecured obligations of UBS and these obligations rank equally with UBS' existing unsecured debt, subject to insolvency, banking or similar laws affecting creditors' rights generally.

## **9. Beneficial interest in the Delivery Assets**

- (a) On acceptance by UBS of the Investor's application for Units, the Investor receives, in respect of their Total Investment Amount, a beneficial interest in a Portion of the Delivery Assets on the Issue Date. The Investor holds the Beneficial Interest in the Portion of the Delivery Assets until the earlier of the Maturity Date or transfer of their Units in accordance with these Terms.
- (b) An Investor may only deal with the Beneficial Interest in accordance with these Terms.
- (c) The Beneficial Interest forms part of the Units held by the Investor and may not be severed from the balance of the rights in connection with those Units or dealt with separately in any way.
- (d) When an Investor deals with a Unit in any way, then without the need for any additional writing or action, the same dealing between the same parties shall occur in respect of the corresponding Beneficial Interest. When an Investor deals with a Beneficial Interest in any way, then without the need for any additional writing or action, the same dealing between the same parties shall occur in respect of the corresponding Unit. For example, when an Investor (the "old holder") transfers a Unit to another person (the "new holder"):
  - (i) all the rights and obligations that attach to that Unit, including the Beneficial Interest are transferred from the old holder to the new holder;
  - (ii) the old holder's interest in the Unit will be removed from the Register and the new holder will be added to the Register; and
  - (iii) the old holder ceases to have any rights in relation to the Unit or the Beneficial Interest.
- (e) If any Investor purports to deal with a Unit without an equivalent dealing in the corresponding Beneficial Interest, or if any Investor purports to deal with a Beneficial Interest without an equivalent dealing in the corresponding Unit, or if any Investor purports to contract out of this clause in any way, any such dealing will be void and the Unit and the Beneficial Interest will remain with the Investor recorded on the Register of holders.
- (f) The Issuer or its nominee will hold the Portion of the Delivery Assets from the Issue Date until the Maturity Date and will be entitled to retain any distributions made in connection with those assets, exercise all voting rights and will not be required to pass any notice of meeting or other material in connection with those assets to the Investor. On the Maturity Date, the Issuer will sell the Portion of the Delivery Asset and the sale proceeds from this sale will be included in the Final Value.
- (g) The Investor agrees and acknowledges that the agreement to purchase the Delivery Assets as set out in these Terms and the payment of the Total Investment Amount does not transfer the legal or beneficial interest in the Delivery Assets to the Investor other than the Beneficial Interest in a Portion of the Delivery Assets. The parties agree and acknowledge that the legal or beneficial interest in the balance of the Delivery Assets will transfer to the Investor only on the Settlement Date. If the Issuer fails to deliver the balance of the Delivery Parcel to the Investor in accordance with these Terms, the Investor agrees that it will not be entitled to an injunction, specific performance or any other equitable rights or remedies and will be entitled only to damages.

## **10. Taxes**

- (a) UBS is not liable for any Taxes or other charges (i) payable by the Investor in relation to or in connection with these Terms; or (ii) payable by UBS or any other person on, as a consequence of, or in connection with, the purchase, sale or transfer of a Delivery Asset or rights, or any other supply under or in connection with these Terms.
- (b) The Investor must:

- (i) pay all Taxes (including goods and services tax) and other charges for which the Investor becomes liable in relation to or in connection with these Terms; or
- (ii) pay an additional amount to UBS on demand equal to any applicable Taxes (including goods and services tax) and other charges for which UBS or any other person becomes liable on, as a consequence of, or in connection with, the purchase, sale or transfer of a Delivery Asset or rights, or any other supply under or in connection with these Terms.

## **11. Investor's representations and warranties**

By signing the Investor Application Form and arranging for the Approved Adviser to lodge it with UBS the Investor represents and warrants to UBS (as a continuing representation and warranty) that:

- (a) the Investor has full legal capacity to make the Application and be bound by these Terms and has taken all actions that are necessary to authorise the Application and be bound by these Terms;
- (b) the Investor has reviewed these Terms and has made its own independent investigations and appraisals of the taxation, legal, commercial and credit aspects associated with the purchase of the Delivery Assets;
- (c) the Investor has not relied in any way on any statements made by UBS or its related entities or their servants, agents, employees or representatives in relation to these Terms or the deferred purchase of the Delivery Assets and the Investor acknowledges that UBS has not made any representations to the Investor regarding the suitability or appropriateness of the deferred purchase of Delivery Assets pursuant to these Terms;
- (d) the Investor understands that nothing in these Terms or any marketing material associated with these Terms can be considered investment advice or a recommendation to acquire the Delivery Assets;
- (e) the Investor has obtained all consents which may be required by law to enable the Investor, as the case may be, to acquire the Delivery Assets and to become registered as the holder of the Delivery Assets and the registration of the Investor as the holder of the Delivery Assets will not contravene any law, regulation or ruling or the constitution of the issuer of the Delivery Assets;
- (f) the Units being applied for will not breach or result in a breach of any exchange controls, fiscal, securities or other laws or regulations for the time being applicable to the Investor and the Investor is not a resident or national of any jurisdiction where the Application for or the Maturity of the Units is prohibited by any law or regulation or where compliance with the relevant laws or regulations would require filing or other action by UBS or any of its related bodies corporate; and
- (g) the Investor acknowledges that the section in the PDS entitled "Tax Summary" is provided only for the benefit of UBS and is necessarily general in nature and does not take into account the specific taxation circumstances of each Investor. The Investor acknowledges that it has sought its own independent advice on the taxation implications relevant to their own circumstances before making an investment decision.

## **12. Set off Rights**

- (a) All monetary obligations imposed on the Investor under these Terms are absolute, free of any right to counterclaim or set off and may only be satisfied once the payment has cleared.
- (b) UBS may set off any amount payable to it by the Investor against any amount payable by UBS to the Investor. UBS may withhold any amount payable by it to the Investor in satisfaction of any amount payable to it by the Investor.

## **13. Notices**

- (a) Any notice or statement to be given or demand to be made on the Investor under these Terms:
  - (i) will be effectively signed on behalf of UBS if it is executed by UBS, any of its officers, its solicitor or its attorney;
  - (ii) may be served by being delivered personally to, by being left at, by being e-mailed to, or by being posted in a prepaid envelope or wrapper to the Investor's address (or e-mail address) notified to UBS or the Investor's registered office, place of business, or residence last known to UBS, or by being sent to the Investor by facsimile transmission; or



- (iii) may be posted on UBS website or an announcement made in an Australian newspaper with national coverage, if providing notice in such a manner is allowed by the Corporations Act or any ASIC policy.
- (b) A demand or notice if:
  - (i) posted will be deemed served 2 Business Days after posting;
  - (ii) sent by facsimile or electronic transmission will be deemed served on conclusion of transmission;
  - (iii) posted on a website or published in a newspaper will be given the date of posting or publishing.
- (c) Service by any of these methods will be valid and effectual even if the Investor does not receive the document or if the document is returned to UBS unclaimed.

## **14. Amendment of Terms**

UBS may, from time to time, by notice sent to the Investor make any modification, variation, alteration or deletion of, or addition to these Terms ("Change") where:

- (a) the Change is one determined by UBS as being required under either of clauses 5 or 6 of these Terms;
- (b) the Change is necessary or desirable in the reasonable opinion of UBS to comply with any statutory or other requirement of law; or
- (c) the Change is desirable to correct an inconsistency or error in these Terms (but only if such Change does not, in the opinion of UBS materially adversely affect, prejudice the interests of the Investor).

UBS will give the Investor notice of any Change to these Terms and the Investor will be bound by any such Change at the time the Investor is given such notice.

## **15. General provisions**

### **15.1 Currency**

All amounts payable by either party under these Terms will be paid in the denomination specified in the Term Sheet. All calculations will be performed in the currency specified as the "Denomination" in the Term Sheet.

### **15.2 No merger**

UBS' rights under these Terms are additional to and do not merge with or affect and are not affected by any mortgage, charge or other encumbrance held by UBS or any other obligation of the Investor to UBS, despite any rule of law or equity or any other statutory provision to the contrary.

### **15.3 Rounding**

All calculations made by UBS for the purposes of these Terms will be made to not fewer than 2 decimal places. Other than as provided in these Terms, rounding of numbers will not occur until the final calculation of a relevant amount or number at which time the Investor's entitlements will be aggregated and that aggregate will be rounded so that all money amounts are rounded down to the nearest whole cent and all numbers of Delivery Assets are rounded down to the nearest whole number.

