



UBS Capped Instalments

Supplementary Product Disclosure Statement dated 15 August 2011 ("SPDS")

UBS AG, Australia Branch

ABN 47 088 129 613

(AFSL number 231087)

This SPDS supplements the Product Disclosure Statement dated 16 February 2011 ("PDS") and together they set out the terms of issue of the UBS Capped Instalments referred to in this SPDS. You should read this SPDS together with the PDS and the supplementary product disclosure statements for UBS Capped Instalments dated 16 February 2011. Words defined in the PDS have the same meaning in this SPDS.

This SPDS relates to the offer of UBS Capped Instalments as specified below.

UBS Capped Instalments	
Issuer	UBS AG, Australia Branch
Offer Period Opens:	15 August 2011
Expected Quotation Date on the ASX:	15 August 2011
Final Maturity Date:	22 March 2012
Initial Issue Size:	20,000,000 per Series
Maximum Borrow Fee:	<p>The maximum Borrow Fee for these Series of UBS Capped Instalments is an amount up to 3.30% of the Loan Amount and is payable by you when you acquire a UBS Capped Instalment (other than on the secondary market). The amount of the Borrow Fee will equal the amount of the commission you agree with your adviser. UBS will pay the amount of the Borrow Fee to your adviser as a commission.</p> <p>Please see Part 4 of the PDS for further details, or contact either UBS or your broker or adviser.</p>
Formula for calculating the Cap Adjustment Amount	<p>If the Closing Price of the Underlying Security on the Final Maturity Date is greater than the Capped Level, you will be required to pay a Cap Adjustment Amount for each Underlying Security in the Underlying Parcel equal to the difference between the Closing Price of the Underlying Security on the Final Maturity Date and the Capped Level.</p>
Other Fees	<p>In certain circumstances other fees or costs may be payable to UBS such as costs arising as a result of UBS enforcing its Security Interest over UBS Capped Instalments. Please refer to Part 4 of the PDS for further details.</p>
Registrar	<p>Computershare Investor Services Pty Limited Level 3, 60 Carrington Street Sydney NSW 2000, Australia Phone: 1300 85 05 05 Website: www.computershare.com.au</p>

Application has been made and approval given for the UBS Capped Instalments offered under the PDS and this Supplementary PDS to be admitted to trading status by ASX.

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



NOTES FOR TABLE OF UBS Capped Instalment SERIES

The table below sets out the Underlying Security, Loan Amount, and Capped Level as at the date of this SPDS (ie 15 August 2011).

Loan Amount: The Loan Amount may vary during the Term. You can obtain the current Loan Amount, which is also the Completion Payment, by contacting UBS on 1800 633 100.

Interest Rate: The current Interest Rate, determined by UBS as described in the Investment Overview and in Part 2.3.3 of the PDS, is available from UBS by calling **1800 633 100**.

Highly Geared UBS Capped Instalments

ASX Code	Issuer of Underlying Security	Underlying Security	Loan Amount per UBS Capped Instalment	Capped Level
TLSISX	Telstra Corporation Limited	1 Ordinary share	\$3.00	\$3.75
TLSISY	Telstra Corporation Limited	1 Ordinary share	\$3.20	\$4.00

Deductibility of interest – confirmation of change to benchmark rate

As noted in Part 5.2 of the PDS dated 16 February 2011, the Government had introduced legislation to change the relevant benchmark interest rate in the capital protected borrowing rules. On 29 June 2011, the Tax Laws Amendment (2010 Measures No 5) Bill 2010 received Royal Assent, providing confirmation that the benchmark interest rate should be set at the RBA indicator rate for standard variable housing loans + 1%.

The changes have retrospective effect by applying to any arrangements entered into from after 7:30pm AEST on 13 May 2008.



Important Information

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

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

UBS disclosure of interests

Options traders in a UBS Entity may buy UBS Capped Instalments and/or exchange traded options in Securities comprising the Underlying Parcel as principal. UBS Entities as principal will be conducting transactions in various Securities, including UBS Capped Instalments and Securities

comprising the Underlying Parcel. UBS Securities may conduct such transactions as agent for UBS Entities, as well as for other principals.

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

DIRECTORY

Issuer

UBS AG, Australia Branch
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Sydney NSW 2000

Registrar

Computershare Investor Services Pty Limited
Level 3
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Sydney NSW 2000

☎ 1300 850 505

Security Trustee

UBS Nominees Pty Ltd
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Sydney NSW 2000

Product Disclosure Statement

UBS Capped Instalments (Moderately & Highly Geared UBS Capped Instalments)

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

Product Disclosure Statement Dated 16 February 2011



Important Notice

This document is a Product Disclosure Statement ("PDS") dated 16 February 2011 and relates to the issue of UBS Capped Instalments. UBS AG, Australia Branch (ABN 47 088 129 613) (AFSL No. 231087) is the issuer of this PDS and the UBS Capped Instalments. This PDS has not been lodged, and is not required to be lodged with the Australian Securities and Investments Commission ("ASIC"). UBS will notify ASIC that this PDS is in use in accordance with the Corporations Act. ASIC and its officers take no responsibility for the contents of this PDS.

Supplementary Product Disclosure Statement

This PDS contains general information about UBS Capped Instalments. This PDS is not a stand alone document. The additional information relating to each Series of UBS Capped Instalments (including, the Underlying Securities, Loan Amount, formula for calculating the Cap Adjustment Amount, Capped Level, maximum Borrowing Fee, and Final Maturity Date for the Series) is set out in the relevant Supplementary PDS for the Series. The relevant Supplementary PDS for each Series should accompany this PDS and be read in conjunction with this PDS. Please contact UBS on 1800 633 100 if a Supplementary PDS does not accompany this PDS.

Applications

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

Your Decision to Invest

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

UBS Capped Instalments not Deposits with UBS

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

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

Offering restrictions

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

Updating of information in this PDS

This PDS is current as at 16 February 2011. Information in this PDS may change from time to time. Where those changes are not materially adverse to investors, UBS may update the information by posting a notice on its website at www.ubs.com/instalments. UBS will, on request, provide investors with a free paper copy of that information to investors who contact UBS on 1800 633 100.

Electronic Product Disclosure Statement

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

Underlying Securities

References in this PDS or any Supplementary PDS to an Underlying Security or Underlying Entity are included solely for the purposes of identification of the Securities to which the UBS Capped Instalments relate. No Underlying Entity has authorised, been involved in the preparation of, or caused the issue of this PDS nor any Supplementary PDS. The references are not an express or implied endorsement of the UBS Capped Instalments by the Underlying Entity.

Information in this PDS and any relevant Supplementary PDS in respect of the Underlying Securities has been prepared by UBS from publicly available information only and has not been independently verified. To the extent permitted by law, UBS does not accept any liability or responsibility for, and makes no representation or warranty, express or implied, as to the accuracy or completeness of such information. Investors should make their own enquiries.

No representations other than in this PDS

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

Admission to Trading Status on the ASX

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

To the extent permitted by the ASIC Act 2001, the Trade Practices Act 1974 or any other relevant law, ASX will be under no liability for any claim whatsoever, including for any financial or consequential loss or damage suffered by Holders or any other person, whether that claim arises wholly or substantially out of reliance on any information contained in this PDS and the relevant Supplementary PDS or any error in or omission from this PDS and the relevant Supplementary PDS.

Cooling off

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

Interpretation

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

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Investment Overview

Feature	Summary	More information
Issuer details	UBS AG, Australia Branch (ABN 47 088 129 613) Level 16, Chifley Tower 2 Chifley Square, Sydney NSW 2000 Phone: 1800 633 100 Website: www.ubs.com/instalments Email: sh-warrants@ubs.com	Part 6: "Description of UBS and Security Trustee"
What are UBS Capped Instalments?	UBS Capped Instalments are a way of borrowing to invest in listed Securities through instalment payments. For a fraction of the price of the Security you can gain leveraged exposure through a Loan made to you and an Underlying Security held on your behalf by the Security Trustee.	Part 2: "Key Features of UBS Capped Instalments"
What is the cap?	The performance of UBS Capped Instalments is capped by reference to the Capped Level. If the Closing Price of the Underlying Parcel on the Final Maturity Date is greater than the Capped Level, you will be required to pay a Cap Adjustment Amount for each Underlying Parcel equal to the difference between the Closing Price of the Underlying Parcel and the Capped Level. The Capped Level for each Series of UBS Capped Instalments is set out in the relevant Supplementary PDS.	Part 2: "Key Features of UBS Capped Instalments"
Dividends paid to you	Ordinary Dividends paid on the relevant Underlying Security are paid to you even though you may not pay the balance of the Underlying Security purchase price until the Final Maturity Date.	Part 2.1: "Dividends and Special Dividends"
Interest Amount	Interest is prepaid on the Loan made to you on the Issue Date or purchase date of the UBS Capped Instalments.	Part 4: "Fees and Other Costs"
Interest Rate	The Interest Rate used to calculate the Interest Amount is a floating rate determined on the Issue Date (for primary market Applications) and Transfer Date (for secondary market purchases). The Interest Rate (which includes a capital protection component) varies depending on the Underlying Security and other factors. Information about the method for determining the Interest Rate is set out below in this Investment Overview and in Part 2.2.3. The Interest Rate for each Series from time to time can be obtained from UBS by calling 1800 633 100 .	Part 2.2.3: "What amount is advanced and what interest payments are made under the Loan"
Borrow Fee	The Borrow Fee is the up-front fee, if any, charged by UBS for the Loan. The amount of the Borrow Fee will equal the amount of the commission you agree with your adviser. UBS will pay an amount equal to the Borrow Fee to your adviser as a commission. The maximum Borrow Fee for a Series is set out in the relevant Supplementary PDS.	Part 4.1: "Fees and expenses that apply to UBS Capped Instalments"
Loan is limited recourse	The leveraged exposure to the relevant Underlying Security is provided through a limited recourse Loan from UBS. If you choose not to repay the Loan at Maturity, your Underlying Securities will be transferred to UBS and the proceeds of the transfer used to repay the Loan. This means that the most you can lose is the amount you initially invest ¹ .	Part 9: "Form of Loan Agreement"

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

Investment Overview

Feature	Summary	More information
Series of UBS Capped Instalments	UBS is offering various Series of UBS Capped Instalments as specified in the relevant Supplementary PDS for each Series. UBS Capped Instalments form part of the same Series if they are over the same Underlying Securities and have the same Loan Amount and Final Maturity Date.	See relevant Supplementary PDS for the Series
Further information in the relevant Supplementary PDS	The Underlying Securities, Loan Amount, maximum Borrow Fee, Final Maturity Date, Capped Level and the formula for calculating the Cap Adjustment Amount for a Series are specified in the relevant Supplementary PDS for the Series that accompanies this PDS.	See relevant Supplementary PDS for the Series
Completion Payment - Loan Amount	You can obtain full legal ownership of the Underlying Parcel within 20 Business Days after the Final Maturity Date by giving a valid and effective Completion Notice and making the Completion Payment during the Completion Notice Period. UBS Capped Instalments are "European" style warrants, which means that you cannot obtain full legal ownership of the Underlying Parcel prior to the Final Maturity Date. The Completion Payment is equal to the outstanding Loan Amount for the UBS Capped Instalment on the Final Maturity Date.	Part 2.4: "Completion Payments"
Final Maturity Date and Assessed Value Payment	The Final Maturity Date is specified in the relevant Supplementary PDS for each Series. If you hold UBS Capped Instalments at 6.00pm on the Final Maturity Date and have not given a valid and effective Completion Notice, the Underlying Parcel will be transferred to UBS and you will receive the Assessed Value Payment (if any).	Part 2.5: "Final Maturity Date"
Admission to trading status on ASX	<p>UBS Capped Instalments will be quoted on the ASX and, once quoted, will be able to be bought and sold on the ASX just like ordinary listed shares.</p> <p>The expected date of commencement of trading on the ASX for each Series is specified in the relevant Supplementary PDS.</p>	See relevant Supplementary PDS for the Series
Offer opens	As specified in the relevant Supplementary PDS for each Series.	See relevant Supplementary PDS for the Series
Primary Market Applications	Investors can apply for UBS Capped Instalments by completing the relevant Application Form attached to this PDS.	Part 11: "How to Apply"
Tax Implications	<p>UBS Capped Instalments will have income tax and capital gains tax implications for Holders. Generally: Interest Amounts are expected to be deductible for most investors (but subject to the potential application of the capital protected borrowing rules, including proposed amendments to those rules, explained in Part 5.2); dividends will be regarded as assessable income for the Holder and; tax benefits such as franking credits should be capable of flowing through to eligible Holders.</p> <p>Transfers of the Underlying Parcel to the Security Trustee (for a Shareholder Application or Rollover Application) and from the Security Trustee to the Holder at maturity should be ignored for capital gains tax purposes.</p> <p>Investors should read Part 5 of this PDS and seek their own taxation advice before investing in UBS Capped Instalments.</p>	Part 5: "Taxation Summary"

Investment Overview

Instalment Product Lifecycle

Purchase	During the Term	At Maturity
<p>Cash Applicants – pay the First Payment amount to UBS</p> <p>Shareholder Applicants – deliver Underlying Parcel and receive cashback amount</p> <p>Rollover Applicants – deliver Existing Instalment and either receive cashback amount or pay a Rollover Payment</p> <p>ASX Purchasers – buy UBS Capped Instalments on ASX through broker</p>	<p style="text-align: center;"><u>Dividend Entitlement</u></p> <p>All Ordinary Dividends (subject to any reduction for tax withheld) are paid to you. Investors must account for receipt of Dividends in their tax return and should generally be entitled to any associated tax benefits such as franking credits.</p> <p style="text-align: center;"><u>Traded on ASX</u></p> <p>UBS Capped Instalments can be bought or sold on the ASX just like ordinary listed shares.</p> <p style="text-align: center;"><u>Tax statements</u></p> <p>Each year UBS will send you a concise Tax Statement setting out the amount of any Dividends (and associated tax benefits) received by you in relation to the Underlying Parcel plus any Interest Amounts paid by you which have been funded by the Loan.</p> <p style="text-align: center;"><u>Nothing to Pay!</u></p> <p>Provided you supply UBS with your TFN or ABN (or an exemption) you will have nothing to pay during the term of your investment.</p>	<p>Pay Completion Payment and any Cap Adjustment Amount – receive Underlying Parcel; or</p> <p>Roll into new Series of UBS Capped Instalments if one is available; or</p> <p>Do Nothing – receive Assessed Value Payment equal to value of Underlying Parcel less the Completion Payment, Cap Adjustment Amount (if any) and any costs incurred in selling the Underlying Parcel; or</p> <p>Sell your UBS Capped Instalments on ASX</p>

Pricing Considerations

The First Payment for a UBS Capped Instalment is calculated as follows:

$$\text{First Payment} = \text{Price of Underlying Security} - \text{Loan Amount} + \text{Interest Amount} + \text{Borrow Fee}$$

Investment Overview

The Loan Amount for each Series is specified in the relevant Supplementary PDS. The Interest Amount for a UBS Capped Instalment will equal the Interest Rate at the time of issue or transfer multiplied by the Loan Amount multiplied by the number of days from the time of issue or transfer to the Final Maturity Date divided by 365. The factors affecting UBS' determination of the Interest Rate for a Series at a particular time are set out in the table below.

