

UBS Structured Option and Loan Facility

Issued by UBS AG, Australia Branch ABN 47 088 129 613, AFSL 231087 and UBS Investments Australia Pty Limited ABN 79 002 585 677



Important Notice

This Product Disclosure Statement ("PDS") is dated 5 June 2014.

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

Applications

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

The offer or invitation is only available to persons receiving the PDS within Australia. UBS acting in its absolute discretion, may decide whether to accept or reject an application for a Transaction. In the event that UBS determines to reject an application for a Transaction, or otherwise determines that a Transaction will not be entered into, UBS will return application monies without interest within five Business Days.

Approved Securities

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

The Issuers

UBS AG, Australia Branch ("UBS AG, Australia Branch") is a foreign Authorised Deposit-Taking Institution under the Banking Act 1959 (Cth), and is supervised by the Australian Prudential Regulation Authority. However, it is important for you to note that no aspect of this product is a deposit product and this product will not be covered by the depositor protection provisions set out in Division 2 of the Banking Act 1959 (Cth), as these provisions do not apply to foreign Authorised Deposit-Taking Institutions.

UBS Investments Australia Pty Limited ("UBSIA") is a wholly owned subsidiary of UBS AG. The obligations of UBSIA to pay sums and to deliver amounts and assets in respect of the Structured Option and Loan Facility are guaranteed by UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland (the "Guarantor") subject to certain qualifications—see Section 7 of this PDS for further details on the Guarantee. UBSIA is not an Authorised Deposit-Taking Institution under the Banking Act 1959 (Cth). The obligations of UBSIA under the Structured Option and Loan Facility and the Guarantor under the Guarantee do not represent deposit obligations of UBSIA or the Guarantor 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 UBSIA or the Guarantor.

In this PDS, "UBS" means "UBS AG, Australia Branch" or "UBSIA", as applicable.

Your decision to invest

It is important that you carefully read this PDS in its entirety before deciding to invest through the Structured Option and Loan Facility. Documents of this kind cannot take into account your own investment objectives, financial situation or particular needs. Accordingly, nothing in this PDS is a recommendation by UBS or UBS Securities Australia Limited (UBSSAL) or by any other person concerning investment through the Structured Option and Loan Facility. You should not only consider the information in this PDS but also obtain independent financial and taxation advice as to the suitability of an investment through the Structured Option and Loan Facility for you (bearing in mind your investment objectives, financial situation and particular needs).

Restrictions on distribution of the PDS

The offer to which this PDS relates is only available to persons receiving this PDS in Australia. This PDS does not constitute an offer of the Structured Option and Loan Facility in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this PDS in jurisdictions outside Australia may be restricted by law and any person who resides outside Australia into whose possession this PDS comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions. The Structured Option and Loan Facility is not a security and has not been, and will not be, registered under the US Securities Act 1933 (as amended) and may not be offered or sold in the United States or to, or for the account of or benefit of, US persons. Accordingly neither this PDS nor the Application Form may be sent to persons in the United States or otherwise distributed in the United States.

Disclosure of Interests

UBS and its related entities, and their directors and employees may have pecuniary or other interests in the Approved Securities or Underlying Securities. Customers who have received this PDS from a financial intermediary, adviser or broker should note that if you invest in the Structured Option and Loan Facility, to the extent set out in this PDS and permitted by the Corporation Act, UBS may pay that adviser/broker a fee in the nature of an up-front selling fee. These amounts will depend upon the Market Price of any Underlying Securities in relation to an Option, whether a Loan is provided, the Loan Balance in relation to any Loan (Wholesale Clients only) only, and the value of the Lent Securities sold in relation to the Exercise and Sale Facility. For more information see Section 1.

Update of information

This PDS is current as at 5 June 2014. Information in this document is subject to change from time to time. To the extent that any change is not materially adverse to investors, it may be updated by UBS posting a notice of the change on its website at www.ubs.com/equitysolutions UBS will provide to investors, free of charge, a paper copy of the updated information upon request.

Definitions

Certain expressions used in this PDS are as defined in the Glossary on page 169 of this PDS.