### **15.4 Certificates**

Any document or thing required to be certified by the Investor or UBS must be certified by the Investor (if an individual) or a director, secretary or authorised officer of the Investor (if a company) or UBS, as the case requires, or in any other manner that UBS may approve.

### **15.5 Execution by attorneys**

Each attorney executing an Investor Application Form which binds the Investor to these Terms states that he, she or it has no notice of revocation or suspension of the power of attorney under which the attorney executes that form.

## **15.6 Power of attorney**

The Investor irrevocably appoints UBS and its nominees and any of their directors, secretaries and officers whose title includes the word "director" from time to time jointly and severally as attorney of the Investor to do (either in the name of the Investor or the attorney) all acts and things that the Investor is obliged to do under these Terms or which, in the opinion of UBS, are necessary or desirable in connection with the Delivery Assets or the protection of UBS' interests or the exercise of the rights, powers and remedies of UBS, including without limitation the authority to sell the Delivery Assets on behalf of the Investor in accordance with clause 4.4(b).

## **15.7 Invalid or unenforceable provisions**

If a provision of these Terms is invalid or unenforceable in a jurisdiction, it is to be read down or severed in that jurisdiction to the extent of the invalidity or unenforceability, and that fact does not affect the validity or enforceability of that provision in another jurisdiction or the remaining provisions.

## **15.8 Waiver and exercise of rights**

A single or partial exercise of a right by UBS does not preclude another exercise or attempted exercise of that right or the exercise of another right by UBS. Failure by UBS to exercise or delay in exercising a right does not prevent its exercise or operate as a waiver.

## **15.9 Assignment and transfer of interests**

- (a) UBS may transfer its rights and obligations, under these Terms at any time by giving notice to the holder of the Units.
- (b) Subject to meeting any requirements and providing any information UBS may require, the rights and obligations under these Terms may be transferred or novated by an Investor with the prior consent of UBS, provided that:
  - (i) an Australian resident Investor may only transfer their Units to another Australian resident Investor; and
  - (ii) a non-resident Investor may only transfer their Units to another non-resident Investor;
- (c) When an Investor deals with a Unit in a manner that does not involve the transfer of legal ownership of the Unit, the Issuer has no duty to record the dealing on the Register. Each Beneficial Interest corresponding to a particular Unit will pass to a new Investor on registration of a transfer of the Unit in the Register.

## **15.10 Recording conversations**

The Investor acknowledges that conversations between the Investor and UBS (or any officer of UBS or an Approved Adviser) may be tape-recorded. The Investor consents to the tape-recording and its use (or any transcript of the recording) in any proceedings that may be commenced in connection with these Terms.

## **15.11 Calculations and references to dates and times**

Calculations or determinations which are to be made on or by reference to a particular day, are to be made on or by reference to that day in the place and time zone of the Relevant Exchange to which that calculation or determination relates.

## **15.12 Payments by UBS**

All amounts payable by UBS under these Terms will be paid to the Investor's Settlement Account. If the Investor has not nominated a Settlement Account, payment will be made by UBS drawing a cheque made payable to the Investor which will be sent to the address recorded in the Register for that Investor, and on doing so UBS is discharged of its obligations under these Terms.

### **15.13 Governing law and jurisdiction**

These Terms are governed by the laws of New South Wales. The Investor irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

### **15.14 Terms of the Deferred Purchase Agreement prevail**

If there is an inconsistency between the terms and conditions of the Deferred Purchase Agreement and statements made in the PDS, the terms and conditions of the Deferred Purchase Agreement prevail.

### **15.15 Time is of the essence**

Time is of the essence in respect of the obligations of the Investor under these Terms.

### **15.16 Discretions**

Any determination made by UBS will be in its sole discretion, acting in good faith and in a commercially reasonable manner and will be conclusive and binding on all parties, except in the case of manifest error.

## **16. Interpretation**

- (a) In these Terms, unless the context requires another meaning, a reference:
  - (i) to the singular includes the plural and vice versa;
  - (ii) to a document (including these Terms) is a reference to that document (including any schedules and annexures) as amended, consolidated, supplemented, novated or replaced;
  - (iii) to a person (including a party) includes an individual, company, other body corporate, association, partnership, firm, joint venture, trust or government agency, and it also includes the person's successors, permitted assigns, substitutes, executors and administrators;
  - (iv) to a law is a reference to that law as amended, consolidated, supplemented or replaced and it includes a reference to any regulation, rule, statutory instrument, by-law or other subordinate legislation made under that law, or any legislation, treaty, judgment, rule of common law or equity or rule of any applicable stock exchange;
- (b) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (c) Headings are for convenience only and do not affect interpretation.
- (d) If a payment or other act must (but for this clause) be made or done on a day that is not a Business Day or, where relevant a Trading Day, then it must be made or done on the next Business Day or Trading Day.
- (e) If a period occurs from, after or before a day or the day of an act or event, it excludes that day.
- (f) These Terms may not be construed adversely to a party only because that party was responsible for preparing them.
- (g) Any term not defined in these Terms and which is defined in the PDS has the same meaning as in the PDS unless the context otherwise requires.
- (h) All references to time are to time in Sydney, Australia (unless otherwise stated).

## Section 14 - Glossary

Capitalised words have the following meaning given to them, unless the context requires otherwise. All references to clauses are to clauses in the Terms.

**"Accretions"** means all rights, accretions and entitlements attaching to the securities which comprise the Component Assets or the Fund or the securities making up the Delivery Assets after the Issue Date including without limitation, all voting rights, all dividends and all rights to receive dividends and other distributions or shares, notes, options, units or other financial products exercisable, declared, paid or issued in respect of the securities which comprise the Component Assets or the Fund or the securities making up the Delivery Asset and including any such rights, accretions and entitlements attaching to the securities which comprise the Component Assets or the Fund;

**"Accrual Level"** has the meaning given in the Term Sheet;

**"Adjustment Event"** means in respect of either the Component Assets or the Fund or the Delivery Asset ("the Relevant Asset") any of the following events:

- (a) where the Relevant Asset is a security or an interest in a managed investment scheme or an exchange traded fund:
  - (i) the actual or proposed adoption of any procedure, event or action which is or which is likely to result in any cash return of capital, pro-rata cash distribution, capital reduction, liquidator's distributions, share buy-back, bonus issue, rights issue, arrangement, scheme of arrangement, compromise, merger, demerger, reconstruction, compulsory acquisition, redemption, cancellation, replacement, modification, subdivision or consolidation, takeover bid, special dividend, non cash dividend, share split or any other similar or like event;
  - (ii) any event which is or which results in the actual or proposed administration, liquidation, winding up or termination of the issuer of the Relevant Asset or other similar or like event (however described);
  - (iii) any event which is or which results in the actual or proposed de-listing of the Relevant Asset or the actual or proposed removal from quotation of the Relevant Asset or the actual or proposed Suspension from trading of the Relevant Asset;
  - (iv) the main investment objective of the Relevant Asset changes to a material extent;
- (b) where the Relevant Asset is an index:
  - (i) the Relevant Asset is suspended or ceases to be published for a period of 24 hours or more;
  - (ii) the Relevant Asset is not calculated and announced by the component index provider or the relevant index provider, but is calculated and announced by a successor to the component index provider or the relevant index provider;
  - (iii) the Relevant Asset is replaced by a successor index using the same or a substantially similar formula for and method of calculation;
  - (iv) the component index provider, or the relevant index provider or any successor makes a material change in the formula for or the method of calculating the Relevant Asset or in any way materially modifies that Relevant Asset; or
  - (v) there is a Suspension or material limitation on trading of securities generally on a Relevant Exchange for a period of 24 hours or more;
- (c) any actual or proposed event that may reasonably (in the UBS's opinion) be expected to lead to any of the events referred to in paragraphs (a) or (b) above occurring;

- (d) where any Force Majeure Event occurs, or any other event occurs which UBS determines in good faith results in the performance of its obligations having become or becoming, in circumstances beyond its reasonable control, impossible, unlawful, illegal or otherwise prohibited;
- (e) Hedging Disruption or Increased Costs of Hedging or any termination of UBS' hedging arrangement or the adjustment or change of 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; or
- (f) any other event which UBS reasonably declares to be an Adjustment Event;