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

The First Payment for a UBS Capped Instalment (for Cash Applicants) or Shareholder Cashback (for Shareholder Applicants) or Rollover Cashback or Rollover Payment (for Rollover Applicants) are not fixed and will vary depending on a number of factors. The factors that affect the First Payment (for Cash Applicants) include the following:

	Expected impact on First Payment of a UBS Capped Instalment if increase in factor	Expected impact on First Payment of a UBS Capped Instalment if decrease in factor
Price of Underlying Securities	↑	↓
Loan Amount	↓	↑
Borrow Fee	↑	↓
The Interest Amount (see table below for factors impacting on Interest Rates)	↑	↓

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

The factors that will impact on UBS' determination of the Interest Rate for a Series at a particular time are set out in the table below:

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

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

Investment Overview

See Parts 2.2.4 to 2.2.6 for examples and further information about how some of the factors above and the level of the Loan Amount, Interest Amount and Borrow Fee impact on the First Payment (for Cash Applicants), Shareholder Cashback (for Shareholder Applicants) and Rollover Cashback or Rollover Payment (for Rollover Applicants).

Superannuation Investments

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

Superannuation entities should obtain independent advice on the suitability of instalments as part of their overall investment strategy.

Part 1: Key benefits and risks of UBS Capped Instalments

1.1 Key Benefits of Investing in UBS Capped Instalments

1.1.1 Leveraging to invest in listed securities

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

1.1.2 Enhanced Dividend yields and franked income

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

1.1.3 Tax effectiveness through a built in Loan

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

Recourse for the Loan is also limited so you will not be required to pay any shortfall in the event that the price of the Underlying Security is less than the Completion Payment when your UBS Capped Instalment expires (eg, on the Final Maturity Date).

1.1.4 No Margin Calls

Unlike other forms of geared equity investments, Holders of UBS Capped Instalments will not be required to pay margin calls during the term of their investment. In fact, you don't even have to pay the Completion Payment at maturity.

1.1.5 Option to receive Underlying Security

UBS Capped Instalments give you the option to make the Completion Payment during the Completion Notice Period and receive the Underlying Parcel within 20 Business Days after the Final Maturity Date.

1.1.6 Self Managed Super Funds

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

1.1.7 Easy to buy and sell

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

1.2 Key Risks of Investing in UBS Capped Instalments

1.2.1 Leverage increases downside risk

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

1.2.2 Interest Rate exposure

The Interest Rate is variable and is set when you acquire UBS Capped Instalments. The factors affecting the Interest Rate are described in the Investment Overview and in section 2.2.3. At the time of acquisition, an increase in the Interest Rate will lead to higher interest charges for the purchase of your UBS Capped Instalments.

1.2.3 Underlying Security Risk

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

1.2.4 Capped Underlying Parcel Performance Risk

If the Closing Price of the Underlying Parcel on the Final Maturity Date is greater than the Capped Level, you will not benefit from any such appreciation above the Capped Level because of the obligation to pay the Cap Adjustment Amount to the Issuer.

See Part 3 for further information about the risks of investing in UBS Capped Instalments.

Part 2: Key Features of UBS Capped Instalments

2.1 DIVIDENDS AND SPECIAL DIVIDENDS

2.1.1 How are Ordinary Dividends and Special Dividends applied?

Cash Ordinary Dividends (subject to any reduction for tax withheld) are paid to you during the term of the UBS Capped Instalments. This will be done as soon as reasonably practicable after the Security Trustee receives the Ordinary Dividend in cleared funds from the Underlying Entity, in accordance with Part 2.9 if grouping of distributions applies.

Special Dividends (subject to any reduction for tax withheld) may be used at the discretion of UBS to repay the Loan Amount, effective from the Ex-Dividend Date of the Special Dividend and the Capped Level may be reduced by an amount determined by UBS having regard to the methodology under the ASX Operating Rules for adjusting Options Market Contracts. The amount of any Special Dividend not applied to reduce the Loan Amount (if any) will be paid to you as soon as reasonably practicable after the Security Trustee receives the Special Dividend in cleared funds from the Underlying Entity, in accordance with Part 2.9 if grouping of distributions applies.

2.1.2 Are you entitled to franking credits?

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

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

You will receive an interest refund for a portion of the Interest Amount prepaid on any portion of the Loan Amount that is reduced by Special Dividends from the expected payment date of the Special Dividend. The interest refund will be calculated based on an interest rate equal to the prevailing wholesale interest rate (BBSY Rate) plus a margin of 1% per annum and will be applied to reduce the Loan Amount of the UBS Capped Instalment.

Where the Final Maturity Date is brought forward due to an extraordinary event (see Part 7.16 of this PDS), except if an Early Final Maturity Date is nominated due to the Loan Amount being reduced to zero, the Holder is entitled to a refund in respect of a portion of the Interest Amount it has prepaid (see clause 3.6 of the Loan Agreement in Part 9 of this PDS).

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

Where you have not provided UBS with your TFN, ABN or proof of an exemption, the Security Trustee is required to withhold a portion of Ordinary Dividends or Special Dividends which are not fully franked and pay that amount to the ATO. In such circumstances, where the Dividend is a Special Dividend to be applied to reduce the Loan Amount, UBS will reduce the Loan Amount of your UBS Capped Instalment by the amount withheld ("TFN Amount") and the TFN Amount withheld will be a full recourse debt payable by you to UBS. UBS will notify you as soon as reasonably

practicable of the TFN Amount you are required to pay and the date by which it must be paid. If you fail to pay the TFN Amount by that date then UBS may recover the TFN Amount (and other amounts owed to it) by enforcing the Security Interest over the Underlying Security and lapsing some or all of your UBS Capped Instalments.

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

2.2 APPLICATIONS FOR UBS CAPPED INSTALMENTS

2.2.1 How do I apply for UBS Capped Instalments?

You apply for UBS Capped Instalments by making an Application and delivering consideration to UBS, the nature of which differs depending on what type of Application you make. For Cash Applications, you will pay the First Payment in cash, for Shareholder Applications you will deliver the Underlying Security to UBS and for Rollover Applications you will deliver the Existing Instalment plus in some circumstances a cash payment (Rollover Payment) to UBS.

You can apply for moderately and highly geared UBS Capped Instalments, as listed as available in the relevant Supplementary PDS. The difference is that the moderately geared UBS Capped Instalments are less leveraged than the highly geared UBS Capped Instalments at the time each new series is first issued but may vary during the term (as explained in Part 2.2.3 below). The rights and obligations of the holders are otherwise the same. The highly geared UBS Capped Instalments potentially generate a higher return but involve higher risks as explained in Part 3.8.

2.2.2 What occurs on acquiring a UBS Capped Instalment?

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

- receive a limited recourse Loan on which interest is prepaid;
- have the Underlying Security for the relevant Series held in a Separate Trust on your behalf by the Security Trustee; and
- be able to receive legal title to the Underlying Securities within 20 Business Days after the Final Maturity Date by giving a valid and effective Completion Notice and paying the Completion Payment and any Cap Adjustment Amount (if any) to UBS during the Completion Notice Period for the UBS Capped Instalment.

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

The amount of the Loan advanced to you is equal to the Loan Amount for the relevant Series of UBS Capped Instalments at the time of issue of the UBS Capped Instalment (as specified in the relevant Supplementary PDS). The leverage (gearing) level incorporated in the UBS Capped Instalment will be a factor of the

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Completion Payment and the prevailing price of the Underlying Security. In most cases the leverage will be around 50% to 75% for moderately geared UBS Capped Instalments and around 75% to 100% for highly geared UBS Capped Instalments at the time each new Series is first issued but may vary during the term. The Loan is made under the Loan Agreement entered into between you and UBS (a sample of which is set out in Part 9).

Interest is prepaid on the Loan from the Issue Date of the UBS Capped Instalment to the Final Maturity Date. The Interest Rate used to determine the Interest Amount as at the Issue Date or Transfer Date is variable, may differ for each Series and is equal to the rate specified by UBS from time to time. The Interest Rate on the Issue Date is determined by UBS based on matters such as:

- factors that impact on the cost of providing a limited recourse loan and the Capped Level of the UBS Capped Instalments - for example, the volatility of the Underlying Security price and the time to Maturity; and
- prevailing Australian wholesale interest rates (BBSY Rate), UBS Credit Margin plus an interest margin.

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

You can obtain the applicable Interest Rate for each Series of UBS Capped Instalments from time to time by contacting UBS on **1800 633 100** or at **www.ubs.com/instalments**.

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

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

• *Cash Applicants*

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

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

The First Payment for a UBS Capped Instalment is variable and depends on a number of factors including the market price of the Underlying Security, Loan

Amount, Interest Amount and Borrow Fee for the Series of UBS Capped Instalments on the Issue Date. The First Payment is determined by UBS on receipt of cleared application monies unless agreed otherwise by you and UBS. See Part 4 "Fees and Other Costs" for further information.

• *Shareholder Applicants*

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

• *Rollover Applicants*

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

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

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

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

The First Payment, Shareholder Cashback, Rollover Cashback or Rollover Payment will be calculated on the issue of the UBS Capped Instalments in accordance with Part 2.2.4 above if you (through your adviser) do not contact UBS and "lock in" the relevant amount.

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2.2.6 Hypothetical examples for each type of Application

The following examples are based on a hypothetical application for UBS Capped Instalments over XYZ shares with a market price of \$41.00 made on 10 January 2011 where the Loan Amount is \$21.00 with an Interest Rate of 10.50% p.a.), the Borrow Fee is \$0.63 and the Final Maturity Date is 30 June 2011 for the XYZ UBS Capped Instalment. The examples also assume that the Applicant has not contacted UBS to "lock in" the First Payment, Shareholder Cashback, Rollover Cashback or Rollover Payment (as applicable). **The examples are not intended to indicate the potential returns (whether positive or negative) from an investment in UBS Capped Instalments nor are they an indication as to the future performance of any particular Underlying Security.**

The Interest Amount in this example would be \$1.033 and is calculated as follows:

Interest Amount = Interest Rate x Loan Amount x no. days to Final Maturity Date/365

Interest Amount = 10.50% x \$21 x 171/365

Interest Amount = \$1.033

- **Cash Applicants**

The First Payment for the Cash Application as determined by UBS on receipt of cleared application monies will be \$21.663 (it is calculated as the price of the Underlying Security – Loan Amount + Interest Amount + Borrow Fee). In this example, the First Payment would be applied to pay the Borrow Fee of \$0.63 and the Loan Amount would be applied to pay the Interest Amount of \$1.033. The balance of the First Payment and the Loan Amount (being \$41) would then be used to acquire and transfer the XYZ share to the Security Trustee to be held on behalf of the Cash Applicant. Brokerage costs incurred in acquiring the Underlying Security will be paid by UBS.

- **Shareholder Applicants**

In this example, a Shareholder Applicant will be entitled to receive a Shareholder Cashback of \$19.337 which is calculated as the Loan Amount (\$21.00) less the Borrow Fee (\$0.63) and Interest Amount (\$1.033). The Shareholder Cashback would be reinvested in further UBS Capped Instalments of the same Series unless the Shareholder Applicant elected to receive the Shareholder Cashback in cash or elected to reinvest it in a different Series of UBS Capped Instalments.

- **Rollover Applicants**

Also assume that the Final Instalment on the Rollover Applicant's Existing Instalment is \$17. In this example, the Rollover Applicant would be entitled to receive a Rollover Cashback of \$2.337 calculated as the Loan Amount (\$21.00) less the Final Instalment on the Existing Instalment (\$17.00), the Borrow Fee (\$0.63) and Interest Amount (\$1.033). The Rollover Cashback would be reinvested in further UBS Capped Instalments

of the same Series unless the Applicant elected to receive the Rollover Cashback in cash or elected to reinvest it in a different Series of UBS Capped Instalments.

Alternatively, if the Final Instalment on the Existing Instalment was \$21, the Rollover Applicant would be required to pay a Rollover Payment to UBS of \$1.663 calculated as the aggregate of the Final Instalment on the Existing Instalment (\$21.00), Borrow Fee (\$0.63) and Interest Amount (\$1.033) less the Loan Amount (\$21.00).

2.3 BUYING AND SELLING UBS CAPPED INSTALMENTS

2.3.1 How do you transfer UBS Capped Instalments?

You may transfer (or acquire) UBS Capped Instalments on the ASX by placing an order with a broker (or by off-market transfer). When you buy or sell a UBS Capped Instalment the only amount paid or received by you will be the purchase or sale consideration plus or minus any brokerage or commission paid to your broker.

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

For each UBS Capped Instalment transferred:

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

2.3.2 What are Transfer Costs?

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

- (a) by UBS to you (as the Transferor) where your Interest Refund is less than the Transferee's prepaid Interest Amount, with such costs equal to the difference and paid by applying the costs against your Loan; or

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

However, as stated above in Part 2.3.1, these Transfer Costs will be netted against the other cashflows occurring as a result of the transfer so that you are not required to make (nor are you entitled to receive) any cash payment.

2.3.3 Hypothetical examples of Transfer Costs

Assume that an investor purchased XYZ UBS Capped Instalments with a Loan Amount (at that time) of \$19.25 from a Cash Applicant that acquired UBS Capped Instalments with an Interest Rate of 9.75%p.a.. On the Transfer Date, the term to the Final Maturity Date was 100 days and the Interest Rate had increased from 9.75%p.a. to 10.75%p.a. The Interest Amount payable by the Transferee would be \$0.567 (ie $10.75\% \times \$19.25 \times 100/365$) and the Interest Refund payable to the Transferor would be \$0.514 (ie $9.75\% \times \$19.25 \times 100/365$). Accordingly, Transfer Costs of \$0.053 (equal to the difference between the Transferee's Interest Amount and Transferor's Interest Refund) would be payable by UBS to the Transferor in this example because the Transferee's Interest Amount is greater than the Transferor's Interest Refund.

In the above example, the Transfer Costs of \$0.053 and Interest Refund of \$0.514 are applied to reduce the Transferor's Loan Amount (\$19.25) so that the balance of the Transferor's Loan Amount is \$18.683. No cash payments are required to be made by the Transferor, Transferee or UBS because the Transferee's Loan (\$19.25) is applied to pay the Transferee's Interest Amount (\$0.567) and the balance (\$18.683) is applied to repay the Transferor's Loan in full.