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Section 1

Summary of Key Features

Summary of Key Features

Feature	Summary	Cross reference	
		PDS	Facility terms
UBS Structured Option and Loan Facility description	<p>The UBS Structured Option and Loan Facility is made up of three different facilities:</p> <ul style="list-style-type: none"> • an Option Facility—you can put in place a strategy to reduce downside risk for your shareholding, acquire a leveraged exposure to Underlying Securities or an Underlying Index or earn premium from selling Options • a Loan Facility—you can obtain a Principal Loan or Supplementary Loans from UBS, secured by your Underlying Securities and, unless you are a Superannuation Fund, Option Transactions • an Exercise and Sale Facility—you can finance the exercise of Executive Options and sell the Underlying Securities through one simple arrangement. <p>Each Facility can be used separately or the Option Facility and the Loan Facility can be combined as Related Transactions, comprising a Related Option and a Related Loan.</p> <p>If you are a Superannuation Fund investor your rights, obligations and interests under Related Transactions are a single arrangement for the purposes of the Agreement, and your rights in respect of the corresponding Related Loan or Related Option may not be separately dealt with in any way.</p> <p>See the table on pages 16 to 18 to find out which Transactions are available to you.</p>	Sections 2,3 and 4	Parts B, C, D and F
Issuer	<p>Either UBS AG, Australia Branch (ABN 47 088 129 613, AFSL 231087) (UBS) or UBS Investments Australia Limited ABN 79 002 585 677 (UBSIA) as specified in your Quote Sheet and Confirmation.</p>	Page 100	
Lender	<p>Either UBS AG, Australia Branch (ABN 47 088 129 613, AFSL 231087) (UBS AG) or UBS Investments Australia Limited ABN 79 002 585 677 (UBSIA) as specified in your Quote Sheet and Confirmation. The Issuer of the Option and the Lender under the Loan Facility will always be the same for Related Transactions.</p> <p>In this PDS, “UBS” means “UBS AG, Australia Branch” or “UBSIA”, as applicable.</p>	Page 100	
Guarantor	<p>In respect of financial products issued under this PDS by UBSIA, the Guarantor is UBS AG.</p>	Pages 100 and 102	
Nominee	<p>UBS Nominees Pty Limited (ABN 32 001 450 522, AFSL 231 088) (UBS Nominees) or any other entity nominated by UBS.</p>	Page 154	
Broker	<p>UBS Securities Australia Limited (ABN 62 008 586 481, AFSL 231 098) (UBSSAL).</p>	Page 100	

Feature	Summary	Cross reference	
		PDS	Facility terms
Option Facility			
Option variations	<p>You are able to:</p> <ul style="list-style-type: none"> • purchase Put Options • purchase Call Options • purchase Collars (with Underlying Securities as collateral) • purchase Step Collars (with Underling Securities as collateral) • purchase Put Spreads • purchase Call Spreads • purchase Put Spread Collars (with Underlying Securities as collateral) • sell Call Options (with Underlying Securities as collateral) • sell Put Options (providing cash collateral that is equal in value to the Notional Value of the Put Option, as determined by UBS) • perform certain combinations of the above, subject to agreement with UBS <p>over a range of Approved Securities or a Basket of Approved Securities.</p> <p>You are also able to:</p> <ul style="list-style-type: none"> • purchase Index Put Options • purchase Index Call Options • perform certain combinations of the above, subject to agreement with the Issuer <p>over a range of Approved Indices or a Basket of Approved Indices.</p> <p>See the table on pages 16 to 18 to find out which Transactions are available to you.</p>	Page 16	Parts C and D
Option Term	Generally 3 months to 5 years (shorter or longer terms may be agreed by UBS in its discretion).		
Settlement Currency	<p>For all Options where the Underlying Security or Underlying Index is denominated in Australian Dollars, the Settlement Currency will be Australian Dollars.</p> <p>For all Options where the Underlying Security or Underlying Index is not denominated in Australian Dollars (or based on Australian Dollar denominated assets), the Settlement Currency will be either Australian Dollars or the currency in which the Underlying Security or Underlying Index is denominated (this will be specified in the Quote Sheet). If the Underlying Security or Underlying Index is denominated in a currency different to Australian Dollars and the Settlement Currency is Australian Dollars then this will be a Quanto Option as specified below.</p> <p>For all Options, the Settlement Currency will be as specified in the Quote Sheet and Confirmation.</p>	Page 20	Clause 12.4