**"AFSL"** means an Australian Financial Services Licence;

**"Agency Sale Arrangement"** means the agreement between the Investor and UBS entered into on receipt by UBS of a Maturity Notice or a Standing Execution Notice (until revoked) specifying the Investor's election to use the Agency Sale Arrangement, under which UBS will sell, or procure the sale of, the Delivery Parcel for and on behalf of, at the direction of and as agent for the Investor on or as soon as practicable after the Settlement Date in accordance with clause 4.4 of the Terms of the Deferred Purchase Agreement in Section 13 of this PDS;

**"Applicant"** means a person or entity who makes an Application.

**"Application"** means an offer by the Investor to UBS to acquire the Delivery Parcel on a deferred basis on the terms and conditions set out in the Terms;

**"Approved Adviser"** means, in respect of a Series, such broker(s) or advisers approved by UBS and notified to Investors via its website [www.ubs.com/equitysolutions](http://www.ubs.com/equitysolutions) as the Approved Adviser(s) in respect of that Series from time to time;

**"Approved Adviser Fee"** has the meaning given in the Term Sheet;

**"ASIC"** means the Australian Securities & Investments Commission;

**"ASTC Settlement Rules"** means the settlement rules of the ASX Settlement and Transfer Corporations Pty Limited as amended or substituted from time to time;

**"ASX"** means as the context requires, the Australian Securities Exchange, as operated by ASX Limited (ABN 98 008 624 691) of ASX Limited;

**"ASX Market Rules"** means the market rules of ASX as amended or substituted from time to time;

**"ASX Trading Day"** means a day on which all of the ASX is open for normal trading;

**"AUD" or "A\$"** means Australian Dollars;

**"AUD Series"** means AUD Series 7 and AUD Series 8.

**"Authorised Deposit Taking Institution"** has the meaning given in the *Banking Act 1959*.

**"Average Price"** means, as calculated by UBS in its absolute discretion, the average weighted price per Delivery Asset at which UBS (or its nominee) acquires or purchases, in connection with the Units, the Delivery Asset on the ASX Trading Day immediately following the Final Maturity Date (or in the case of an Early Maturity, the Early Maturity Date), unless it is not possible to determine the price of the Delivery Asset at that time, in which case UBS may, in its absolute discretion, nominate another time or period of time to determine the average weighted price at which UBS (or its nominee) acquires or purchases, in connection with the Units, the Delivery Asset;

**"Beneficial Interest"** means the beneficial interest in the Portion of the Delivery Assets granted in accordance with clause 9 of the Deferred Purchase Agreement in Section 13 of this PDS;

**"Break Costs"** means all costs, expenses and losses incurred by UBS (including without limitation any amounts paid or incurred on account of any goods and services or similar tax to the extent that input tax

credits are not available, Taxes and losses incurred by UBS and any upfront selling fees paid to an Approved Adviser that may be applicable) and notified by UBS as payable by the Investor as a result of:

- (a) the determination of an Early Maturity Date (other than a Call Date) or Buy-Back Date or other early termination of the Deferred Purchase Agreement;
- (b) the termination or reversal of any arrangements or hedge position entered into by UBS in connection with Units which is terminated early; or
- (c) any loss of profits that UBS may suffer by reason of the early termination of the Deferred Purchase Agreement.

**"Business Day"** means a day on which banks are open for business in Sydney and Melbourne, but does not include a Saturday, Sunday or public holiday;

**"Buy-Back Date"** means the date determined by UBS in its absolute discretion as the date on which it executes a UBS Buy-Back request;

**"Buy-Back Price"** means, in respect of each Series, the amount determined by UBS in its absolute discretion in respect of the buy-back of the Investor's Units in accordance with clause 5.3(a)(iii) of the Terms of the Deferred Purchase Agreement in Section 13 of this PDS;

**"Call Dates"** has the meaning given in the Term Sheet;

**"Call Event"** in respect of a particular Series, has the meaning given in the Term Sheet;

**"Callable Level"** has the meaning given in the Term Sheet;

**"Called Periodic Payment"** has the meaning given in the Term Sheet;

**"Called Periodic Payment Date"** has the meaning given in the Term Sheet;

**"Change"** has the meaning attributed to it in clause 14 of the Terms of the Deferred Purchase Agreement in Section 13 of this PDS;

**"Closing Price"** has the meaning given in the Term Sheet;

**"Closing Time"** means the official time for close of trading on the Relevant Exchange on a Trading Day, or ASX on an ASX Trading Day, or if a day is not a Trading Day or ASX Trading Day, 5:00 pm Sydney time on that day;

**"Component Asset"** has the meaning given in the Term Sheet;

**"Confirmation Notice"** means a notice provided by UBS to an Investor in accordance with clause 1.3(c) of the Terms of the Deferred Purchase Agreement in Section 13 of this PDS;

**"Corporations Act"** means the Corporations Act 2001 (Cth) as amended from time to time;

**"Costs and Taxes"** means any incidental costs or expenses incurred by UBS in relation to the transfer of any Delivery Assets to or for the benefit of the Investor following Maturity (whether by way of physical delivery of the Delivery Assets to the Investor or delivery to UBS or its nominee under clause 4.4 of the Terms of the Deferred Purchase Agreement in Section 13 of this PDS) plus any Taxes and any costs or expenses including brokerage incurred by or charged by UBS or its nominees under or in connection with the Agency Sale Arrangement, if applicable. For the avoidance of doubt, this includes, without limitation, any amounts paid or incurred by UBS or its nominees on account of GST to the extent that input tax credits are not available;

**"Deferred Purchase Agreement"** means the agreement under which the Investor agrees to purchase the Delivery Parcel from UBS on a deferred basis on the terms and conditions set out in the Terms for the relevant Series and the PDS including the Term Sheet for that Series;

**"Delivery Asset"** means, in respect of each Series, ordinary fully paid shares in Telstra Corporation Limited, or any other Delivery Asset specified in the PDS or determined by UBS in accordance with the Terms of that Series;

**"Delivery Parcel"** means:

- (a) in respect of the USD Series, the number of Delivery Assets to be delivered by UBS to the Investor on the Settlement Date as determined by the following formula:

$$\frac{[(\text{Final Value} \times \text{number of Units held by an Investor}) - \text{any applicable Costs and Taxes}] \times \text{Exchange Rate}}{\text{Average Price for the Delivery Assets}}$$

- (b) in respect of the AUD Series, the number of Delivery Assets to be delivered by UBS to the Investor on the Settlement Date as determined by the following formula:

$$\frac{[(\text{Final Value} \times \text{number of Units held by an Investor}) - \text{any applicable Costs and Taxes}]}{\text{Average Price for the Delivery Assets}}$$

**"Early Maturity"** means accelerated maturity in accordance with clause 5 of the Terms of the Deferred Purchase Agreement in Section 13 of this PDS;

**"Early Maturity Date"** means the date notified to the Investor as such in the Early Maturity Notice, or a Call Date on which a Call Event occurs;

**"Early Maturity Event"** has the meaning given in clause 5.1 of the Terms of the Deferred Purchase Agreement in Section 13 of this PDS;

**"Early Maturity Notice"** means the notice provided by UBS to the Investor notifying the Investor of the occurrence of an Early Maturity Event (if relevant) in respect of a Series and that an Early Maturity will take place on the specified Early Maturity Date for that Series;

**"Early Maturity Value"** means the fair economic value of the Unit at or around 5:00 pm Sydney time on the Early Maturity Date as determined by UBS in its absolute discretion, unless it is not possible to determine the fair economic value of the Unit at that time, in which case UBS may nominate another time to determine the Early Maturity Value;

**"Exchange Rate"** means the exchange rate determined by UBS in its absolute discretion as the rate at which the Final Value can be converted into the currency of denomination of the Delivery Asset on the date when the Average Price is determined;

**"Final Maturity Date"** means the date on which the Units in a Series will mature if the Units in the Series have not already matured as a result of an Early Maturity Event (including a Call Event), as specified in the Key Dates table on page 2 of this PDS;

**"Final Value"** per Unit means, in respect of a Series, the value specified in the Term Sheet for that Series as the "Final Value" and is calculated in accordance with the formula in the Term Sheet for that Series;

**"Force Majeure Event"** means an event or circumstance beyond the reasonable control of a party that prevents one or more parties from performing their obligations under this Agreement;