2.4 COMPLETION PAYMENTS

2.4.1 How do you make the Completion Payment and pay any Cap Adjustment Amount and receive the Underlying Parcel?

You may obtain full legal ownership of the Underlying Parcel within 20 Business Days after the Final Maturity Date by giving a valid and effective Completion Notice and paying the Completion Payment and any Cap Adjustment Amount to UBS in respect of your UBS Capped Instalments during the Completion Notice Period.

UBS Capped Instalments are "European" style warrants, which means that you cannot obtain full legal ownership of the Underlying Parcel prior to the Final Maturity Date. You may give the Completion Notice at any time during the Completion Notice Period. Completion Notices (and Completion Payments) received outside the Completion Notice Period will generally be returned.

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

If you do not give a valid Completion Notice, nor roll your UBS Capped Instalments into a new Series, the Assessed Value Payment procedures set out in Part 2.5.2 below will apply.

Any Cap Adjustment Amount due must be paid by Closing Time on the Final Maturity Date. On request, UBS will liaise with a Holder to agree a process for the Holder to pay any Cap Adjustment Amount by that time. This might involve the Holder giving UBS a direct debit instruction to cover the amount of the Cap Adjustment Amount, or paying to UBS an amount that is sufficient to cover the Cap Adjustment Amount. During the Completion Notice Period UBS will, on request, give a Holder an estimate of the Cap Adjustment Amount calculated as if the relevant time was Closing Time on the Final Maturity Date. **This is an estimate only and will likely change.**

If a Cap Adjustment Amount is due and this amount has not been received by UBS in full on or before Closing Time on the Final Maturity Date, you instruct the Security Trustee to transfer to UBS, or as it may direct, unencumbered legal title to so many of the Underlying Securities as necessary to pay the outstanding Cap Adjustment Amount. UBS will not charge the investor any costs incurred in connection with selling Underlying Securities to pay the Cap Adjustment Amount.

2.4.2 When is a Completion Notice valid and effective?

A Completion Notice is valid and effective if:

- it has been duly completed;
- the Completion Payment for each relevant UBS Capped Instalment is received by UBS in cleared funds on or before the Business Day which is five Business Days after the Final Maturity Date;
- any Cap Adjustment Amount due with respect to each relevant UBS Capped Instalment is received by UBS in cleared funds on or before Closing Time on the Final Maturity Date, or the Holder has not withdrawn their instruction to the Security Trustee to transfer unencumbered legal title to UBS to so many of the Underlying Securities as necessary to pay the outstanding Cap Adjustment Amount;
- the person who gives the Completion Notice is the Holder of each relevant UBS Capped Instalment on the Final Maturity Date or becomes the Holder on or before the Business Day which is five Business Days after the Final Maturity Date; and
- it is received by UBS during the Completion Notice Period (Completion Notices received before or after this period will generally be returned) unless UBS waives the requirement that the Completion Notice be received during the Completion Notice Period.

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

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2.4.3 What is the Completion Payment?

The Completion Payment is an amount payable to UBS equal to the aggregate of the outstanding Loan Amount. The Loan Amount for each Series is specified in the Supplementary PDS for the Series as at the date of the Supplementary PDS. The Loan Amount varies in accordance with the Instalment Deed and Loan Agreement from time to time. You can obtain the current outstanding Loan Amount for a Series on any day by contacting UBS on **1800 633 100**.

2.4.4 When will the Underlying Parcel be delivered to you?

On receiving a valid and effective Completion Notice and the Completion Payment in respect of UBS Capped Instalments (and subject to the arrangements described in Part 2.4.1 above in relation to paying any Cap Adjustment Amount and/or instructing the Security Trustee to transfer Underlying Securities to pay the outstanding Cap Adjustment Amount), UBS will notify the Security Trustee that a valid Completion Notice has been received and the Security Trustee will transfer the unencumbered legal title to the Underlying Parcel to you within 20 Business Days after the Final Maturity Date.

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

You may give a default notice to UBS if the Security Trustee fails to deliver the unencumbered legal title to the Underlying Parcel to you within 20 Business Days of the Final Maturity Date as described in Part 2.4.4 on a Completion Notice becoming valid and effective. If a default notice is given then UBS must pay you a liquidated damages amount within 10 Business Days of the default notice equal to 110% of the average daily volume weighted average price of the relevant Underlying Parcel on the five Trading Days following the Final Maturity Date excluding special, late and overseas sales. In such case, the Underlying Parcel is transferred to UBS or its nominee and the UBS Capped Instalment will cease to exist on payment of the liquidated damages amount.

2.4.6 Hypothetical example of a liquidated damages payment

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

2.5 FINAL MATURITY DATE

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

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

- (a) defer making the Completion Payment by rolling your UBS Capped Instalments into a new Series of UBS Capped Instalments (if available);
- (b) give a Completion Notice during the Completion Notice Period and be delivered the Underlying Parcel as described in Part 2.4.4;
- (c) sell your UBS Capped Instalments on the ASX on or before Closing Time on the Final Maturity Date;
- (d) do nothing and receive the Assessed Value Payment (if any).

2.5.2 How is the Assessed Value Payment determined?

If you hold UBS Capped Instalments at 6.00pm on the Final Maturity Date and have not given a Completion Notice that is or becomes valid and effective, or rolled your UBS Capped Instalments into a new Series, you are deemed to agree that:

- (a) the Underlying Parcel will be transferred to UBS; and
- (b) UBS will pay you an amount (the "Assessed Value Payment") calculated as follows:
 - (i) if the Closing Price of the Underlying Parcel on the Final Maturity Date is less than or equal to the Loan Amount, the Closing Price of the Underlying Parcel on the Final Maturity Date; or
 - (ii) if the Closing Price of the Underlying Parcel on the Final Maturity Date is greater than the Loan Amount on the Final Maturity Date, the VWAP of the Underlying Parcel on the first Trading Day after the Final Maturity Date;less the sum of;
 - (i) any fees, costs, charges, liabilities, Taxes and expenses incurred by or payable to UBS or the Security Trustee in connection with the transfer of the Underlying Parcel to UBS or at its direction. UBS may elect not to deduct some or all of these amounts from your Assessed Value Payment amount. As at the date of this PDS, UBS does not intend to deduct any such fees, costs, charges, liabilities, Taxes or expenses incurred in connection with the transfer of Underlying Securities;
 - (ii) the Loan Amount; and
 - (iii) the Cap Adjustment Amount (if any).

The Assessed Value Payment will be paid to you within 10 Business Days of the Final Maturity Date.

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

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the Loan Amount, you will not be required to pay any amount in respect of the Loan and your Assessed Value Payment will be zero.

2.5.3 Hypothetical example of an Assessed Value Payment

(a) When Closing Price is less than the Capped Level

Assume that a Holder held XYZ UBS Capped Instalments at 6.00pm on the Final Maturity Date (that is not an Early Final Maturity Date) with a Loan Amount of \$20.00, the Holder did not give a valid and effective Completion Notice or roll their UBS Capped Instalments into a new Series, the Closing Price on the Final Maturity Date was \$24.95, the Capped Level was \$27.00, the VWAP of the Underlying Parcel on the Trading Day after the Final Maturity Date was \$25.00 and there were no costs incurred in connection with the transfer of the Underlying Parcel. In this example, because the Closing Price on the Final Maturity Date (i.e. \$24.95) is greater than the Loan Amount, the Holder is entitled to receive an Assessed Value Payment equal to the VWAP on the Trading Day after the Final Maturity Date less the Loan Amount (i.e. \$5.00 which is \$25 less \$20). If the Closing Price of the Underlying Parcel in this example was equal to or less than \$20 then no Assessed Value Payment would be made to the Holder and the Holder would not be required to make any further payments to repay the outstanding Loan Amount. In addition, if the VWAP on the Trading Day after the Final Maturity Date is less than or equal to the Loan Amount then no Assessed Value Payment would be made to the Holder and the Holder would not be required to make any further payments to repay the outstanding Loan Amount.

(b) When Closing Price Exceeds Capped Level

Assume that a Holder held XYZ Instalments at 6.00pm on the Final Maturity Date (that is not an Early Final Maturity Date) with a Loan Amount of \$20.00, the Holder did not give a valid and effective Completion Notice, the Closing Price on the Final Maturity Date was \$27.45, the Capped Level was \$27.00, the VWAP of the Underlying Parcel on the Trading Day after the Final Maturity Date is \$27.50 and there were no costs incurred in connection with the transfer of the Underlying Parcel. In this example, the Holder would be entitled to receive an Assessed Value Payment of \$7.05, which is equal to the VWAP on the Trading Day after the Final Maturity Date (i.e. \$27.50) less the Loan Amount (\$20) and less the Cap Adjustment Amount (i.e. \$0.45 which is equivalent to \$27.45 less the Capped Level of \$27.00).

If the VWAP on the Trading Day after the Final Maturity Date is \$27.40, the Holder would be entitled to receive an Assessed Value Payment of \$6.95, which is equal to the VWAP on the Trading Day after the Final Maturity Date (i.e. \$27.40) less the Loan Amount (\$20) and less the Cap Adjustment Amount (i.e. \$0.45 which is equivalent to \$27.45 less the Capped Level of \$27.00).

2.6 ADJUSTMENT EVENTS IN RESPONSE TO CORPORATE ACTIONS

Corporate actions in respect of the Underlying Entity

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

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

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

Refer to Parts 7.18 to 7.25 for more information.

2.7 EARLY FINAL MATURITY DATE AND EXTRAORDINARY EVENTS

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

UBS must give at least 10 Business Days written notice of an Early Final Maturity Date to Holders in the Series of UBS Capped Instalments. UBS will refund a portion of the interest prepaid on the Loan on an Early Final Maturity Date, other than where an extraordinary event has been caused by the Loan Amount being reduced to zero, in accordance with clause 3.5 of the Loan Agreement.

2.8 CONTRACTUAL TERMS OF THE UBS CAPPED INSTALMENTS

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

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

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

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2.9 GROUPING OF DIVIDENDS AND OTHER DISTRIBUTIONS FOR UBS CAPPED INSTALMENTS

ASX settlement procedures

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

Securities traded on the ASX are subject to settlement procedures such that trades normally settle after a period of 3 Business Days after the date of the transaction. Because of this, securities generally do not trade on a cum basis right up until the record date as the buyers of the securities in these circumstances would not necessarily be registered holders by the record date and may, therefore, not be entitled to the dividend or distribution to which the record date relates.

To accommodate this situation, securities generally commence trading on an ex basis 4 Business Days prior to the record date. This date is referred to as the "ex-date".

Dividend Record Dates

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

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

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

Deferred settlement will apply from the ex-date of the first Security of a Group Company in the Underlying

Parcel to trade on an ex basis until the last record date of the Securities of the Group Companies in the Underlying Parcel. This will mean that although you will be able to buy or sell a UBS Capped Instalment during the deferred settlement period, settlement of the purchase or sale will not be completed until at least 3 Business Days after the last record date for distributions on the Securities of the Group Companies in the Underlying Parcel.

Part 3: Risks

3.1 GENERAL

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

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

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

3.2 ABILITY TO FULFIL OBLIGATIONS

3.2.1 Ability of UBS to fulfil its obligations

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

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

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

3.2.2 Ability of Security Trustee to fulfil its obligations

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

3.3 NO GUARANTEE

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

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

3.4 FACTORS AFFECTING THE VALUE OF UBS CAPPED INSTALMENTS

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

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

3.5 PRICE OF UNDERLYING PARCEL AND CAP LEVEL

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

Also if the Closing Price of the Underlying Parcel on the Final Maturity Date is greater than the Capped Level, Holders will not benefit from any such appreciation above the Capped Level due to the requirement of Holders to pay the Cap Adjustment Amount to UBS.

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

3.6 CHANGE OF LAW

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

3.7 ADJUSTMENTS TO THE UNDERLYING PARCEL AND/OR TERMINATION OF THE UBS CAPPED INSTALMENTS

The UBS Capped Instalments may be terminated or the Underlying Parcel may be varied in response to corporate actions. See Parts 2.6, 2.7 and 7.16 to 7.25.

3.8 LEVERAGE/GEARING LEVELS

An investment in UBS Capped Instalments may increase or decrease at a greater rate compared to a

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holding in the Underlying Security because of the leverage (gearing) incorporated in the UBS Capped Instalments. The leverage (gearing) level is determined by comparing the Completion Payment and market price of the Underlying Security for the UBS Capped Instalments.

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

3.9 PAYMENT OF TFN AMOUNT

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

3.10 POSSIBLE ILLIQUIDITY OF TRADING MARKET

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

3.11 EXERCISE OF DISCRETION BY UBS

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

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

3.12 CONFLICTS OF INTEREST

UBS and its related bodies corporate may, in their discretion, buy and sell UBS Capped Instalments, exchange traded options and other financial products relating to UBS Capped Instalments or Securities,

either as principal or agent. UBS and its related bodies corporate may also advise Underlying Entities (for which it may receive fees and commissions) in relation to matters not related to the UBS Capped Instalments such as corporate advisory services, mergers and acquisitions advisory and capital markets transactions. Please refer to the relevant Supplementary PDS for each Series for further information about conflicts of interests in respect of an Underlying Entity for a Series (if any).

3.13 SUSPENSION OF UBS CAPPED INSTALMENT TRADING

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

3.14 LEGAL CONSEQUENCES OF HOLDING UBS CAPPED INSTALMENTS

3.14.1 Relevant interests and disclosure by substantial holders

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

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

Holders will hold the Beneficial Interest in the Underlying Parcel and will also have power to control the exercise of the Security Trustee's right to dispose of the Underlying Parcel (by giving a Completion Notice, for example). This will generally give a Holder a "relevant interest" (as contemplated by section 608 of the Corporations Act) in the Securities constituting the Underlying Parcel at the time of acceptance of that Holder's Application or when the UBS Capped Instalments are acquired in the secondary market. Shareholder Applicants and Rollover Applicants will have a "relevant interest" in the Securities constituting the Underlying Parcels at the time of submitting their Application and acceptance of that Application will not change their "relevant interest" in those Securities.

The consequence of having a "relevant interest" is that disclosure obligations under Chapter 6C of the Corporations Act and limitations on acquisitions under Chapter 6 of the Corporations Act affect Holders in respect of acquisitions, continuing holdings, and disposals of UBS Capped Instalments. Whether the restrictions apply depends on the Holder's other "relevant interests" as provided in the Corporations Act. In addition, ASIC provides an exemption under

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section 655A pursuant to class order modifications 02/925 (10 September 2002), 02/926 (10 September 2002), 02/927 (10 September 2002) with respect to section 609 of the Corporations Act.

3.14.2 Ownership restrictions

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

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

3.15 SUPERANNUATION FUNDS

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

Section 67A(1) of the Superannuation Industry (Supervision) Act 1993 ("SIS") explicitly permits superannuation fund trustees to invest in certain types of instalment warrants. This is an express exception to the borrowing restriction contained in section 67(1) of SIS.