**"Fund"** or **"the Fund"** means the Consumer Discretionary Select Sector SPDR Fund;

**"General Offer Period"** means the offer period for Units with an open date of the General Offer Period Open and a close date of the General Offer Period Close as specified in the "Key Dates" section on page 2 of this PDS;

**"General Offer Period Close"** has the meaning given in the "Key Dates" section on page 2 of this PDS, which may be adjusted by UBS in its discretion;

**"General Offer Period Open"** has the meaning given in the "Key Dates" section on page 2 of this PDS, which may be adjusted by UBS in its discretion;

**"Hedging Disruption"** means a situation where on or prior to the Maturity Date or any other relevant date, UBS is unable, after using commercially reasonable efforts, to (i) 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 the Units, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s);

**"HIN"** means Holder Identification Number;

**"Increased Cost of Hedging"** means a situation where on or prior to the Maturity Date or any other relevant date, UBS would incur a materially increased (as compared with circumstances existing on the Strike Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) 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 the Units, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging;

**"Initial Offer Period"** means the offer period for Units with an open date of the Initial Offer Period Open and a close date of the Initial Offer Period Close as specified in the "Key Dates" section on page 2 of this PDS;

**"Initial Offer Period Close"** has the meaning given in the "Key Dates" section on page 2 of this PDS, which may be adjusted by UBS in its discretion;

**"Initial Offer Period Open"** has the meaning given in the "Key Dates" section on page 2 of this PDS, which may be adjusted by UBS in its discretion;

**"Initial Price"** has the meaning given in the Term Sheet;

**"Investor"** means the person or entity whose name is entered on the Register for a Series during the Investment Term of that Series;

**"Investor Application Form"** means the Investor Application Form attached to or accompanying the PDS for the relevant Series;

**"Investor Sale Form"** means the Investor Sale Form attached to or accompanying the PDS for the relevant Series;

**"Investment Term"** means, in respect of Units held by an Investor, the time period from the Issue Date to the Final Maturity Date;

**"Issue Date"** means the date specified in the Investor's Confirmation Notice as the "Issue Date" for Units held – see the "Key Dates" section on page 2 of this PDS;

**"Issue Price"** means, in respect of a Series, the price specified in the Term Sheet as the amount payable by an Investor who applies during the Initial Offer Period;

**"Issuer"** has the meaning given in the Term Sheet;

**"Market Disruption Event"** means the occurrence or existence on any Trading Day or ASX Trading Day during the one-half hour period that ends at the Closing Time of any of the following events, in the determination of UBS:

- (a) the suspension or material limitation of trading in (a) a material number of securities which comprise the Component Assets or the Fund or (b) securities generally on ASX or the Relevant Exchange; or
- (b) any similar event UBS reasonably declares to be a Market Disruption Event, including a Force Majeure Event.

For the purposes of this definition, (1) a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of



the Relevant Exchange; (2) a limitation on trading imposed during the course of a day by reason of movements in price otherwise exceeding levels permitted by the Relevant Exchange will constitute a Market Disruption Event; and (3) issues of materiality are to be determined in the discretion of UBS.

**"Maturity"** means the settlement of the deferred purchase of the Delivery Parcel in accordance with clause 4 of the Terms of the Deferred Purchase Agreement in Section 13 of this PDS, including as a result of a Call Event (but other than as a result of any other Early Maturity);

**"Maturity Date"** means the Final Maturity Date, unless there is an Early Maturity under clause 5 of the Terms of the Deferred Purchase Agreement in Section 13 of this PDS, in which case the Maturity Date will be the Call Date or the Early Maturity Date (as applicable);

**"Maturity Notice"** means a notice issued by UBS in accordance with clause 4.1 of the Terms of the Deferred Purchase Agreement in Section 13 of this PDS;

**"Minimum Periodic Payment Rate"** has the meaning given in the Term Sheet;

**"Minimum Total Investment Amount"** means, in respect of a Series, the amount specified in the Term Sheet for that Series as the "Minimum Total Investment Amount";

**"Offer Period Close"** means for Applications made during the Initial Offer Period, the "Initial Offer Period Close", or for Applications made during the General Offer Period, the "General Offer Period Close";

**"Outperformance Rate"** has the meaning given in the Term Sheet;

**"Payment Date"** means, in respect of Applications made during the Initial Offer Period, the date specified in the Key Dates table on page 2 of this PDS, and in case of Applications lodged during the General Offer Period, is the date as advised by UBS to the applicant;

**"Periodic Payment"** means the payment UBS may make under clause 3 of the Terms of the Deferred Purchase Agreement in Section 13 of this PDS and is calculated in accordance with the Term Sheet;

**"Periodic Payment Determination Date"** has the meaning given in the Term Sheet;

**"Periodic Payment End Date"** has the meaning given in the Term Sheet;

**"Periodic Payment Period"** has the meaning given in the Term Sheet;

**"Periodic Payment Date"** has the meaning given in the Term Sheet;

**"Periodic Payment Rate"** means the rate set out in the Term Sheet;

**"Periodic Payment Start Date"** has the meaning given in the Term Sheet;

**"PDS"** means the Product Disclosure Statement, including any Supplement, any Investor Application Form and any Investor Sale Form, for the relevant Units in a Series;

**"Portion of the Delivery Assets"** means 0.0001 of one Delivery Asset;

**"Principal Protection"** and **"Principal Protected"** means, in respect of each Series, the amount specified as the Principal Protection in the Term Sheet subject to the qualifications disclosed;

**"Product"** has the meaning given in the Term Sheet;

**"Purchase Price"** means the amount determined by UBS in its absolute discretion as the price at which an Investor can acquire a Unit in a Series at a particular point in time, which during the Initial Offer Period, is equal to the Issue Price specified in the Term Sheet for that Series;

**"Refund"** means the amount determined by UBS in its absolute discretion and by whatever means UBS deems appropriate. Without limiting the foregoing, in determining the Refund, UBS may adjust the Refund for any costs, losses or expenses that it incurs in relation to the Early Maturity, including without limitation,

Costs and Taxes, Break Costs, administrative costs, costs of unwinding any hedge put in place for the purposes of meeting its obligations under the Terms, and any cost of funding or any loss of bargain.

**"Registrar"** means the Registrar identified in the Term Sheet or any other registrar appointed by the Issuer from time to time;

**"Register"** means the register of holders of Units maintained by UBS or a person approved by UBS;

**"Relevant Exchange"** means in the case of:

- (a) any exchange traded financial product, the primary exchange upon which that financial product is traded; and
- (b) an index, the primary exchange upon which the financial products which primarily constitute that index are traded; or

as determined in the absolute discretion of UBS in accordance with the Term Sheet in Section 2 on page 12 of this PDS;

**"Sale Proceeds"** means the proceeds of the sale of the Delivery Parcel obtained by UBS (or its nominee) on behalf of the Investor under the Agency Sale Arrangement, less any Costs and Taxes, including brokerage, applicable to the sale of the Delivery Parcel, and, if applicable, converted at an exchange rate determined by UBS into the currency denomination of the relevant Series;

**"Series"** means an issue of Units that are identified in the Term Sheet applicable to those Units as forming a "Series";

**"Settlement Account"** means the transactional banking account held with an Australian bank which is nominated by the Investor on its Investor Application Form;

**"Settlement Date"** means, in respect of a Series, the fifth Business Day after the Final Maturity Date or Call Date or such other date as determined by UBS in its discretion as is reasonably necessary for UBS to fulfil its obligations under the Terms;

**"Settlement Notice"** means the notice from UBS to Investors following settlement of a Series, an Early Maturity or a Buy-Back Date;

**"Standing Election Notice"** means the notice from UBS to Investors prior to the first Call Date providing for the Investor to make a revocable election to use the Agency Sale Arrangement if a Call Event occurs;

**"Supplementary PDS"** means a supplement issued by UBS to this PDS;

**"Suspension"** means any temporary cessation of the trading or quotation of a material number of securities which comprise the Component Asset or the Fund or the Delivery Asset, including a trading halt on the ASX or the Relevant Exchange (as the context requires);

**"Strike Date"** is as specified in the Key Dates table on page 2 of this PDS, which is the date on which UBS will determine the Periodic Payment Rate applicable to a Series;

**"Tax" or "Taxes"** means any income tax, capital gains tax, goods and services tax, withholding tax, stamp, registration and other duties, bank accounts debits tax and other related taxes, levies, imposts, deductions, interest, penalties and charges payable by any person on, as a consequence of, or in connection with, the purchase, sale or transfer of a Delivery Asset;