However, the Regulators stated in the 16 December 2002 announcement that they have formed the view that an investment in instalment warrants by superannuation entities via a Shareholder Application is generally not appropriate as it is likely to contravene SIS Regulation 13.14 which prohibits trustees from giving a charge over assets of a fund. Such a charge would not be permitted by the exception in section 67A(1) of SIS. Consequently, UBS will not accept Shareholder Applications from superannuation entity applicants. This does not however, prohibit superannuation entities from acquiring UBS Capped Instalments via a Cash Application or on the secondary market (i.e. purchase on ASX).

A superannuation entity that holds UBS Capped Instalments may be liable to pay a TFN Amount to UBS where the Security Trustee is required to withhold and pay an amount to the ATO from any Ordinary Dividends or Special Dividends paid on the Underlying Securities where the superannuation entity does not provide their TFN, ABN or proof of an exemption. As a result, a superannuation entity may be deemed to be borrowing in contravention of section 67 of the Superannuation Industry (Supervision) Act 1993 if it does not provide its TFN or ABN and a TFN Amount becomes due and payable to UBS. Accordingly, superannuation entities should not consider investing in UBS Capped Instalments unless they intend to and are able to provide UBS with a TFN, ABN or proof of an exemption.

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

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

3.16 GROUPING OF DIVIDENDS AND OTHER DISTRIBUTIONS - DEFERRED SETTLEMENT

If Securities in the Underlying Parcel are grouped for the purposes of distributions as set out in Part 2.9 of this PDS, deferred settlement will apply from the ex-date of the first Security of a Group Company in the Underlying Parcel to trade on an ex basis until the last record date of the Securities of the Group Companies in the Underlying Parcel. This will mean that although you will be able to buy or sell a UBS Capped Instalment during the deferred settlement period, settlement of the purchase or sale will not be completed until at least 3 Business Days after the last record date for distributions on the Securities of the Group Companies in the Underlying Parcel. For more details, see Part 2.9.

Part 4: Fees and other costs

4.1 Fees and expenses that apply to UBS Capped Instalments

Interest Amount

The Interest Amount will be determined by multiplying the Loan Amount by the Interest Rate by the number of days remaining until the Final Maturity Date divided by 365. The factors affecting UBS' determination of the Interest Rate are set out in the Investment Overview and in section 2.2.3 above. You can find out the Interest Rate for any Series at a particular time by contacting UBS on **1800 633 100**.

Borrow Fee

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

A Borrow Fee is not payable when you buy UBS Capped Instalments on the ASX.

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

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

4.2 Tax liabilities

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

4.3 Costs of enforcing Security Interest and transfer of Underlying Parcel on Final Maturity Date

UBS may enforce the Security Interest over UBS Capped Instalments in certain circumstances, such as when you are liable to pay UBS a TFN Amount. If UBS exercises the Security Interest, you will incur any fees, costs, Taxes and liabilities incurred by UBS or the Security Trustee in connection with enforcing the Security Interest. You will also incur any fees, costs,

Taxes and liabilities incurred by UBS or the Security Trustee in connection with the transfer of the Underlying Parcel to UBS on the Final Maturity Date where you have not given a valid and effective Completion Notice for the UBS Capped Instalment.

4.4 Cap Adjustment Amount

If the Closing Price of the Underlying Parcel on the Final Maturity Date is greater than the Capped Level, Holders must pay UBS the Cap Adjustment Amount equal to the Closing Price of the Underlying Security on the Final Maturity Date minus the Capped Level.

4.5 Costs deducted if UBS sells Underlying Parcel

If you hold UBS Capped Instalments at 6.00pm on the Final Maturity Date and have not given a valid Completion Notice, or rolled your UBS Capped Instalments into a new Series, any fees, costs, charges, liabilities, Taxes and expenses incurred by or payable to UBS or the Security Trustee in connection with the transfer of the Underlying Parcel to UBS or at its direction will be deducted from the Assessed Value Payment. UBS may elect not to deduct some or all of these amounts from your Assessed Value Payment amount. As at the date of this PDS, UBS does not intend to deduct any such fees, costs, charges, liabilities, Taxes or expenses incurred in connection with the transfer of Underlying Securities.

Part 5: Taxation summary

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

Preliminary Comments

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

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

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

This Part does not cover the taxation consequences of corporate actions in respect of the Underlying Entity of the kind referred to in Part 2.6 of this PDS. Nor does it cover the tax (including GST) consequences for an Investor who acquires their UBS Capped Instalments in the course of carrying on a business of trading or dealing in shares or other marketable securities, or for the purpose of disposing of them or the Underlying Parcel at a profit, or for a non-resident Investor.

Potential Investors should not rely on this summary but should seek their own taxation advice in relation to the taxation consequences of investing in UBS Capped Instalments prior to making any investment

decision, as those consequences may differ, depending on the Investor’s own particular circumstances.

5.1 SUMMARY OF CONCLUSIONS

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

Deductibility of interest

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

Cost of Capital Protection

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

Distributions

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

Capital Gains Tax (“CGT”)

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

Part 5: Taxation summary

the UBS Capped Instalments (as the Holder will previously have acquired the Underlying Parcel to which the UBS Capped Instalment relates) (see paragraph 5.7 below).

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

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

The capital protected borrowings rules operate to determine what portion (if any) of a Holder's total expenses in relation to a UBS Capped Instalment must be treated for tax purposes as the cost of capital protection in respect of the Loan. Because the Loan is a limited recourse facility, it is a "capital protected borrowing" for the purposes of these rules.

Accordingly, the Holder will be required to determine each income year whether the Holder has a capital protected borrowing cost for that year under the method statement in section 247-20(3) of the 1997 Tax Act that gives rise to a notional put option under

section 247-20(6) of that Act. Thus, even though a UBS Capped Instalment does not confer an explicit put option on a Holder, in certain circumstances the rules can deem the Holder to have incurred an amount for a notional put option granted by UBS.

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

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

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

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

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

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

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

Note, in respect of paragraph (b) above:

- i. Typically, an Applicant and a Transferee will incur two Interest Amounts in the income year in which they acquire their UBS Capped Instalment:

Part 5: Taxation summary

one for the period from the date of acquisition up until the next Annual Interest Date, and a second for the period from that Annual Interest Date until the succeeding Annual Interest Date or the Final Maturity Date (as the case may be). Accordingly, in that income year, the Applicant or Transferee should make a separate calculation for each period using a separate Incurred Date Benchmark Rate (even though the Rate may be the same as at the different incurred dates), and then aggregate them for the purpose of determining the total amount of interest.

- ii. The Government has introduced *Tax Laws Amendment (2010 Measures No.5) Bill 2010* which proposes to amend the Incurred Date Benchmark Rate from the Reserve Bank of Australia's Indicator Rate for Personal Unsecured Loans - Variable Rate to the Reserve Bank of Australia's Indicator Rate for Standard Housing Loans - Variable Rate, plus 100 basis points. If this Bill is enacted in its current form, it will change the calculation of the capital protected borrowing cost amount in (b) above. By way of general comment for the benefit of investors who are affected by the changes proposed in the Bill, the proposed Benchmark Rate is historically lower than the existing Benchmark Rate. For example, for January 2011, the existing Benchmark Rate was 15.25% and the proposed Benchmark Rate was 8.80%. Accordingly, it would be expected that a greater portion of the Total Costs incurred by investors would be included in the CGT cost base of the Notional Put Option, and so would not be deductible. The changes are proposed to have retrospective effect by applying to any arrangements entered in from after 7:30pm AEST on 13 May 2008.

5.3 IS THE INTEREST AMOUNT DEDUCTIBLE?

Subject to the comments in paragraphs (a) to (c) below, any prepaid Interest Amount on so much of the funds borrowed on the Issue Date (in the case of an Applicant) or on the Transfer Date (in the case of a Transferee) under the Loan should be allowed as a deduction if:

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

For a Shareholder Applicant, the "excess Loan Amount" is the proceeds of the Loan remaining after payment of their Interest Amount, Borrow Fee (if any)

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

(a) *Capital protected borrowing rules*

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

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

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

(c) *Prepayment rules*

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

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

5.4 IS A BORROW FEE DEDUCTIBLE?

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

Part 5: Taxation summary

5.5 HOW ARE DISTRIBUTIONS TO BE TREATED FOR TAX PURPOSES?

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

Dividends

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

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

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

Distributions from public trading trusts or corporate unit trusts

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

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

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

If the distribution represents an amount that was dividend income in the trustee's hands, the tax consequences for the Holder of receiving the distribution should be the same as if the distribution were a dividend (see under the heading "Dividends" above). However, the application of the franking/imputation anti-avoidance provisions is even more complicated than where the Securities are shares.

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

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

Interest refund if a Special Dividend is paid

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

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

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

(a) *Cash Applicant*

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

(b) *Shareholder Applicant or Rollover Applicant*

The cost base in the Underlying Parcel:

- for a Shareholder Applicant is, broadly, whatever the Shareholder Holder originally paid or gave to acquire the Underlying Parcel; and

Part 5: Taxation summary

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

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

(c) *Transferee*

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

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

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

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

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

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

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

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

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

Under the capital protected borrowing rules, any Notional Put Option should be taken to have expired at the end of the term of a Loan if the Holder has

repaid the full Loan Amount to UBS (including if the Holder pays the Completion Payment). In these circumstances, the Holder should incur a capital loss equal to the cost base (if any) of the Notional Put Option. The cost base of the Notional Put Option is as described in paragraph 5.2 above.

5.10 WHAT HAPPENS IF THE HOLDER TRANSFERS THEIR UBS CAPPED INSTALMENTS BEFORE THE FINAL MATURITY DATE?

On Transfer, the Transferor:

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

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

(a) *Underlying Parcel*

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

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

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

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

(b) *Notional Put Option*

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

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(c) *Interest Refund*

Any Interest Refund paid by UBS to the Transferor will be assessable income to the Transferor in the year of receipt, to the extent that the Transferor has been entitled to a deduction for payment of the relevant Interest Amount.

5.11 WHAT HAPPENS IF THE HOLDER ROLLS OVER THEIR UBS Capped Instalments INTO A NEW UBS SERIES (IF AVAILABLE)?

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

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

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

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

If the Holder does nothing:

- For CGT purposes, (but subject to the next dot point) the Holder will be taken to have disposed of the Underlying Parcel to UBS; and for this purpose, the capital proceeds will be the sale price of the Underlying Parcel payable by UBS under paragraph 2.5.2(b) of this PDS and the cost base will be as described in paragraph 5.6 above. In addition, under the capital protected borrowing rules, any Notional Put Option should be taken to have expired if the Loan Amount is repaid in full to UBS. In these circumstances, the Holder should incur a capital loss equal to the cost base (if any) of the Notional Put Option. The cost base of the Notional Put Option is as described in paragraph 5.2 above.
- In the unexpected and rare case where the sale price of the Underlying Parcel is less than the Secured Monies (the difference being the "shortfall"), the Holder will not be required to pay the shortfall. But, if, under the capital protected borrowing rules, the Holder is deemed to have acquired a Notional Put Option, then the capital protection under the UBS Capped Instalment will be taken to have been invoked. Accordingly, the Underlying Parcel that is sold to UBS should be taken to have been disposed of by the Holder as the result of the exercise of any

Notional Put Option (if applicable). In these circumstances, the Holder should be taken to have made a capital loss in respect of the disposal of the Underlying Parcel equal to the aggregate of Holder's cost base in the Underlying Parcel plus the cost of any Notional Put Option, less the sale price of the Underlying Parcel. However, the ATO will, based on current practice, reduce the cost base in the Underlying Parcel by the shortfall amount.

5.13 WHAT HAPPENS IF THERE IS A CAP ADJUSTMENT AMOUNT?

If the Holder has an obligation to pay the Cap Adjustment Amount to UBS, this amount should be eligible for inclusion in the cost base held by the Holder in the Underlying Parcel.

The cost base of the Underlying Parcel for the Holder was described in paragraph 5.6 above.

If the Holder is required to dispose of a portion of their Underlying Parcel in order to pay the Cap Adjustment Amount to UBS, then this disposal will likely have capital gains tax ("CGT") implications for the Holder in relation to the Underlying Securities disposed of.

The application of the CGT provisions to the Underlying Parcel (including on disposal) is described in paragraph 5.15 below.

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

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

5.15 CAPITAL GAINS TAX ("CGT")

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

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

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

Part 5: Taxation summary

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

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

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

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

5.16 WILL THE COMMERCIAL DEBT FORGIVENESS RULES AFFECT THE TAX ATTRIBUTES OF THE HOLDER IF THE LIMITED RECOURSE FEATURE OF THE LOAN COMES INTO EFFECT?

If the limited recourse feature of the Loan comes into effect, there should be a commercial debt forgiveness under Schedule 2C to the Tax Act. However, despite this, none of the tax attributes of Holders of such Loans should be adjusted under the commercial debt forgiveness rules as a result of that commercial debt forgiveness. This is because there should be no "net forgiven amount" in respect of such a commercial debt forgiveness to be applied against the tax attributes of such a Holder, due to the operation of the special rule that applies to non-recourse debts in section 245-60 of Schedule 2C to the Tax Act.

5.17 REGIME FOR TAXATION OF FINANCIAL ARRANGEMENTS

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

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

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

Under the TOFA Act, a taxpayer may also elect for the TOFA rules to apply to all financial arrangements existing at the start date.

Individuals are generally excluded from the TOFA rules if:

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

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

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

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

unless they elect for the TOFA regime to apply.

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

5.18 GST

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

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

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

5.19 STAMP DUTY

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

- the issue or creation of UBS Capped Instalments;

Part 5: Taxation summary

- the on-market transfer of a UBS Capped Instalment as a consequence of the on-market purchase or sale of a UBS Capped Instalment;
- any transfer of an Underlying Security to the Security Trustee on acceptance of an Application by UBS;
- the transfer of Underlying Securities to a Holder on or following payment of the Completion Payment;
- the Loan; or
- the Security Interest.

The comments in this Part 5.18 assume that:

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

5.20 TFN/ABN

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

5.21 TAX REFORM

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

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

Part 6: Description of UBS and Security Trustee

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

6.1 UBS AG, Australia Branch

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

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

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

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

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

6.2 SECURITY TRUSTEE

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

Part 7: Summary of Terms of UBS Capped Instalments

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

Clause references are to clauses in the Instalment Deed.

7.1 Structure

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

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

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

7.2 Copies of the Instalment Deed

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

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

7.3 Interpretation (clause 1)

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

7.4 Rights and Obligations of the Holder (clause 1)

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

7.5 Application process of UBS Capped Instalments (clause 2)

The Instalment Deed contains provisions which set out the process for applying for UBS Capped Instalments. This process is described in Part 2.2 of this PDS and differs depending on whether the Applicant is a Cash Applicant, Shareholder Applicant or Rollover Applicant.