**"Term"** has the meaning given in the Term Sheet;

**"Terms"** means, in respect of a Series, the terms and conditions of the Deferred Purchase Agreement and the PDS on which the Investor agrees to acquire the Delivery Parcel from UBS;

**"Term Sheet"** means in respect of a Series the section described as the "Term Sheet" for that Series.

**"Total Investment Amount"** means an amount equal to the aggregate amounts paid by an Investor to acquire all of the Investor's Units;

**"Trading Day"** means a day on which the Relevant Exchanges for each Component Asset and the Fund are open for normal trading;

**"UBS"** means UBS AG, Australia Branch (ABN 47 088 129 613) or its successors and assigns and means UBS acting through its offshore banking unit when in relation to any deferred purchase agreement entered into with a non-resident;

**"UBS Buy-Back"** means an Investor requested buy back of Units by UBS (including a deemed Investor requested buy-back) in accordance with clause 5.3(b) of the Terms of the Deferred Purchase Agreement in Section 13 of this PDS;

**"Unit"** means a Deferred Purchase Agreement entered into by UBS and the Investor. The total number of Units held by the Investor will be notified by UBS to the Investor in the Confirmation Notice provided by UBS in accordance with clause 1.3(c) of the Terms of the Deferred Purchase Agreement in Section 13 of this PDS; and

**"US"** means the United States of America.

**"USD" or "US\$"** means US Dollars;

**"USD Series"** means USD Series 7 and USD Series 8;

**"XLE"** means the Energy Select Sector SPDR Fund;

**"XLP"** means the Consumer Staples Select Sector SPDR Fund.

# FORMS

## How to Invest and Sell back

### Who should you contact?

You should contact your financial adviser to arrange for investment in or sale of Units. For general queries, please contact UBS on 1800 633 100 or visit the UBS website [www.ubs.com/equitysolutions](http://www.ubs.com/equitysolutions).

### Purchase of Units from UBS – Application – “Series 7 Form and Series 8 Form”

You may purchase Units from UBS on any day during the offer period set out on page 2 of this PDS, by providing to the Approved Adviser a completed Investor Application Form for the amount of Units that you wish to invest in.

For applications in Series 7, please fill out the Series 7 Form (white), indicating on it whether you would like to invested in AUD Series 7 or USD Series 7.

For applications in Series 8 (**Non-resident investors only**), please fill out the Series 8 Form (green), indicating on it whether you would like to invested in the AUD Series 8 or USD Series 8.

You may also be required to provide other supporting documentation as required by the Approved Adviser. The Approved Adviser will forward your application for Units to UBS on your behalf.

To acquire Units through an Approved Adviser:

- (a) Contact the Approved Adviser and provide to them a completed Investor Application Form for the amount of Units that you wish to invest in.  

You should ensure that you allow enough time for the Approved Adviser to process your purchase request, Investor Application Form and provide the Investor Application Form to UBS prior to the Offer Period Close.
- (b) You must also ensure that UBS receives the Total Investment Amount prior to the Offer Period Close.
- (c) If UBS accepts your Application, the Units will be transferred to you.
- (d) UBS will arrange for your name and details to be included in the Register.

Purchases must be made using the Investor Application Forms included in this PDS.

**You should read the PDS for the relevant Series to ensure you understand the terms, conditions and risks involved in investing in the Units.** This document does not take into account the financial situation and particular needs of each Investor, and nothing in the PDS is a recommendation by UBS or any other person concerning the Units, the Component Assets or the Delivery Assets. Investors should seek independent financial and taxation advice before making a decision whether to invest in the Units.

### Selling your Units early to UBS – “Series 7 Forms and Series 8 Form”

While the Units are designed as a “buy and hold” investment, if you wish to exit your investment in the Units you may sell Units to UBS.

UBS intends to provide you with the opportunity to sell Units to UBS from time to time as specified in the Term Sheet. To sell the Units to UBS:

- (a) Contact UBS and submit a completed Investor Sale Form for the sale of the full amount of your investment in the Units to UBS, within the time frame specified by UBS in the Term Sheet for processing your request. **If you have Units in AUD Series 7 or USD Series 7, please use the Series 7 Form. If you have Units in AUD Series 8 or USD Series 8, please use the Series 8 Form.**

- (b)** UBS may, in its absolute discretion, accept or reject your request, without giving any reasons. If UBS accepts, then your Units will be sold to UBS and UBS will pay to you a Purchase Price determined by UBS in its absolute discretion. You will not be entitled to receive the Delivery Parcel on the sale of your Units.
- (c)** UBS will arrange for your name and details to be removed from the Register and you will receive confirmation that UBS accepted the request to buy back the Units, and the price at which your Units were sold.

Sales must be made using the Investor Sale Form included in this PDS.

## **Valuations**

UBS intends to publish valuations for the Units and provide that information to certain market data service providers and the Approved Advisers. These valuations are available from the market data service providers or the Approved Advisers (please refer to the market data codes listed in the Term Sheet). These valuations can change at any time and as such, do NOT indicate the value of the Units which UBS will take into account when determining the price at which it may buy back the Units.

# Instructions for Investor Application Forms

**THE INVESTOR APPLICATION FORM IS TO BE USED IF YOU ARE AN INVESTOR AND WISH TO PURCHASE UNITS IN THE AUD SERIES. THIS INVESTOR APPLICATION FORM SHOULD BE FORWARDED TO YOUR APPROVED ADVISER.**

Please complete the Investor Application Form in accordance with the following instructions.

**At the top of the application form, please indicate your residency status.**

## Buyer Details

**A.** Enter your details here including full name(s), date of birth, occupation and residential address. Where the buyer is a company, write the company name and ABN and provide details for the directors.

Where the buyer is a trustee, the Investor Application Form must be completed in the name of the trustee and signed by the trustee without reference to the trust.

**B.** Enter your postal address here for all correspondence.

**C.** Enter your telephone contact details here.

**D.** For AUD Series, enter your bank account details here if you wish to have any cash payments deposited directly to your account. If this is left blank, a cheque for any cash payments will be sent to the address provided.

For USD Series, this **MUST** be filled out with a USD bank account, as UBS will not remit payments in any other form.

## Unit Details

**E.** Details of Units to be purchased:

(i) The Issue Price per Unit during the Initial Offer Period is A\$1.00 per Unit for AUD Series and US\$1.00 per Unit for USD Series. The Purchase Price of each Unit during the General Offer Period will be as advised by UBS.

(ii) Enter the number of Units you wish to purchase and whether you want to invest in the AUD Series or the USD Series. The minimum number of Units which may be purchased is 10,000 and thereafter in multiples of 1,000.

(iii) Enter the "Total Investment Amount Payable" here. This is equal to the number of Units multiplied by the Issue Price or the Purchase Price as applicable.

## Signature and Acknowledgement

Each buyer must read this section.

Where the Investor Application Form is executed by a company, it must be executed either in accordance with section 127 of the Corporations Act or under a power of attorney. Section 127 of the Corporations Act allows a company to execute a document with or 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 sole company secretary.

If the Investor Application Form is signed under a power of attorney, the attorney by signing certifies that it has not received notice of revocation of that power of attorney. A certified copy of the power of attorney must be lodged with the Investor Application Form.

**You acknowledge by executing the Investor Application Form you agree to be bound by the Terms set out in the PDS.**

## Lodging the Form

Investor Application Forms and accompanying documents should be forwarded to your Approved Adviser.

Purchases of Units can only be made by completing and lodging an Investor Application Form attached to this PDS with your Approved Adviser. Investor Application Forms must NOT be distributed (whether electronically or otherwise) by any person to any other person unless accompanied by or attached to a complete and unaltered copy of this PDS and any Supplementary PDS. A free copy of the non-electronic PDS (including any supplementary PDS) is available from UBS on request.

The Approved Adviser should forward the Investor Application Form to UBS to record the buyer details for the Units on the Register.

**Payment**

For AUD Series, payment for the Units should be made directly to your Approved Adviser. Any cheques you attach to this application form for that purpose should be made out to UBS Securities Australia Limited, but sent to your Approved Adviser along with your Investor Application Form.

For USD Series, payment for the Units should be made directly to your Approved Adviser by way of account transfer from a US dollar denominated account.

# INVESTOR APPLICATION FORM – SERIES 7 RESIDENTS OF AUSTRALIA ONLY

Financial Adviser Stamp

## Outperformance Callable Range Accrual – Series 7

**THIS FORM IS TO BE USED IF YOU WISH TO INVEST IN UNITS.  
THIS FORM SHOULD BE FORWARDED TO YOUR APPROVED  
ADVISER.**

Adviser Name:

Telephone:

Email:

**Please refer to the Instructions for the Investor Application Form on the previous page.**

I/we hereby apply for the following Units to be issued by UBS AG, Australia Branch, ABN 47 088 129 613, AFSL 231087 to me/us as set out in this Investor Application Form below pursuant to the PDS dated 21 July 2008 for Outperformance Callable Range Accrual Units – Series 7 and Series 8:

### Residency Status:

<b>Please Tick</b>	
<input type="checkbox"/>	<b>I am an Australian resident</b>

**If your residency status changes, you must notify UBS in writing at least 10 business days prior to this taking place. When you give this notice you will be deemed to have requested a UBS Buy-Back in respect of all of your Units.**

### A. Full Details of Buyer:

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

### 1) Applicant 1 / Trustee / Director Name

First Name	Middle Name	Last Name
<input type="text"/>	<input type="text"/>	<input type="text"/>
Date of Birth	Occupation	
<input type="text"/>	<input type="text"/>	

Residential Address (number and street; suburb, city or town; state; and postcode – **Please note that PO Box is not accepted**)

<input type="text"/>
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**Applicant 2 / Trustee / Director Name**

First Name	Middle Name	Last Name
<input type="text"/>	<input type="text"/>	<input type="text"/>
Date of Birth	Occupation	
<input type="text"/>	<input type="text"/>	
Residential Address (number and street; suburb, city or town; state; and postcode – <b>Please note that PO Box is not accepted</b> )		
<input type="text"/>		
<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"/>
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**4) Name of Trust Settlor**

<input type="text"/>
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**5) Country where Trust was established**

<input type="text"/>
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**B. Postal Address Details:**

Number and Street		
<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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**D. Bank Account Details (for direct credit of funds to your account):**

IF YOU ARE INVESTING IN **AUD SERIES**, MUST BE DENOMINATED IN **AUD**  
IF YOU ARE INVESTING IN **USD SERIES**, MUST BE DENOMINATED IN **USD**

I/We request that payments due to me/us by UBS be deposited directly into the following account. I/We acknowledge that these instructions supersede and have priority over all previous instructions, but will only apply in respect of the Units issued pursuant to the PDS dated 21 July 2008. Unless advised in writing or otherwise, I/we acknowledge that all future payments due to me/us will be paid into the nominated account.

Bank / Financial Institution Name	BSB (AUD Accounts Only)	Account Number
<input type="text"/>	<input type="text"/>	<input type="text"/>
Account Name	Name of Branch / Suburb	
<input type="text"/>	<input type="text"/>	

Type of account

**E. Details of the Units to be purchased (You may only invest in ONE series – NOT both):**

<b>Outperformance Callable Range Accrual Units</b>	<b>(ii) Investment amount per Unit</b>	<b>(i) Number to be Purchased (Minimum 10,000)</b>	<b>(ii) Total Investment Amount Payable</b>
<b>AUD Series 7</b>	<b>A\$1.00</b>		<b>A\$</b>
<b>USD Series 7</b>	<b>US\$1.00</b>		<b>US\$</b>

**F. Details of Approved Adviser:**

Name of Approved Adviser Full Name/Company Name:

**G. Address Details:**

Number and Street

Suburb, City or Town

State

Postcode

1. BY THIS POWER OF ATTORNEY, I/we irrevocably appoint for valuable consideration UBS, its related bodies corporate and each of their respective employees whose title includes the word "director" jointly, and each of them severally as my/our true and lawful attorney to do:
  - (a) everything necessary or expedient to bind me/us to the Terms, complete any blanks in the Terms and date and execute the Terms on my/our behalf;
  - (b) anything which I/we must do under or in relation to the Terms or any other agreement or arrangement between me/us and UBS relating to the Units (including arranging physical delivery of the Delivery Assets or acting in accordance with the Agency Sale Arrangement); and
  - (c) anything incidental or necessary in relation to the above (including, but not limited to, completing any blanks in this Investor Application Form and appointing any person as sub-attorney to do any of the above).
2. I/We indemnify the attorney against all claims, losses, damages and expenses suffered or incurred as a result of anything done under this power of attorney.
3. I/We have read and understood, and agree to accept the Units on the Terms relevant to my/our Units. In particular, I/we:
  - (a) acknowledge that by signing this Investor Application Form and arranging for the Approved Adviser to lodge it with UBS:
    - (i) the Approved Adviser, as my/our agent, will forward this Investor Application Form to UBS for the number of Units set out in this Investor Application Form; and
    - (ii) UBS may, in its absolute discretion, accept or reject my/our Application;
  - (b) acknowledge that I/we received a complete copy/print-out of the PDS accompanied by this Investor Application Form before I/we completed this Investor Application Form;
  - (c) agree to be bound by the Terms set out in the PDS;
  - (d) acknowledge that neither UBS nor any of its related entities have provided any tax advice or otherwise made any representations regarding the tax consequences of an application for or an investment in Units;
  - (e) acknowledge that to the extent I/we deem appropriate, I/we have or will obtain my/our own financial and taxation advice from an independent professional adviser; and
  - (f) waive and agree not to assert any claim against UBS or any of its related entities with respect to the tax aspects of this investment in Units.
4. Where bank account details have not been provided to enable direct credit of funds to my/our account, I/we acknowledge that I/we will receive any cash payments by cheque. I/we acknowledge that UBS may impose a

- charge reflecting the cost of processing cheque payments, provided UBS gives prior notice to me/us of its intention to impose such a charge. Neither UBS nor the Registrar will be responsible for any delays in crediting funds to my/our nominated account as a result of transaction procedures or errors by any financial institution.
5. I/We agree to accept the issue of the Units specified above subject to the same conditions. I/We have not received any notice of revocation of the Power of Attorney under which the transfer is signed, by death of the grantor or otherwise.
  6. I am/we are not bankrupt or insolvent (as the case may be) and am/are able to pay my/our debts as and when they become due and that no step has been taken to make me/us bankrupt or commence winding up proceedings, appoint a controller or administrator, seize or take possession of any of my/our assets or make an arrangement, compromise or composition with any of my/our creditors.
  7. I/we have read and understood the Terms and make all the representations and warranties contained in clause 11 of the Deferred Purchase Agreement.
  8. If I am/we are acting as trustee in relation to the holding of the Units, I/we represent and warrant that I/we have all the power, authority and discretion vested as trustee to apply for and hold the Units;
  9. I/we will not offer, sell, re-sell or deliver, directly or indirectly, any Units so purchased in any overseas jurisdiction or to any foreign persons, or for the account or benefit of any such foreign person, or to others for the offering, sale or re-sale or delivery in any overseas jurisdiction or to any such foreign persons where that offer, sale, resale or delivery would be in breach of any Australian or foreign law.
  10. I/we acknowledge that the Units are not a deposit obligation of UBS and are subject to investment risks, including the possible loss of the Total Investment Amount invested, in the event of Early Maturity or UBS Buy-Back.
  11. I/we acknowledge that I/we have read and understood the declarations set out above in this Investor Application Form, and by returning the Investor Application Form together with my/our payment for the Total Investment Amount, I/we agree to be bound by them and make the declarations contained therein. I/we agree to indemnify UBS and any of its related bodies corporate against any loss, liability, damage, claim, cost or expense incurred as a result, directly or indirectly, of any such declaration set out in this Investor Application Form proving to be untrue or incorrect.
  12. I/we have read and understood the Privacy Policy on page 43 of this PDS and agree that information about me/us written on this form will not be collected, used or disclosed for any purpose other than for the purposes stated in the PDS. Where I/we have provided information about any other individual, I/we will make that individual aware of the provisions of the privacy statement.
  13. I/we agree that UBS may disclose personal information about me/us to my/our Approved Adviser or other adviser and that once UBS provides information to my/our Approved Adviser 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 Approved Adviser or other adviser, except to the extent required by law.
  14. I/we agree to receive Financial Services Guides and supplementary Financial Services Guides from UBS or its related entities (including UBS Securities Australia Limited) by having them made available via [www.ubs.com/equitysolutions](http://www.ubs.com/equitysolutions) or such other internet website notified to me/us and represent and warrant that I/we have received in printable form and read and understood the Financial Services Guide of UBS Securities prior to signing this application form.