7.6 The Separate Trusts (clause 3)

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

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

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

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

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

7.7 No Third Party Interests (clause 3)

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

Part 7: Summary of Terms of UBS Capped Instalments

7.8 Holding statements (clause 4)

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

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

7.9 The Register (clause 4)

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

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

7.10 Transfer (clause 5)

No fee will be charged for the registration of a Transfer of UBS Capped Instalments.

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

The Instalment Deed contains provisions which set out process for transferring UBS Capped Instalments. This process is described in Part 2.3 of this PDS.

7.11 Record Dates (clause 6)

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

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

7.12 Annual Interest Dates (clause 6)

There are no Annual Interest Dates (as defined in the Instalment Deed) for UBS Capped Instalments offered pursuant to this PDS because the term of the UBS Capped Instalments is shorter than one year.

7.13 Ordinary Dividends and Special Dividends (clause 7)

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

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

UBS may reduce the Capped Level by an amount determined by UBS having regard to the methodology under the ASX Operating Rules for adjusting Options Market Contracts.

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

If a distribution is paid to the Security Trustee after the Final Maturity Date in respect of an Underlying Parcel for which a valid Completion Notice has been given, or which has been disposed of ex-distribution by the Security Trustee, then the cash amount of the distribution will be payable by the Security Trustee to the Holder, but not otherwise.

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

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

7.14 Voting (clause 8)

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

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

Part 7: Summary of Terms of UBS Capped Instalments

7.15 Security Interest (clause 9)

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

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

7.16 Early Final Maturity Date (clause 10)

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

- (a) Underlying Securities or other financial products comprising Underlying Parcels in respect of a Series of UBS Capped Instalments:
 - (i) are the subject of a buy-back offer; or
 - (ii) are the subject of a proposed takeover offer, a proposed scheme of arrangement or merger in the nature of a scheme or arrangement; or
 - (iii) are de-listed, cease to be quoted on any stock exchange or financial market or are suspended; or
- (b) a Series of UBS Capped Instalments is de-listed, withdrawn from admission to trading status or suspended otherwise than as a result of the acts of UBS; or
- (c) if there is a Tax Change; or
- (d) it becomes impossible for UBS to hedge its exposure pursuant to the UBS Capped Instalments due to either of the following occurring:
 - (i) a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking

or security settlement, lending or clearance services in any of those countries; or

- (ii) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for at least one full day on which that exchange is open for trading; or

- (e) the Loan Amount on any day is equal to zero.

UBS must give at least 10 Business Days' written notice of the Early Final Maturity Date to each relevant Holder.

7.17 Completion Payment and Assessed Value Payments (clause 11)

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

7.18 Disposal Events (clause 12)

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

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

7.19 Takeover Offers and Schemes of Arrangement (clauses 13 and 15)

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

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

Part 7: Summary of Terms of UBS Capped Instalments

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

7.20 Takeover Offers for Instalments (clause 14)

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

7.21 Buy-Backs (clause 16)

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

7.22 Bonus Issues (clause 17)

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

7.23 Rights and Entitlements (clause 18)

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

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

- (a) Securities which are not of the same Underlying Entity and class of Securities as the Underlying Securities forming part of the Underlying Parcel; or
- (b) Securities stapled to those Underlying Securities,

will not result in a reduction of the Loan Amount or Capped Level.

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

7.24 Reduction of Capital (clause 19)

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

If the capital of the Underlying Entity is reduced without cancelling any Underlying Securities or other

financial products, and the Underlying Entity makes a capital distribution in cash or other assets, then the Security Trustee or UBS as mortgagee for the Holder shall, either:

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

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

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

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

7.25 UBS Discretion and Other Adjustments (clause 20)

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

Where UBS determines before an adjustment is made under clauses 12 to 19 of the Instalment Deed (which relate to Disposal Events, takeover bids for the Underlying Securities, takeovers of UBS Capped Instalments, schemes of arrangements, buy backs, bonus issues, rights or entitlements to acquire or be allocated Underlying Securities and reduction of capital of the Underlying Entity), that those provisions are not appropriate in any particular circumstances it may make any alterations it considers necessary or reasonable to prevent the rights of Holders from being prejudiced or to preserve the economic position of Holders and UBS (and its related bodies corporate) in relation to the UBS Capped Instalments provided such alteration is not unfair (as defined in Section 12BG of the ASIC Act).

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

- (a) to consolidate or divide the number of UBS Capped Instalments in a Series in response to a consolidation or subdivision of the

Part 7: Summary of Terms of UBS Capped Instalments

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

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

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

7.26 Powers and Duties of the Security Trustee (clause 22)

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

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

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

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

7.27 Obligations of the Security Trustee (clause 23)

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

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

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

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

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

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

7.28 Replacement of Security Trustee (clause 23)

The Security Trustee may resign and UBS may appoint a replacement approved by the ASX. UBS may remove the Security Trustee and appoint an ASX approved replacement if the Security Trustee breaches the Instalment Deed and the breach is not remedied for 30 days after notice is given to the Security Trustee.

7.29 Taxes (clause 24)

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

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

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

7.30 Payments to the Security Trustee (clause 25)

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

7.31 Audit (clause 26)

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

7.32 Provision of Information (clause 29 and 30)

Holdings are required to provide information reasonably requested by UBS or the Security Trustee, and must provide the Registrar on request with details of its holdings of Underlying Securities or other

Part 7: Summary of Terms of UBS Capped Instalments

financial products comprising the Underlying Parcel and any interest it has in them.

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

7.33 Amendments to Instalment Deed (clause 32)

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

Part 8: Additional Information

8.1 DEFERRED SETTLEMENT BASIS

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

8.2 CLEARING HOUSE ELECTRONIC SUBREGISTER SYSTEM ("CHESS")

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

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

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

8.3 BROKER

UBS Securities as broker to the issue will receive a discount, commission or fee from UBS in respect of UBS Capped Instalments placed by UBS Securities. UBS may pay fees to ASX market participants, licensed financial services providers or their representatives whose stamp appears on Application Forms for which UBS Capped Instalments are subsequently issued.

8.4 COMPLAINTS

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

- (a) Contact the UBS representative with whom you have been dealing and tell that person about your complaint.
- (b) If your complaint is not satisfactorily resolved within 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
Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

We will try to resolve your complaint quickly and fairly.

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

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

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

- (d) ASIC also has a free call infoline on 1300 300 630 (available between 9am and 7pm AEST Monday to Friday) which you may use to make a complaint and obtain information about your rights.

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

8.5 CONSENTS

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

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

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

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

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

8.6 LABOUR STANDARDS AND ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS

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

8.7 PRIVACY POLICY

Should you apply for UBS Capped Instalments by lodging an Application Form with your adviser, you acknowledge and agree that:

- (a) UBS may collect your personal information for the purpose of processing your application for the UBS Capped Instalments, issuing the UBS Capped Instalments and complying with relevant laws. If you do not provide the personal information UBS or your adviser requires, your application may not be processed; and
 - (b) UBS 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, external contracts and service providers and certain software providers (in each case both onshore and offshore) related to the operational management and settlement of the UBS Capped Instalments;
 - (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 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.

You can access the personal information UBS holds about you.

8.8 FINANCIAL SERVICES GUIDES

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

Part 9: Form of Loan Agreement

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

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

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

BETWEEN:

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

The successful **Applicant or Transferee** of UBS Capped Instalments

IT IS AGREED AS FOLLOWS:

1. LOAN

1.1 UBS to fund

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

1.2 Limited recourse Loan

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

1.3 Direction to UBS

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

2. USING THE LOAN

2.1 Initial advance

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

3. INTEREST

3.1 Interest on Application

An Applicant agrees to pay interest on the Loan in advance on the Issue Date up to (but excluding) the Final Maturity Date, at the Interest Rate applicable on the Issue Date.

3.2 Interest on Transfer

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

3.3 Interest Refund on Transfer

Where a Holder (Transferor) elects to Transfer a UBS Capped Instalment, the Transferor is entitled to a refund in respect of the Interest Amount it has prepaid, equal to the interest prepaid for the period from the Transfer Date to the Final Maturity Date.

3.4 Interest Refund on reduction in Loan from Special Dividends

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

3.5 Interest Refund on Early Maturity

Where the Final Maturity Date is brought forward due to an extraordinary event (as nominated in accordance with the terms of the Instalment Deed), except if an Early Final Maturity Date is nominated pursuant to clause 10.1(e) of the Instalment Deed, the Holder is entitled to a refund in respect of the Interest Amount it has prepaid, calculated on a pro rata basis based on the prevailing BBSY Rate less an amount representing the cost to UBS of breaking its funding in respect of the relevant UBS Capped Instalments (or redeploying amounts received early).

3.6 Interest Refund payment

Interest Refunds under clauses 3.3, 3.4 or 3.5 are payable by UBS applying the refund against the Transferor's or Holder's Loan (as applicable) to reduce the amount of the Loan.

4. REPAYING

4.1 Repayment of Loan

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

UBS will apply any Completion Payment made to repay the Loan within 10 Business Days following the Final Maturity Date.

5. SECURITY

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

Where the Holder:

Part 9: Form of Loan Agreement

- (a) has not repaid the Loan within 5 Business Days after the Final Maturity Date;
- (b) is liable to pay a TFN Amount to UBS; or
- (c) become a bankrupt or insolvent,

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

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

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

6. TRANSFERS

6.1 Process of Transfers

On registration of a Transfer of a UBS Capped Instalment, the following occurs:

- (a) a Loan will be made for the relevant Series of UBS Capped Instalments to the Transferee equal to the Loan Amount for that Series on the Transfer Date;
- (b) the balance of the Transferor's Loan is paid out and the obligations arising from the Transferor's Loan are extinguished; and
- (c) Transfer Costs are payable:
 - (i) by UBS to the Transferor where the Transferor's Interest Refund is less than the Transferee's Interest Amount, with such costs equal to the difference between those amounts payable by UBS applying the costs against the Transferor's Loan to reduce the amount of the Loan; or
 - (ii) by the Transferor to UBS where the Transferee's Interest Amount is less than the Transferor's Interest Refund, with such costs equal to the difference between those amounts payable by the costs being added to the Transferor's Loan to increase the amount of the Loan.

6.2 Transferee's new Loan

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

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

7. TERM OF LOAN

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

8. GENERAL

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

9. INCORPORATION OF DEFINITIONS

Capitalised terms defined in this agreement have the meaning given to them in the PDS entitled UBS Capped Instalments dated 16 February 2011.

Executed as an agreement.

Part 10: Glossary

The following words have these meanings in this PDS:

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

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

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

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

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

ASIC means the Australian Securities and Investments Commission.

ASIC Act means the Australian Securities and Investment Commission Act 2001 (Cth).

Assessed Value Payment means, in respect of a UBS Capped Instalment, the amount (if any) paid to a Holder where the Holder does not give a Completion Notice before the Closing Time on the Final Maturity Date that is or becomes valid and effective as described in Part 2.5.2.

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

ASX Listing Rules means the listing rules of the ASX.

ASX Operating Rules means the operating rules of the ASX.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532).

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

ATO means the Australian Taxation Office.

BBSY Rate means the 1 year bid rate per cent per annum shown on Reuters Monitor System page

"BBSY" or another page that replaces the BBSY page on that system at or about 10.15 am.

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

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

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

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

Cap Adjustment Amount means, in relation to UBS Capped Instalments, if the Closing Price of the Underlying Security on the Final Maturity Date is greater than the Capped Level, the amount calculated by applying the formula specified in the relevant Supplementary PDS for the Series.

Capped Level means, for a Series of UBS Capped Instalments, the level specified as the Capped Level in the relevant Supplementary PDS as adjusted from time to time in accordance with the Instalment Deed.

Cash Applicant means a person who makes a Cash Application.

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

CHES means the Clearing House Electronic Subregister System.

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

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

Closing Time means 6:00 pm.

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

Completion Notice Period for a Series means the period ending at Closing Time on the Final Maturity Date and beginning at 9.00am on the day which is 20 Business Days before the Final Maturity Date.

Part 10: Glossary

Completion Payment means, on any day, for a UBS Capped Instalment in a Series the outstanding Loan Amount a UBS Capped Instalment in that Series.

Corporations Act means the Corporations Act 2001 (Cwlth).

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

Dividend means both Ordinary Dividends and Special Dividends.

Early Final Maturity Date means, for UBS Capped Instalments in a Series, an early final maturity date determined in accordance with the Instalment Deed as described in Part 2.7.

Encumbrance means an interest or power:

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

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

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

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

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

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

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

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

GST means any goods and services tax or any Tax applying to a transaction contemplated by this PDS in a similar way, together with any additional Tax, penalty

tax, fine, interest or other charge under a law for such Tax.

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

Holder means, in relation to a UBS Capped Instalment, the person recorded in the Register as the holder of that UBS Capped Instalment.

Indemnified Party means:

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

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

Instalment Receipts means a security by which the holder obtains the beneficial interest in a security in an Underlying Entity, and may, upon payment of the final instalment of the instalment receipt, obtain the legal interest in that security.

Interest Amount means the amount of interest payable on a Loan for a UBS Capped Instalment to UBS on the Issue Date or Transfer Date (as applicable) under the Loan Agreement.

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

Interest Refund means the interest refunded on a Loan under the Loan Agreement.

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

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

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

Loan Agreement means the loan agreement in the form set out in Part 9, entered into between UBS and each successful Applicant and between UBS and each Transferee.

Loan Amount means, for each UBS Capped Instalment in a Series at any time, the outstanding amount of a Loan for a UBS Capped Instalment in that Series. The initial Loan Amount for a Series is set out in the relevant Supplementary PDS.

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

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

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

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

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

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

PDS means this product disclosure statement.

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

Reasonable Action means action taken by UBS, or by the Security Trustee after consultation with UBS, which is lawful and in the circumstances is reasonable and practicable and does not create a risk of liability for UBS nor the Security Trustee which is unacceptable to it.

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

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

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

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

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

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

Rollover Applicant means a person who makes a Rollover Application.

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

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

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

Secured Monies means, in respect of a UBS Capped Instalment:

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

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

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

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

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

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Series means UBS Capped Instalments relating to Underlying Securities of a particular Underlying Entity and which have the same rights including Loan Amount, Completion Payment and Final Maturity Date.

Shareholder Applicant means a person who makes a Shareholder Application.

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

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

SMSF means a self-managed superannuation fund.

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

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

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

Supplementary PDS means a supplementary PDS to this PDS.

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

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

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

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

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

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

Transfer means the transfer of a UBS Capped Instalment pursuant to the Instalment Deed.

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

Transfer Date means the date on which a Transfer of a UBS Capped Instalment is recorded in the Register.

Transferee means a person who acquires a UBS Capped Instalment from a Transferor.

Transferor means a person who disposes of a UBS Capped Instalment to a Transferee.

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

UBS Capped Instalment means a UBS Instalment issued on terms by which a Cap Adjustment Amount may be payable by the Holder if the Closing Price of the Underlying Security on the Final Maturity Date is greater than the Cap Level for the relevant Series.