UBS or your Approved Adviser and/or its associates may wish to communicate with you in the future about other investment opportunities that may be of interest. Please tick this box if you do NOT wish to be contacted for this purpose.

No thanks, I/we prefer NOT to be contacted about investment opportunities in the future.

**DATED:** \_\_\_\_\_

SIGNED, SEALED AND DELIVERED by:

**(Individual Buyer)**

\_\_\_\_\_  
First Buyer's Signature

\_\_\_\_\_  
Second Buyer's Signature  
(if applicable)

\_\_\_\_\_  
First Buyer's Name

\_\_\_\_\_  
Second Buyer's Name  
(if applicable)

**(Company Buyer)**

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Executed by (insert name of company) in accordance with the Corporations Act:	Director/ Secretary	Director
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**(Power of Attorney)**

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Executed by and on behalf of (insert name of company) by its attorney in the presence of:	Attorney Signature	Attorney Name
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Witness Signature	Witness	Name
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# INVESTOR APPLICATION FORM – SERIES 8

## *NON RESIDENT INVESTORS ONLY*

Financial Adviser Stamp

### Outperformance Callable Range Accrual – Series 8

**THIS FORM IS TO BE USED IF YOU WISH TO INVEST IN UNITS.  
THIS FORM SHOULD BE FORWARDED TO YOUR APPROVED  
ADVISER.**

Adviser Name:

Telephone:

Email:

**Please refer to the Instructions for the Investor Application Form on the previous page.**

I/we hereby apply for the following Units to be issued by UBS AG, Australia Branch, ABN 47 088 129 613, AFSL 231087 to me/us as set out in this Investor Application Form below pursuant to the PDS dated 21 July 2008 for Outperformance Callable Range Accrual Units – Series 7 and Series 8:

**Residency Status:**

<b>Please Tick</b>	
<input type="checkbox"/>	<b>I am NOT an Australian resident</b>

**If your residency status changes, you must notify UBS in writing at least 10 business days prior to this taking place. When you give this notice you will be deemed to have requested a UBS Buy-Back in respect of all of your Units.**

**A. Full Details of Buyer:**

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

**1) Applicant 1 / Trustee / Director Name**

First Name	Middle Name	Last Name
<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>
Date of Birth	Occupation	
<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	
Residential Address (number and street; suburb, city or town; state; and postcode – <b>Please note that PO Box is not accepted</b> )		
<input style="width: 95%;" type="text"/>		
<input style="width: 95%;" type="text"/>		

**Applicant 2 / Trustee / Director Name**

First Name	Middle Name	Last Name
<input type="text"/>	<input type="text"/>	<input type="text"/>
Date of Birth	Occupation	
<input type="text"/>	<input type="text"/>	
Residential Address (number and street; suburb, city or town; state; and postcode – <b>Please note that PO Box is not accepted</b> )		
<input type="text"/>		
<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"/>
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**4) Name of Trust Settlor**

<input type="text"/>
----------------------

**5) Country where Trust was established**

<input type="text"/>
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**B. Postal Address Details:**

Number and Street		
<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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**D. Bank Account Details (for direct credit of funds to your account) MUST BE DENOMINATED IN USD:**

IF YOU ARE INVESTING IN **AUD SERIES**, MUST BE DENOMINATED IN **AUD**  
IF YOU ARE INVESTING IN **USD SERIES**, MUST BE DENOMINATED IN **USD**

I/We request that payments due to me/us by UBS be deposited directly into the following account. I/We acknowledge that these instructions supersede and have priority over all previous instructions, but will only apply in respect of the Units issued pursuant to the PDS dated 21 July 2008. Unless advised in writing or otherwise, I/we acknowledge that all future payments due to me/us will be paid into the nominated account.

Bank / Financial Institution Name	BSB (AUD Accounts Only)	Account Number
<input type="text"/>	<input type="text"/>	<input type="text"/>
Account Name	Name of Branch / Suburb	
<input type="text"/>	<input type="text"/>	

Type of account

**E. Details of the Units to be purchased (You may only invest in ONE series – NOT both):**

<b>Outperformance Callable Range Accrual Units</b>	<b>(ii) Investment amount per Unit</b>	<b>(i) Number to be Purchased (Minimum 10,000)</b>	<b>(ii) Total Investment Amount Payable</b>
<b>AUD Series 8</b>	<b>A\$1.00</b>		<b>A\$</b>
<b>USD Series 8</b>	<b>US\$1.00</b>		<b>US\$</b>

**F. Details of Approved Adviser:**

Name of Approved Adviser Full Name/Company Name:

**G. Address Details:**

Number and Street

Suburb, City or Town

State

Postcode

1. BY THIS POWER OF ATTORNEY, I/we irrevocably appoint for valuable consideration UBS, its related bodies corporate and each of their respective employees whose title includes the word "director" jointly, and each of them severally as my/our true and lawful attorney to do:
  - (a) everything necessary or expedient to bind me/us to the Terms, complete any blanks in the Terms and date and execute the Terms on my/our behalf;
  - (b) anything which I/we must do under or in relation to the Terms or any other agreement or arrangement between me/us and UBS relating to the Units (including arranging physical delivery of the Delivery Assets or acting in accordance with the Agency Sale Arrangement); and
  - (c) anything incidental or necessary in relation to the above (including, but not limited to, completing any blanks in this Investor Application Form and appointing any person as sub-attorney to do any of the above).
2. I/we indemnify the attorney against all claims, losses, damages and expenses suffered or incurred as a result of anything done under this power of attorney.
3. I/we have read and understood, and agree to accept the Units on the Terms relevant to my/our Units. In particular, I/we:
  - (a) acknowledge that by signing this Investor Application Form and arranging for the Approved Adviser to lodge it with UBS:
    - (i) the Approved Adviser, as my/our agent, will forward this Investor Application Form to UBS for the number of Units set out in this Investor Application Form; and
    - (ii) UBS may, in its absolute discretion, accept or reject my/our Application;
  - (b) acknowledge that I/we received a complete copy/print-out of the PDS accompanied by this Investor Application Form before I/we completed this Investor Application Form;
  - (c) agree to be bound by the Terms set out in the PDS;
  - (d) acknowledge that neither UBS nor any of its related entities have provided any tax advice or otherwise made any representations regarding the tax consequences of an application for or an investment in Units;
  - (e) acknowledge that to the extent I/we deem appropriate, I/we have or will obtain my/our own financial and taxation advice from an independent professional adviser; and
  - (f) waive and agree not to assert any claim against UBS or any of its related entities with respect to the tax aspects of this investment in Units.
4. Where bank account details have not been provided to enable direct credit of funds to my/our account, I/we acknowledge that UBS may not pay these funds until these details are provided. Neither UBS nor the Registrar will

be responsible for any delays in crediting funds to my/our nominated account as a result of transaction procedures or errors by any financial institution.

5. I/We agree to accept the issue of the Units specified above subject to the same conditions. I/We have not received any notice of revocation of the Power of Attorney under which the transfer is signed, by death of the grantor or otherwise.
6. I am/we are not bankrupt or insolvent (as the case may be) and am/are able to pay my/our debts as and when they become due and that no step has been taken to make me/us bankrupt or commence winding up proceedings, appoint a controller or administrator, seize or take possession of any of my/our assets or make an arrangement, compromise or composition with any of my/our creditors.
7. I/we have read and understood the Terms and make all the representations and warranties contained in clause 11 of the Deferred Purchase Agreement.
8. If I am/we are acting as trustee in relation to the holding of the Units, I/we represent and warrant that I/we have all the power, authority and discretion vested as trustee to apply for and hold the Units;
9. I/we will not offer, sell, re-sell or deliver, directly or indirectly, any Units so purchased in any overseas jurisdiction or to any foreign persons, or for the account or benefit of any such foreign person, or to others for the offering, sale or re-sale or delivery in any overseas jurisdiction or to any such foreign persons where that offer, sale, resale or delivery would be in breach of any Australian or foreign law.
10. I/we acknowledge that the Units are not a deposit obligation of UBS and are subject to investment risks, including the possible loss of the Total Investment Amount invested, in the event of Early Maturity or UBS Buy-Back.
11. I/we acknowledge that I/we have read and understood the declarations set out above in this Investor Application Form, and by returning the Investor Application Form together with my/our payment for the Total Investment Amount, I/we agree to be bound by them and make the declarations contained therein. I/we agree to indemnify UBS and any of its related bodies corporate against any loss, liability, damage, claim, cost or expense incurred as a result, directly or indirectly, of any such declaration set out in this Investor Application Form proving to be untrue or incorrect.
12. I/we have read and understood the Privacy Policy in on page 43 of this PDS and agree that information about me/us written on this form will not be collected, used or disclosed for any purpose other than for the purposes stated in the PDS. Where I/we have provided information about any other individual, I/we will make that individual aware of the provisions of the privacy statement.
13. I/we agree that UBS may disclose personal information about me/us to my/our Approved Adviser or other adviser and that once UBS provides information to my/our Approved Adviser 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 Approved Adviser or other adviser, except to the extent required by law.
14. I/we agree to receive Financial Services Guides and supplementary Financial Services Guides from UBS or its related entities (including UBS Securities Australia Limited) by having them made available via [www.ubs.com/equitysolutions](http://www.ubs.com/equitysolutions) or such other internet website notified to me/us and represent and warrant that I/we have received in printable form and read and understood the Financial Services Guide of UBS Securities prior to signing this application form.