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

UBS Entity means UBS AG, and any of its subsidiaries or related entities.

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

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

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

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

Underlying Security means a Security (including Instalment Receipts) in the relevant Underlying Entity for a Series of UBS Capped Instalments or more than one Security where specified in the relevant PDS.

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

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READ THIS PRODUCT DISCLOSURE STATEMENT AND THE RELEVANT SUPPLEMENTARY PDS

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

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

A. IDENTIFY WHICH TYPE OF APPLICANT YOU ARE

Applications types

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

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

Once listed on the ASX, investors may purchase UBS Capped Instalments on the secondary market by placing an order with their broker or investment adviser. If you wish to purchase UBS Capped Instalments on the ASX, you do not need to complete an Application Form.

1. Cash Applicants

The First Payment for each UBS Capped Instalment will vary depending on various factors including the price of the Underlying Securities.

You (or your investment adviser) can contact UBS to set ("lock in") the First Payment amount.

If you lock in your First Payment amount then you (or your investment adviser) will be given a unique Application Number which must be inserted in your Application Form.

If you do not lock in the First Payment then UBS will set the First Payment amount once the duly completed Application Form has been received along with cleared application monies. The number of UBS Capped Instalments you will receive will depend on the First Payment amount that is set by UBS.

Cash Applications in connection with Initial public offerings (IPO) of Securities

UBS may issue UBS Capped Instalments in connection with an IPO for Securities of particular Underlying Entities. An Application is made by making a Cash Application to UBS. Further information relating to Applications in connection with an IPO for Securities will be included in the relevant Supplementary PDS for the Series of UBS Capped Instalments over the IPO Securities. If you are making a Cash Application that relates to IPO Securities:

- you must read the relevant disclosure document for the IPO as specified in the relevant Supplementary PDS for the Series of UBS Capped Instalments;
- be aware that the issue of UBS Capped Instalments in connection with an IPO for Securities is generally conditional on the Securities the subject of the IPO trading on an unconditional basis on the ASX and being issued and transferred to applicants under the relevant disclosure document for the IPO of the Securities.

2. Shareholder Applicants

You (or your investment adviser) can contact UBS to lock in the Shareholder Cashback Amount for your Application. If you lock in your Shareholder Cashback amount then you (or your investment adviser) will be given a unique Application Number which must be inserted in your Application Form.

If you do not lock in the Shareholder Cashback then UBS will determine the Shareholder Cashback in accordance with the Instalment Deed (see Part 2.2.4) once the relevant Security has been transferred to the Security Trustee. The number of UBS Capped Instalments you will receive will depend on the Shareholder Cashback determined in accordance with the Instalment Deed. The Shareholder Cashback is reinvested in further UBS Capped Instalments of the same Series unless you elect to receive the Shareholder Cashback in cash or elect to reinvest it in a different Series of UBS Capped Instalments.

3. Rollover Applicants

You (or your investment adviser) can contact UBS to lock in the amount of the Rollover Cashback or Rollover Payment (as applicable) for your Application. If you lock in your Rollover Cashback or Rollover Payment amount then you (or your investment adviser) will be given a unique Application Number which must be inserted in your Application Form.

If you do not lock in the Rollover Cashback or Rollover Payment then UBS will determine the Rollover Cashback or Rollover Payment in accordance with the Instalment Deed (see Part 2.2.4) once the Final Instalment has been paid on your Existing Instalment and the relevant Security

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transferred to the Security Trustee for the UBS Capped Instalment. The number of UBS Capped Instalments you will receive will depend on the Rollover Cashback or Rollover Payment determined in accordance with the Instalment Deed. The Rollover Cashback is reinvested in further UBS Capped Instalments of the same Series unless you elect to receive the Rollover Cashback in cash or elect to reinvest it in a different Series of UBS Capped Instalments.

B. APPLICATIONS THROUGH ADVISERS OR DIRECTLY WITH UBS

You may apply for UBS Capped Instalments:

- (a) Through a broker or investment adviser who is a UBS approved financial intermediary (please ask your broker or investment adviser for confirmation that they are approved, or contact UBS' Warrant Desk on 1800 633 100); or
- (b) Apply directly to UBS.

If you apply directly to UBS, you must supply the client vetting information listed below with your Application Form. UBS will be unable to process your Application if you apply directly to UBS and do not supply the client vetting information as requested.

Please note that the following client vetting information is not required if you apply through a UBS approved financial intermediary, or if you purchase UBS Capped Instalments on the secondary market.

CLIENT VETTING INFORMATION

UBS requires the following information for each investor category to satisfy its client vetting requirements. Please refer to the appropriate investor category when submitting your Application Form.

(a) Private Individual Applicants

The following information is required with your Application Form if you are applying for UBS Capped Instalments as a private individual:

- **Certified copy** of your current passport or driver's licence;
- **Original or certified copy** of a utility bill or bank statement dated within the last 3 months, evidencing the residential address provided in the Application Form;
- A statement from you stating:
 - (a) your nationality, country of birth and occupation; and
 - (b) your source of wealth (brief sentence advising how you generated your wealth, e.g. savings from employment, line of business if self-employed).

(b) Company Applicants or Corporate Trustee Applicants

The following information is required with your Application Form if you are applying for UBS Capped Instalments as a company or a corporate trustee:

- For at least two directors (or one director if sole director company), all of the information requested for private individuals above; and
- In the event of a company acting in the capacity of trustee (e.g. for a superannuation fund), an original or certified copy of the trust deed.

(c) Individual Trustee or Partnership Applicants

The following information is required with your Application Form if you are applying for UBS Capped Instalments as an individual trustee or a partnership:

- Certified copy of trust deed, partnership agreement, or deed of formation.
- The names of all trustees, partners, or equivalent officers.
- For at least two trustees, partners or equivalent officers, all of the information requested for private individuals above.

In all cases, documents must either be an original, or a certified copy of an original. Copies can be certified by any of the categories of acceptable referees provided below. Faxed copies will not be accepted.

In all cases, UBS reserves the right to request additional information for the purpose of determining the identity, beneficial ownership, or source of funds of an Applicant.

CATEGORIES OF ACCEPTABLE REFEREES

1. A member of:
 - (a) the Institute of Chartered Accountants in Australia; or
 - (b) the Australian Society of Certified Practising Accountants; or
 - (c) the National Institute of Accountants.
2. A member of a municipal, city, town, district or shire council of a State or Territory.
3. An employee of a financial institution who is authorised by the financial institution to open accounts with the institution.
4. An agent of a financial institution who is authorised by the financial institution to open accounts with the institution.
5. A full-time employee of:
 - (a) a financial institution (other than an employee mentioned in item 3); or
 - (b) a corporation that is a registered corporation within the meaning of the *Financial Corporations Act 1974*;who has been employed continuously for at least 5 years by one or more financial bodies.
6. An employee of a bank carrying on business outside Australia:
 - (a) that does not have an authority under section 9 of the Banking Act 1959; and
 - (b) that is engaged in a transaction with a cash dealer;who is authorised by the bank to open accounts with the bank.
7. A full-time employee of a company carrying on insurance business who has been employed continuously for at least 5 years by one or more companies of that type.
8. A legal practitioner (however described) of a Federal, State or Territory court.

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9. A registrar, clerk, sheriff or bailiff of a Federal, State or Territory court.
10. An officer within the meaning of the Defence Act 1903.
11. An individual registered or licensed as:
 - (a) a dentist; or
 - (b) a medical practitioner; or
 - (c) a pharmacist; or
 - (d) a veterinary surgeon;under a law of a State or Territory providing for that registration or licensing.
12. An individual who holds the position of nursing sister and is registered as a nurse under a law of a State or Territory providing for that registration.
13. A diplomatic or consular officer of an Australian Embassy, High Commission or Consulate, in Australia or overseas.
14. A holder of an office established by a law of the Commonwealth, a State or Territory in respect of which annual salary is payable, other than an office mentioned in item 15.
15. A judge or master of a Federal, State or Territory court.
16. A stipendiary magistrate of the Commonwealth or of a State or Territory.
17. A justice of the peace of a State or Territory.
18. A member of the Parliament or a State Parliament.
19. A member of the Legislative Assembly of the Australian Capital Territory, the Northern Territory or Norfolk Island.
20. A minister of religion within the meaning of the Marriage Act 1961 who is registered under Division 1 of Part IV of that Act.
21. A notary public.
22. A member of the Australian Federal Police, or of the police force of a State or Territory, who, in the normal course of his or her duties, is in charge of a police station.
23. A member of the Australian Federal Police, or of the police force of a State or Territory, of or above the rank of sergeant.
24. A manager of a post office.
25. An individual employed as an officer or employee by one or more of the following:
 - (a) The Commonwealth, a State or Territory; or
 - (b) an authority of the Commonwealth, a State or Territory; or
 - (c) a local government body of a State or Territory; who has been so employed continuously for a period of at least 5 years, whether or not the individual was employed for part of that period as an officer and for part as an employee.
26. An individual employed as a full-time teacher or as a principal at one or more of the following educational institutions:
 - (a) a primary or secondary school forming part of the education system in State or Territory; or
 - (b) an institution listed in section 4 or paragraphs 34(4)(b)-(j) (inclusive) of the Higher Education Funding Act 1988;who has been so employed continuously for a period of at least 5 years.
27. An individual who, in relation to an Aboriginal community:
 - (a) is recognised by the members of the community to be a community elder; or
 - (b) if there is an elected Aboriginal council that represents the community – is an elected member of the council.
28. An individual who is an agent of a totalisator agency board if:
 - (a) the individual conducts an agency of the totalisator agency board at particular premises; and
 - (b) that agency is not ancillary to any other business conducted at those premises.
29. A commissioner for oaths of a State or Territory.
30. An individual who is registered as a tax agent under part VIIA of the Income Tax Assessment Act 1936.
31. A member of the Chartered Institute of Company Secretaries in Australia Limited.
32. A member or fellow of the Association of Taxation and Management Accountants.
33. A member of the Institution of Engineers, Australia, other than a member with the grade of student.
34. A fellow member of the National Tax and Accountants' Association Limited.
35. The holder, or an authorised representative of, a licence under section 913B of the *Corporations Act 2001* who has known another person for at least 12 months is an acceptable referee in respect of the other person for the purposes of the definition of 'acceptable referee' in subsection 3(1) of the *Financial Transaction Reports Act 1988*.
36. The holder of, or an authorised representative of, a licence under section 913B of the *Corporations Act 2001*, who has complied with the requirements of section 912A of that Act and Australian Securities and Investments Commission Policy Statement 122 in relation to another person is an acceptable referee in respect of that other person for the purposes of the definition of 'acceptable referee' in subsection 3(1) of the *Financial Transaction Reports Act 1988*. (In this situation there is no requirement for an existing 12 month relationship).

AML/CTF Laws

UBS aims to prevent, detect and not knowingly facilitate money laundering and terrorism financing. UBS does this to comply with the AML/CTF Laws. To meet its regulatory and compliance obligations under the AML/CTF Act, its contractual obligations and its internal due diligence requirements, UBS will be implementing a number of measures and controls including carefully identifying, verifying and monitoring its investors and, where required by law, reporting any suspicious matters to the regulator, AUSTRAC.

We ask you to note:

- a) our right to collect and identify information and to verify documents under the AML/CTF Laws;
- b) our right not to provide a designated service in certain circumstances;
- c) that transactions may be delayed, blocked, frozen or refused where reasonable grounds are established that the transaction breaches Australian law or sanctions, or the law or sanctions of any other country;

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- d) that where transactions are delayed, blocked, frozen or refused, we are not liable for any loss you suffer (including consequential loss) as a result of our compliance with the AML/CTF Act as it applies to the product;
- e) from time to time during the term of your investment, you may be required to provide additional information to assist us in the above process;
- f) we have reporting obligations in relation to the AML/CTF regulatory regime and must report certain matters to AUSTRAC;
- g) that the tipping off prohibition requirements under the AML/CTF regulatory regime may prevent us from informing you that any such reporting has taken place; and
- h) that we may have other legal obligations to disclose the information gathered about you to regulatory and/or law enforcement agencies, including AUSTRAC and to other bodies, including a related company that forms part of our Designated Business Group (if any), if required by law.

Part 12: Instructions for Application Form

THE APPLICATION FORM CAN BE USED IF YOU ARE MAKING A CASH APPLICATION, A SHAREHOLDER APPLICATION OR ROLLOVER APPLICATION.

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

Applicant Details

- A.** Enter your full name(s) here. Applications can be made jointly by two (2) Applicants if desired.

IF YOU ARE APPLYING DIRECTLY TO UBS, PLEASE REFER TO THE CLIENT VETTING INFORMATION REQUESTED IN PART 11: HOW TO APPLY. UBS WILL BE UNABLE TO PROCESS YOUR APPLICATION IF YOU APPLY DIRECTLY TO UBS AND DO NOT SUPPLY THE CLIENT VETTING INFORMATION AS REQUESTED.

Where the Applicant is a company, the Application Form must be completed in the name of the company and include the requested director details.

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

- B.** If you are a Cash Applicant, enter your postal address here for all correspondence.

If you are a Shareholder Applicant, enter your address here exactly as it appears on your current holding statement for the Securities to be transferred to the Security Trustee.

If you are a Rollover Applicant, enter your address here exactly as it appears on your current holding statement for the Existing Instalments.

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

- D.** For delivery of UBS Capped Instalments, an Applicant who is already sponsored by a participant in CHESS may give the PID of the relevant CHESS participant and the Applicant's HIN or forward a signed Application Form to the Applicant's sponsoring participant for completion prior to lodgement. If no CHESS details are completed on the Application Form, UBS will arrange for the UBS Capped Instalments holding to be registered on the Issuer Sponsored Subregister.

- E.** If you are required to make a First Payment (for Cash Applicants) or Rollover Payment (for Rollover Applicants) to UBS, nominate your preferred method of payment by ticking the appropriate box. If you wish to make the payment by direct debit from your account, please complete the

Direct Debit Request Form and attach this to your Application Form.

- F.** Enter your bank account details here if you wish to have any cash payments including a Shareholder Cashback or Rollover Cashback deposited directly to your account. If this is left blank, a cheque for any cash payments will be sent to the address provided.
- G.** You are not obliged to provide either your tax file number ("TFN") or Australian Business Number ("ABN") but if you do not provide either your TFN or ABN, UBS will be required to deduct tax at the highest marginal tax rate (plus Medicare levy) and, in certain circumstances you may be liable to pay a TFN Amount to UBS. If you fail to pay the TFN Amount then UBS may recover the TFN Amount (and other amounts owed to it) by enforcing the Security Interest over the Underlying Security and lapsing some or all of your UBS Capped Instalments. By inserting the ABN and signing this Application Form, you declare that this investment is made in the course or furtherance of your enterprise. In order for UBS to meet the ATO's requirements, collection of TFN information is authorised and its use and disclosure are strictly regulated by tax laws and the Privacy Act.