UBS or your Approved Adviser and/or its associates may wish to communicate with you in the future about other investment opportunities that may be of interest. Please tick this box if you do NOT wish to be contacted for this purpose.

No thanks, I/we prefer NOT to be contacted about investment opportunities in the future.

**DATED:** \_\_\_\_\_

SIGNED, SEALED AND DELIVERED by:

**(Individual Buyer)**

\_\_\_\_\_  
First Buyer's Signature

\_\_\_\_\_  
Second Buyer's Signature  
(if applicable)

\_\_\_\_\_  
First Buyer's Name

\_\_\_\_\_  
Second Buyer's Name  
(if applicable)



**(Company Buyer)**

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Executed by (insert name of company) in accordance with the Corporations Act:	Director/ Secretary	Director
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**(Power of Attorney)**

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Executed by and on behalf of (insert name of company) by its attorney in the presence of:	Attorney Signature	Attorney Name
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Witness Signature	Witness	Name
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# Instructions for Investor Sale Forms

**THE INVESTOR SALE FORM IS TO BE USED IF YOU ARE AN INVESTOR AND WISH TO SELL UNITS PRIOR TO MATURITY. THIS INVESTOR SALE FORM SHOULD BE PROVIDED TO UBS.**

Please complete the Investor Sale Form in accordance with the following instructions.

## **Seller Details**

**A.** Enter your full name(s) here. Where the seller is a company, write the company name and ABN.

Where the seller is a trustee, the Investor Sale Form must be completed in the name of the trustee and signed by the trustee without reference to the trust.

**B.** Enter your postal address here for all correspondence.

**C.** Enter your telephone contact details here.

## **Unit Details**

**D.** Details of Units to be sold: you must enter the total number of Units you hold and whether it is a Unit in the AUD Series or the USD Series.

## **Signature and Acknowledgement**

Each seller must read this section.

Where the Investor Sale Form is executed by a company, it must be executed either in accordance with section 127 of the Corporations Act or under a power of attorney. Section 127 of the Corporations Act allows a company to execute a document with or 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 sole company secretary.

If the Investor Sale Form is signed under a power of attorney, the attorney by signing certifies that it has not received notice of revocation of that power of attorney. A certified copy of the power of attorney must be lodged with the Investor Sale Form.

## **Lodging the Form**

Investor Sale Forms should be forwarded to the address at the top of the Investor Sale Form. Once you lodge the Investor Sale Form your request that UBS Buy-Back your Units is irrevocable.

Sale of Units can only be made by completing and lodging an Investor Sale Form attached to this PDS. Investor Sale Forms must not be distributed (whether electronically or otherwise) by any person to any other person unless accompanied by or attached to a complete and unaltered copy of this PDS. A free copy of the non-electronic PDS is available from UBS upon request.

# INVESTOR SALE FORM – SERIES 7

## Outperformance Callable Range Accrual – Series 7

**THIS FORM IS TO BE USED IF YOU ARE AN INVESTOR AND WISH TO SELL UNITS TO UBS PRIOR TO MATURITY. THIS FORM SHOULD BE PROVIDED TO UBS.**

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

**Please refer to the Instructions for the Investor Sale Form on the previous page.**

I/We hereby apply for the following Units issued by UBS pursuant to the PDS dated 21 July 2008 to be transferred from me/us to UBS:

**A. Name of Seller** (if a company, provide full name and ABN/ACN/ARBN):

Transferor Full Name/Company Name

**B. Address Details:**

Number and Street

Suburb, City or Town

State

Postcode

**C. Telephone Details:**

Daytime Number  
 (include area code)

Contact Name

**D. Details of the Units to be sold:**

Investment	Series (Circle One)	Number of Units to be Sold (this must equal your total holding of Units in a Series)
Outperformance Callable Range Accrual Units – Series 7:	AUD / USD	

I/We the registered holder(s) and seller(s) sell to the Buyer(s) for the above consideration the Units specified above, subject to the conditions on which I/We held those Units at the time of signing of this transfer. I/We have full legal power to sell the Units and do so free of any encumbrance or security (whether registered or not).

**DATED:** \_\_\_\_\_

SIGNED, SEALED AND DELIVERED by:

**(Individual Seller)**

\_\_\_\_\_  
 First Seller's Signature

\_\_\_\_\_  
 Second Seller's Signature  
 (if applicable)

\_\_\_\_\_  
 First Seller's Name

\_\_\_\_\_  
 Second Seller's Name  
 (if applicable)

**(Company Seller)**

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Executed by (insert name of company) in accordance with the Corporations Act:                      Director/Secretary                      Director

**(Power of Attorney)**

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Executed by and on behalf of (insert name of company) by its attorney in the presence of:                      Attorney Signature                      Attorney Name

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Witness Signature                      Witness Name

**UBS USE ONLY**

**Name of Buyer**

UBS AG, Australia Branch, ABN 47 088 129 613

I/We the Buyer(s) agree to accept the transfer of the Units specified above subject to the same conditions. I/We have not received any notice of revocation of the Power of Attorney under which the transfer is signed, by death of the grantor or otherwise.

**DATED:** \_\_\_\_\_

**SIGNED** for **UBS AG, Australia Branch** by its authorised representatives:

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<b>Investment</b>	<b>Number Sold</b>	<b>Purchase Price per Unit</b>	<b>Total Purchase Price Payable</b>
Outperformance Callable Range Accrual Units – Series 7		\$	\$

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# INVESTOR SALE FORM – SERIES 8

## Outperformance Callable Range Accrual – Series 8

**THIS FORM IS TO BE USED IF YOU ARE AN INVESTOR AND WISH TO SELL UNITS TO UBS PRIOR TO MATURITY. THIS FORM SHOULD BE PROVIDED TO UBS.**

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

**Please refer to the Instructions for the Investor Sale Form on the previous page.**

I/We hereby apply for the following Units issued by UBS pursuant to the PDS dated 21 July 2008 to be transferred from me/us to UBS:

**A. Name of Seller** (if a company, provide full name and ABN/ACN/ARBN):

Transferor Full Name/Company Name

**B. Address Details:**

Number and Street

Suburb, City or Town

State

Postcode

**C. Telephone Details:**

Daytime Number  
 (include area code)

Contact Name

**D. Details of the Units to be sold:**

Investment	Series (Circle One)	Number of Units to be Sold (this must equal your total holding of Units in a Series)
Outperformance Callable Range Accrual Units – Series 8:	AUD / USD	

I/We the registered holder(s) and seller(s) sell to the Buyer(s) for the above consideration the Units specified above, subject to the conditions on which I/We held those Units at the time of signing of this transfer. I/We have full legal power to sell the Units and do so free of any encumbrance or security (whether registered or not).

**DATED:** \_\_\_\_\_

SIGNED, SEALED AND DELIVERED by:

**(Individual Seller)**

\_\_\_\_\_  
 First Seller's Signature

\_\_\_\_\_  
 Second Seller's Signature  
 (if applicable)

\_\_\_\_\_  
 First Seller's Name

\_\_\_\_\_  
 Second Seller's Name  
 (if applicable)



# 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

Baker & McKenzie  
Level 27  
AMP Centre  
50 Bridge 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](http://www.ubs.com/equitysolutions)**