UBS Capped Instalment Details

- H. For Applications where you have locked in the First Payment (for Cash Applicants), Shareholder Cashback (for Shareholder Applicants) or Rollover Cashback/Rollover Payment (for Rollover Applicants)**

Enter the ASX Code of the UBS Capped Instalments you wish to apply for in each Series in the first column.

- (i) Enter the number of UBS Capped Instalments you wish to apply for in each Series. The minimum number of UBS Capped Instalments which may be applied for is 100 and thereafter in multiples of 1.
- (ii) Enter in brackets (as the amount is payable to UBS) the fixed First Payment (for Cash Applicants) or fixed Rollover Payment (if any) (for Rollover Applicants) per UBS Capped Instalment. Alternatively, enter without brackets (as the amount is payable to you) the fixed Shareholder Cashback (for Shareholder Applicants) or fixed Rollover Cashback (for Rollover Applicants) per UBS Capped Instalment.
- (iii) The "Total Amount Receivable/Payable" to be entered in this section is equal to the fixed First Payment (for Cash Applicants), fixed Shareholder Cashback (for Shareholder Applicants) or fixed Rollover Payment/Rollover Cashback (for Rollover Applicants) per UBS Capped Instalment multiplied by the "Number Applied For".

Part 12: Instructions for Application Form

- (iv) If you are a Shareholder Applicant or a Rollover Applicant and your existing Security holding or Existing Instalment (as applicable) is broker sponsored, please insert your PID and HIN. If your existing Security holding is issuer sponsored, please insert your SRN.

You (or your investment adviser) would have received an “Application Number” when setting the First Payment, Shareholder Cashback, Rollover Cashback/Payment which needs to be inserted at the top of the Application Form.

For Applications direct to UBS

If you apply direct to UBS and do not lock in the First Payment (for Cash Applicants), Shareholder Cashback (for Shareholder Applicants) or Rollover Cashback/Payment (for Rollover Applicants) then UBS will determine the relevant amount in accordance with the Instalment Deed (see Part 2.2.4) once the application monies has been received in cleared funds, the relevant Security has been transferred to the Security Trustee or the Final Instalment has been paid on the Existing Instalment. The number of UBS Capped Instalments you will receive will depend on the First Payment, Shareholder Cashback or Rollover Cashback/Payment determined in accordance with the Instalment Deed.

Enter the ASX Code of the UBS Capped Instalments you wish to apply for in each Series in the first column.

- (i) If you are a Shareholder Applicant or Rollover Applicant, enter the number of UBS Capped Instalments you wish to apply for in each Series. The minimum number of UBS Capped Instalments which may be applied for is 100 and thereafter in multiples of 1. Leave this part blank if you are a Cash Applicant.
- (ii) Leave this part blank.
- (iii) If you are a Cash Applicant and you are applying for a fixed dollar amount of UBS Capped Instalments, enter the dollar amount here. The minimum dollar amount of UBS Capped Instalments that may be applied for per Series is \$1,000. Leave this part blank if you are a Shareholder Applicant or a Rollover Applicant that will receive a Rollover Cashback. Rollover Applicants that are required to make a Rollover Payment to UBS should contact UBS to lock in the amount of the Rollover Payment.
- (iv) If you are a Shareholder of Rollover Applicant and your holding is broker sponsored, please insert your PID and HIN. If your current holding is issuer sponsored, please insert your HIN. If you are a Cash Applicant, leave this part blank.

- I. Enter the “Total Amount Received/(Payable)” by you here. This amount should correspond to the amount of your cheque if applicable.
- J. Enter your cheque details here if applicable.
- K. Only to be completed by Advisers. Provide the requested details if you are an Adviser authorised to enter into the RCTI Agreement.
- L. If you are a Cash Applicant or would like your Shareholder Cashback or Rollover Cashback to be reinvested in further UBS Capped Instalments of the same Series, leave this question blank.

If you are a Shareholder Applicant or a Rollover Applicant and you wish to receive a cashback in cash or reinvest it in a different Series then tick the box in this section L and make the declaration in Investor Declaration 1.

Signature and Acknowledgement

Each Applicant must read this section.

If you are a Cash Applicant, you do not need to sign Investor Declaration 1.

If you are a Shareholder Applicant or a Rollover Applicant, you must sign both Investor Declaration 1 and Investor Declaration 2.

Joint Applications must be signed by all Applicants.

Where the Application Form is executed by a company, it must be executed either under common seal or otherwise in accordance with section 127 of the Corporations Act or under a power of attorney. Section 127 of the Corporations Act allows a company to execute a document without using a common seal if the document is signed by two directors, a director and company secretary or (if applicable) the sole director who is also the company secretary.

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

Note that by executing the Application you agree to be bound by the Instalment Deed and Nominee Deed (see Part 7) and the Loan Agreement (see Part 9).

Lodging the Application:

Applications, together with a cheque for the total First Payment amount if applicable, may be lodged with your adviser or sent to the address at the top of the Application Form.

Part 12: Instructions for Application Form

If you are a Shareholder Applicant, your Applicant Form must be lodged with a copy of the holding statement for the relevant Securities.

If you are a Rollover Applicant, your Application Form must be lodged with a copy of the holding statement for the relevant Existing Instalments.

Cheques for the “Total Amount Payable” should be made payable to UBS AG, Australia Branch and crossed “Not Negotiable”. Unless otherwise advised by UBS, Applicants should ensure that cheques for payment are received by UBS by the third business day after the “Application Number” is obtained from UBS.

Applications may be lodged at any time on or after the date of this PDS and the date of the relevant Supplementary PDS for the Series up until the Final Maturity Date, subject to the right of UBS to close the offer at an earlier date without prior notice.

Applications will not be effective until the proceeds of all cheques received with that Application have been cleared. UBS reserves the right to reject any Application in whole or part without giving any reason. Where an Application is rejected the monies received will be refunded to the Applicant (without interest).

Applications for UBS Capped Instalments can only be made by completing and lodging an Application Form attached to this PDS. Application Forms must not be distributed (whether electronically or otherwise) by any person to any other person unless accompanied by or attached to a complete and unaltered copy of this PDS.

A free copy of the non-electronic PDS is available from UBS upon request.

Application Form

Application Number:
Financial Adviser Stamp
Adviser Name:
Telephone:
Email:
Adviser commission:

THIS FORM IS TO BE USED IF YOU ARE MAKING A CASH APPLICATION, A SHAREHOLDER APPLICATION OR A ROLLOVER APPLICATION FOR UBS CAPPED INSTALMENTS

ONLY PERSONS WITHIN AUSTRALIA MAY USE THIS APPLICATION FORM TO APPLY FOR UBS CAPPED INSTALMENTS.

APPLICATION FOR UBS CAPPED INSTALMENTS

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

Fax: (02) 9324-2312

Please refer to the Instructions in the PDS when filling out this Application Form.

The PDS and relevant Supplementary PDS for the relevant Series of UBS Capped Instalments contain important information about investing in UBS Capped Instalments which you are advised to read before completing this Application Form. UBS AG, Australia Branch (ASFL No. 231087) will send you paper copies of the PDS and any relevant Supplementary PDS to which this Application Form relates on request and without charge. Terms defined in the PDS have the same meaning in this Application Form. I/we hereby apply for the following UBS Capped Instalments to be issued by UBS pursuant to the Product Disclosure Statement dated 16 February 2011 (the "PDS") as supplemented by the Supplementary PDS for each relevant Series:

A. Full Details of Applicant:

If an individual applicant, please provide full name, date of birth, residential address and occupation under 1) below
 If a company applicant, please provide the full name of the company and ABN/ACN/ARBN under 2) below and the details of 2 directors under 1) below

If a super fund applicant, please provide the full name of the super fund and ABN under 2) below and the details of the trustees under 1) below and the names only of the beneficiaries under 3) below.

If a trust applicant with an individual trustee, please provide the full name of the trust under 2) below and the details of the trustees under 1) below and the names only of the beneficiaries under 3) below

If a trust applicant with a corporate trustee, please provide the full name of the trust under 2) below and the details of 2 directors of the trustee under 1) below and the names only of the beneficiaries under 3) below

If a partnership applicant, please provide the full name of the partnership under 2) 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"/>	
Country of Birth & Nationality	Source of Wealth	
<input type="text"/>	<input type="text"/>	
Residential Address (number and street; suburb, city or town; state; and postcode – Please note that a PO Box is not acceptable)		
<input type="text"/>		
<input 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"/>	
Country of Birth & Nationality	Source of Wealth	
<input type="text"/>	<input type="text"/>	
Residential Address (number and street; suburb, city or town; state; and postcode – Please note that a PO Box is not acceptable)		
<input type="text"/>		
<input type="text"/>		

Application Form

If there are more than two applicants please tick this box and provide the same details for each of them as set out above on a separate page to be attached to this application form:

Yes, additional applicants' details are attached.

If there are more than two directors please provide the name of each additional director, and if there are more than two trustees please provide the full name and address of each additional trustee, in the box below:

2) Company/Trust/Super Fund Name/Partnership

Name (as registered by ASIC)

ABN / ACN / ARBN

3) Full Names of all Beneficiaries of the Trust/Super Fund (or details of the class of membership of beneficiaries, if applicable)

B. Postal Address Details:

Number and Street (PO Box is acceptable for a postal address):

Suburb, City or Town:

State:

Postcode:

C. Telephone Details:

Daytime Number
(include area code)

Contact Name

D. CHESSE Details (for delivery of UBS Capped Instalments):

Broker

PID

HIN

E. Method of Payment:

Cheque payable to
"UBS AG, Australia Branch"

Direct Debit Request
Form attached

 **Biller Code : 505370**

Your BPay reference number is your Application Number – please write this at the top of this form.

Application Form

F. Bank Account Details (for direct credit of funds to your account):

I/We request that distributions and other 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 UBS Capped Instalments whether issued pursuant to the PDS or another PDS held by me/us. Unless advised in writing otherwise, I/we acknowledge that all future distributions and payments due to me/us will be paid into the nominated account.

Bank / Financial Institution Name	BSB	Account Number
Account Name	Name of Branch / Suburb	

G. TFN/ABN

Applicant 1		Applicant 2	
-------------	--	-------------	--

You are not obliged to provide either your tax file number ("TFN") or Australian Business Number ("ABN") but if you do not provide either your TFN, ABN or proof of an exemption, UBS will be required to deduct tax at the highest marginal tax rate (plus Medicare levy). By inserting the ABN and signing this Application Form, you declare that this investment is made in the course or furtherance of your enterprise. In order for UBS to meet the ATO's requirements, collection of TFN information is authorised and its use and disclosure are strictly regulated by the tax laws and the Privacy Act.

H. Details of UBS Capped Instalments applied for:

ASX UBS Capped Instalment Code	(i) Number Applied For	(ii) First Payment, Shareholder Cashback or Rollover Cashback/Payment per UBS Capped Instalment (as applicable)	(iii) Total Amount Receivable/Payable	(iv) If you are a Shareholder Applicant or a Rollover Applicant, provide the PID + HIN, or SRN for your current holding
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
I. TOTAL			\$	

J. Cheque Details:

Drawer	Bank	Branch	Amount of Cheque

Application Form

K. ADVISER RCTI AGREEMENT (for Adviser use only)

This section relates to supplies made by an Adviser (acting on behalf of the entity (“**Supplier**”) that holds the requisite Australian Financial Services Licence) to UBS in consideration of a placement fee or trail fee.

By completing the details below and affixing its stamp to this application form, and in consideration of the placement fee and trail fees, the Adviser:

- (a) represents and warrants that it is authorised to enter into this agreement on the Supplier’s behalf;
- (b) represents and warrants that the Supplier is registered for ABN and GST purposes and that it will promptly notify UBS if it ceases to be so registered; and
- (c) agrees that UBS will self generate tax invoices (called “Recipient Created Tax Invoices” or “RCTIs”) in respect of the supplies that the Supplier has made (or will make) to UBS; and
- (d) agrees that the Supplier will not issue tax invoices for those same supplies, except where first agreed in writing with UBS.

UBS declares that it is registered for GST purposes and that it will promptly notify the Adviser if it ceases to be so registered or if it ceases to be entitled to produce RCTIs.

Name of Firm or Dealer Group holding the Australian Financial Services Licence (AFSL)

Adviser Name (and Adviser Firm if different to the name provided above)

ABN: _____ Dealer Group AFSL Number: _____

L. Investment of Cashback Amount for Shareholder Applicants and Rollover Applicants:

If you are a Shareholder Applicant or a Rollover Applicant, your Shareholder Cashback or Rollover Cashback (as applicable) will automatically be reinvested in further UBS Capped Instalments of the same Series. However, please tick the box below and sign Investor Declaration 1 below if you would like to elect to receive the Shareholder Cashback or Rollover Cashback in cash or reinvest it in a different Series of UBS Capped Instalments. You will also still need to complete and sign below Investor Declaration 2. Do not tick either of the boxes if you would like your Shareholder Cashback or Rollover Cashback (as applicable) to be reinvested in further UBS Capped Instalments of the same Series.

If you wish to receive your Shareholder Cashback or Rollover Cashback in cash please tick the box below:

- Yes, I/We wish to receive any Shareholder Cashback or Rollover Cashback due to me/us in cash.

If you wish to reinvest your Shareholder Cashback or Rollover Cashback in a different Series of UBS Capped Instalments then please tick the box below and include the details of the relevant Series for the cashback to be reinvested in:

- Yes, I/We wish to reinvest any Shareholder Cashback or Rollover Cashback due to me/us in the following Series of UBS Capped Instalments:

ASX Code of UBS Capped Instalments applied for through a Shareholder Application or Rollover Application	ASX Code of UBS Capped Instalments for the relevant Shareholder Cashback or Rollover Cashback to be reinvested into

Application Form

SIGNATURE AND ACKNOWLEDGEMENT

Investor Declaration 1

If you are a Cash Applicant, or a Shareholder Cashback or Rollover Cashback Applicant (as applicable) reinvesting in further UBS Capped Instalments of the same Series, you will not need to make this Investor Declaration 1. Please proceed to Investor Declaration 2.

Business Purpose Declaration - Loan ("credit")

Note: UBS AG, Australia Branch ("credit provider") will make loans to you as a Holder of UBS Capped Instalments. The declaration below records your agreement that these loans are provided as part of the UBS Capped Instalments, which are an investment product.

I/We declare that the credit to be provided to me/us by UBS is to be applied wholly or predominantly for business or investment purposes (or for both purposes).

IMPORTANT

You should **not** sign this declaration unless this loan is wholly or predominantly for business or investment purposes. By signing this declaration you may **lose** your protection under the Consumer Credit Code.

SIGNED, SEALED AND DELIVERED by:

(Individual Applicant or Joint Applicants)

Date of signing:

First Applicant's Signature

Second Applicant's Signature
(if applicable)

First Applicant's Name

Second Applicant's Name
(if applicable)

If there are additional Applicants please provide signatures for each of them as above, on the separate page to be attached in accordance with 1) above.

(Company Applicant including corporate trustee)

Date of signing:

Name of Company/Corporate Trustee (This form is executed by the Company in accordance with the Corporations Act)

Director / Secretary Signature

Director Signature

Director / Signature Name

Director Name

You also have to sign on Page 55, and if you are providing direct debit details, also on Page 59.

Application Form

Investor Declaration 2

General Declarations

1. BY THIS POWER OF ATTORNEY, I/we for valuable consideration irrevocably appoint UBS Nominees Pty Limited (AFSL No. 231088) or its nominee as my nominee on the terms of the Nominee Deed in respect of any Securities to which this Application relates.
2. BY THIS POWER OF ATTORNEY, I/we for valuable consideration irrevocably appoint UBS, or any employee of UBS whose title includes the word "director", severally as my/our attorney to do:
 - (a) everything necessary or expedient to bind me/us to the Loan Agreement substantially in the form set out in Part 9, complete any blanks in the Loan Agreement and date and execute the Loan Agreement on my/our behalf;
 - (b) anything which I/we must do under or in relation to the Loan Agreement or any other agreement or arrangement between me/us and UBS relating to the Loan; and
 - (c) anything incidental or necessary in relation to the above (including, but not limited to, completing any blanks in this Application Form and appointing any person as sub-attorney to do any of the above).
3. I/We indemnify the attorney against all claims, losses, damages and expenses suffered or incurred as a result of anything done under this power of attorney.
4. I/We have read and understood, and agree to accept the UBS Capped Instalments on the conditions set out in the PDS and the relevant Supplementary PDS for each Series. In particular, I/we:
 - (a) acknowledge that I/we am/are aware of the restrictions in respect of ownership that apply to the Securities. In particular, I/we have read Part 3.14 of the PDS;
 - (b) represent that if the relevant Underlying Parcel(s) is/are delivered to me/us those restrictions on ownership will not be breached;
 - (c) acknowledge that if by reason of the restrictions on ownership applicable in respect of the Securities:
 - (i) UBS or the Security Trustee is prevented from delivering the relevant Underlying Parcel(s) to me/us;
 - (ii) I/we am/are prevented from taking delivery of the relevant Underlying Parcel(s); or
 - (iii) I/we am/are required to divest any or all of the Underlying Parcel(s);UBS will not be required to make any payment to me/us in substitution for the Underlying Parcel(s) and will not otherwise be liable to me/us for damages or otherwise;
 - (d) acknowledge that I/we received a complete copy/print-out of the PDS and relevant Supplementary PDS for the UBS Capped Instalments applied for under this Application Form before I/we completed this Application Form;
 - (e) agree to be bound by the Instalment Deed, and as the borrower by the Loan Agreement on the terms set out in Part 9 of this PDS, and as the beneficiary by the Nominee Deed;
 - (f) acknowledge that neither UBS nor any of its related entities have provided any tax advice or otherwise made any representations regarding the tax consequences of an application for or an investment in UBS Capped Instalments;
 - (g) agree to receive financial services guides and supplementary financial services guides from UBS or its related entities (including UBS Securities and the Security Trustee) by having them made available via www.ubs.com/instalments or such other internet website notified to me/us and represent and warrant that I/we have received in printable form and read and understood the Financial Services Guides of UBS Securities and the Security Trustee prior to signing this application form;
 - (h) acknowledge that to the extent I/we deem appropriate, I/we have or will obtain my/our own financial and taxation advice from an independent professional adviser;
 - (i) waive and agree not to assert any claim against UBS or any of its related entities with respect to the tax aspects of this investment in UBS Capped Instalments; and
 - (j) acknowledge that (i) UBS Capped Instalments are not deposits with UBS and are subject to investment risk, including possible delays in repayment and loss of principal invested; and (ii) none of UBS, or any other UBS Entity guarantees any particular return or the performance of the UBS Capped Instalments.
5. Where bank account details have not been provided to enable direct credit of funds to my/our account, I/we acknowledge that I/we will receive Dividends, distributions and other cash payments by cheque. I/we acknowledge that UBS may impose a charge reflecting the cost of processing cheque payments, provided UBS gives prior notice to me/us of its intention to impose such a charge. Neither UBS nor the Registry will be responsible for any delays in crediting funds to my/our nominated account as a result of transaction procedures or errors by any financial institution.

Shareholder Applicant and Rollover Applicant Declarations

If I am/we are a Shareholder Applicant or Rollover Applicant, by completing the Applicant Form, I/we further acknowledge, represent, warrant and undertake as follows:

Application Form

1. BY THIS POWER OF ATTORNEY, I/we for valuable consideration irrevocably appoint UBS Nominees Pty Limited (AFSL No. 231088) or its nominee as my nominee on the terms of the Nominee Deed in respect of any Existing Instalments ("My Instalments") or underlying parcels of My Instalments or Securities held by me/us ("My Securities") to which this Application relates; and authorise and direct the Security Trustee to do all things necessary for it or its nominee to become the registered holder of My Instalments or My Securities (as applicable); and do anything incidental or necessary to complete any of the above.
2. BY THIS POWER OF ATTORNEY, I/we for valuable consideration irrevocably appoint UBS, or any employee of UBS whose title includes the word "director", severally as my/our attorney to do where the Final Instalment for my Existing Instalments becomes payable on the giving of a notice or the exercise of a right or anything to be done by the Rollover Applicant, give such notice or exercise such right or do such thing;
3. I/We direct UBS Securities to do anything necessary to effect the transfer to the Security Trustee of any of My Instalments, and My Securities (as applicable), including, but not limited to, completing the second payment notice or completion notice in respect of my Existing Instalments.
4. I/We represent and warrant that: I am/we are the sole legal and beneficial owner(s) of My Instalments and that I/we will not transfer any of My Instalments other than to the Security Trustee in accordance with the PDS; I/we will not transfer My Securities other than to the Security Trustee in accordance with the PDS; I/we am/are the beneficial owner of My Securities and if applicable, am/are entitled to become the legal owner of My Securities upon payment of the Final Instalment; My Instalments or My Securities (as applicable) are free from any Encumbrances and I/we am/are able to pay my/our debts as and when they become due and that no step has been taken to make me/us bankrupt or commence winding up proceedings, appoint a controller or administrator, seize or take possession of any of my/our assets to make an arrangement, compromise or composition with any of my/our creditors.

ONLY PERSONS WITHIN AUSTRALIA MAY USE THIS APPLICATION FORM TO APPLY FOR UBS CAPPED INSTALMENTS.

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

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

DATED: _____

SIGNED, SEALED AND DELIVERED by:

(Individual Applicant or Joint Applicants)

First Applicant's Signature

Second Applicant's Signature
(if applicable)

First Applicant's Name

Second Applicant's Name
(if applicable)

(Company Applicant including corporate trustee)

Name of Company/Corporate Trustee (This form is executed by the Company in accordance with the Corporations Act)

Director / Secretary Signature

Director Signature

Director / Signature Name

Director Name

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Completion Notice

UBS Capped Instalments

Cheque Details:

Drawer	Bank	Branch	Amount of Cheque
--------	------	--------	------------------

DATED:

(Individual Holder or Joint Holders)

First Holder's Signature

Second Holder's Signature

(if applicable)

First Holder's Name

Second Holder's Name

(if applicable)

(Company Holder)

Executed by (insert name) of company in
accordance with the Corporations Act

Director/Secretary

Director

Direct Debit Request Form

Please complete this form if you wish to make a payment to UBS by direct debit from your account.

Request and Authority to debit the account named below to pay UBS Securities Australia Ltd	
Request and Authority to debit	<p>Surname / company name _____</p> <p>Given names / ACN / ABN _____ (“you”)</p> <p>request and authorise UBS Securities Australia Ltd (User ID number 181244) to arrange, through its own financial institution, for any amount UBS Securities Australia Ltd or UBS AG, Australia Branch may debit or charge you to be debited through the Bulk Electronic Clearing System from an account held at the financial institution identified below and paid to UBS Securities Australia Ltd, subject to the terms and conditions of the Direct Debit Request Service Agreement.</p>
Insert the name and address of financial institution at which account is held	<p>Financial institution name _____</p> <p>Address _____</p> <p>_____</p>
Insert details of account to be debited	<p>Name of account _____</p> <p>BSB number - </p> <p>Account number </p> <p>Must exactly match the bank account details in Section F of your Application Form.</p>
Acknowledgement	<p>By signing this Direct Debit Request you acknowledge having read and understood the terms and conditions governing the debit arrangements between you and UBS Securities Australia Ltd as set out in this Request and in your Direct Debit Request Service Agreement (refer to Appendix 1 of this Request).</p>
Insert your signature and address	<p>Signature 1 _____</p> <p>Signature 2 _____</p> <ul style="list-style-type: none"> ▪ If you have a joint account both signatures are required. ▪ If signing for a company, sign and print full name and capacity for signing (e.g. Director). <p>Address _____</p> <p>_____</p> <p>Date ___ / ___ / ___</p>

Direct Debit Request Service Agreement

Appendix 1

Definitions:

"Account" means the account held at Your Financial Institution from which We are authorised to arrange for funds to be debited.

"Agreement" means this Direct Debit Request Service Agreement between You and Us.

"Banking Day" means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia.

"Debit Day" means the day that payment by You to Us is due.

"Debit Payment" means a particular transaction where a debit is made.

"Direct Debit Request" means the Direct Debit Request between Us and You .

"Us" or "We" means UBS AG , Australia Branch, the Debit User You have authorised by signing a Direct Debit Request.

"You" means the customer who signed the Direct Debit Request.

"Your Financial Institution" is the financial institution where You hold the Account that You have authorised Us to arrange to debit.

1. Debiting Your account

- 1.1 By signing a Direct Debit Request, You have authorised Us to arrange for funds to be debited from Your Account. You should refer to the Direct Debit Request and this Agreement for the terms of the arrangement between Us and You.
- 1.2 We will only arrange for funds to be debited from Your Account as authorised in the Direct Debit Request.
- 1.3 If the Debit Day falls on a day that is not a Banking Day, We may direct Your financial institution to debit Your Account on the following Banking Day. If You are unsure about which day Your Account has or will be debited You should ask Your financial institution.

2. Changes by Us

We may vary any details of this Agreement or a Direct Debit Request at any time by giving You at least fourteen (14) days' written notice.

3. Changes by You

- 3.1 Subject to 3.2 and 3.3, You may change the arrangements under a Direct Debit Request by contacting Us on 1800 633 100.
- 3.2 If You wish to stop or defer a Debit Payment You must notify Us in writing at least fourteen (14) days before the next Debit Day. This notice should be given to Us in the first instance.
- 3.3 You may also cancel Your authority for Us to debit Your Account at any time by giving Us fourteen (14) days notice in writing before the next Debit Day. This notice should be given to Us in the first instance at the following address:

UBS Capped Instalments

Equity Operations
GPO Box 4151
Sydney NSW 2001

4. Your obligations

- 4.1 It is Your responsibility to ensure that there are sufficient clear funds available in Your Account to allow a Debit Payment to be made in accordance with the Direct Debit Request.
- 4.2 If there are insufficient clear funds in Your Account to meet a Debit Payment:
 - (a) You may be charged a fee and/or interest by Your financial institution;
 - (b) You may also incur fees or charges imposed or incurred by Us; and
 - (c) You must arrange for the Debit Payment to be made by another method or arrange for sufficient clear funds to be in Your Account by an agreed time so that We can process the Debit Payment.
- 4.3 You should check Your Account statement to verify that the amounts debited from Your Account are correct

Direct Debit Request Service Agreement

4.4 If UBS AG, Australia Branch is liable to pay goods and services tax ("GST") on a supply made in connection with this Agreement, then You agree to pay UBS AG, Australia Branch on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

5. Dispute

- 5.1 If You believe that there has been an error in debiting Your Account, You should notify Us directly on 1800 633 100 and confirm that notice in writing with Us as soon as possible so that We can resolve Your query more quickly.
- 5.2 If We conclude as a result of our investigations that Your Account has been incorrectly debited We will respond to Your query by arranging for Your financial institution to adjust Your Account (including interest and charges) accordingly. We will also notify You in writing of the amount by which Your Account has been adjusted.
- 5.3 If We conclude as a result of our investigations that Your Account has not been incorrectly debited We will respond to Your query by providing You with reasons and any evidence for this finding.
- 5.4 Any queries You may have about an error made in debiting Your Account should be directed to Us in the first instance so that We can attempt to resolve the matter between Us and You. If We cannot resolve the matter You can still refer it to Your financial institution which will obtain details from You of the disputed transaction and may lodge a claim on Your behalf.

6. Accounts

You should check:

- (a) with Your financial institution whether direct debiting is available from Your Account as direct debiting is not available on all Accounts offered by financial institutions.
- (b) Your Account details which You have provided to Us are correct by checking them against a recent Account statement; and
- (c) with Your financial institution before completing the Direct Debit Request if You have any queries about how to complete the Direct Debit Request.

7. Confidentiality

- 7.1 We will keep any information (including Your Account details) in Your Direct Debit Request confidential. We will make reasonable efforts to keep any such information that We have about You secure and to ensure that any of our employees or agents who have access to information about You do not make any unauthorised Use, modification, reproduction or disclosure of that information.
- 7.2 We will only disclose information that We have about You:
- (a) to the extent specifically required by law; or
- (b) for the purposes of this Agreement (including disclosing information in connection with any query or claim).

8. Notice

8.1 If You wish to notify Us in writing about anything relating to this Agreement, You should write to Us at the following address:

UBS Capped Instalments

Equity Operations
GPO Box 4151
Sydney NSW 2001.

- 8.2 We will notify You by sending a notice in the ordinary post to the address You have given Us in the Direct Debit Request.
- 8.3 Any notice will be deemed to have been received on the third Banking Day after posting.

Directory

WARRANT-ISSUER

UBS AG, Australia Branch

Level 16	Level 16
Chifley Tower	8 Exhibition Street
2 Chifley Square	MELBOURNE VIC 3000
SYDNEY NSW 2000	

BROKER

UBS Securities Australia Ltd

Level 16	Level 16
Chifley Tower	8 Exhibition Street
2 Chifley Square	MELBOURNE VIC 3000
SYDNEY NSW 2000	

REGISTRAR

Computershare Investor Services Pty Limited

Level 3
60 Carrington Street
SYDNEY NSW 2000

WARRANT-ISSUER'S SOLICITOR

Mallesons Stephen Jaques

Level 61
Governor Phillip Tower
1 Farrer Place
SYDNEY NSW 2000



UBS AG, Australia Branch

ABN 47 088 129 613

Australian Financial Services Licence No. 231087

Level 16
Chifley Tower
2 Chifley Square
Sydney NSW 2000

Level 16
8 Exhibition Street
Melbourne VIC 3000

INVESTOR ENQUIRY LINE 1800 633 100