Feature	Summary	Cross reference	
		PDS	Facility terms
Quanto Option	<p>If the Underlying Security is denominated in a different currency to Australian Dollars or the Underlying Index is not based on Australian Dollar denominated assets, you may request that the Settlement Currency is Australian Dollars and the payoff be calculated as a Quanto Option. UBS will only transact Quanto Options in Australian Dollars (no other currency). Under a Quanto Option you have no exposure to movements in the currency of denomination versus the Australian Dollar. You only have exposure to percentage movements in the price or level of the Underlying Security or Underlying Index as calculated in Australian Dollars.</p>	Page 17	Clause 12.12
Approved Securities and Approved Indices for Option variations	<p>Subject to UBS's approval, you may only enter into Options over Approved Securities or a Basket of Approved Securities or Approved Indices or a Basket of Approved Indices.</p> <p>UBS may elect not to enter into an Option over any security or index for any reason in its absolute discretion.</p> <p>An Approved Security must be listed for trading on an Approved Exchange unless it is part of a Basket in which case it may be a unit in an Approved Cash Trust.</p> <p>Note that for individual Approved Indices or a Basket of Approved Indices you may only purchase Index Put Options and Index Call Options.</p> <p>UBS may, in its absolute discretion, agree to enter into an Option over a foreign listed security. If this occurs, additional terms and conditions (including additional collateral and security arrangements) may apply as agreed with UBS from time to time.</p>	Page 21	
Option fees and costs	<ul style="list-style-type: none"> • On purchasing an Option you agree to pay the Premium Amount(s) as set out in your Confirmation • Generally, a First Premium Amount is due on the third Business Day after the Trade Date, unless the Option is a "zero cost" Collar, Step Collar or Put Spread Collar where the First Premium Amount is zero but a limit is imposed on upside gains or the reduction of downside risk • If you purchase a Collar, Step Collar or Spread Option, on Maturity of the Option you may also have to pay a Second Premium Amount • If Physical Settlement applies, on exercise of any Option you will be required to pay any Costs and Taxes associated with the transfer of the Underlying Securities (including brokerage, if any) if you proceed with Physical Settlement. Note that Physical Settlement applies to all Options (other than Quanto Options and Options over an Approved Index or Basket of Approved Indices) unless UBS agrees otherwise (in its discretion). 	Pages 22 to 24	Part C

Feature	Summary	Cross reference	
		PDS	Facility terms
Underlying Securities held by Nominee as collateral	<p>If you enter into a Collar, a Step Collar or a Put Spread Collar with UBS, or you sell a Call Option to UBS, the relevant Underlying Securities must be transferred to (unless you are a Superannuation Fund) or, acquired by the Nominee and held by the Nominee on your behalf as part of the Secured Property.</p> <p>You will retain (or acquire) beneficial ownership of the Secured Property and receive all dividends and distributions and have entitlement to all voting rights¹ (but note however that you must specifically direct the Nominee in writing to exercise your voting rights).</p> <p>The Secured Property will be subject to a security interest in favour of UBS to secure the performance of your obligations (including the payment of any amounts owing) under any Related Loan and the Option positions.</p>	Page 19	Part E
Exercise	<p>All Options are European Style exercise only (meaning they may only be exercised at Maturity), although UBS may enter into American Style exercise Options (meaning they are exercisable at any time up to Maturity) in its discretion.</p>	Page 25	Clause 12.2
Settlement	<p>Each Option over an Underlying Security (other than a Quanto Option) will provide for Physical Settlement upon exercise at Maturity.</p> <p>If you decide that you do not wish to deliver or receive Underlying Securities pursuant to the exercise of an Option, you can request a close out of your Option and, if UBS agrees to an early close out, pay or receive the Early Termination Amount.</p> <p>Each Quanto Option and each Option over an Underlying Index will provide for Cash Settlement upon exercise at Maturity.</p>	Page 25	Clause 12.3

¹ Provided UBS has not borrowed your Underlying Securities, as explained on page 27

Cross reference

Feature	Summary	PDS	Facility terms
Stock Borrow Agreement	<p>Unless you are a Superannuation Fund investor, you may agree with UBS (or UBS may require for a particular Underlying Security) that the Stock Borrow Agreement is applicable. This will be specified in your Quote Sheet and Confirmation.</p> <p>If the Stock Borrow Agreement is specified as applicable in your Confirmation then UBS may borrow Underlying Securities which are Secured Property from you under the terms of the Stock Borrow Agreement. If Underlying Securities are on loan at the time of a dividend or distribution record date, UBS will pay you (or the Nominee on your behalf) the cash dividend or distribution amount and either provide you with a franking statement or gross up the payment by the value of any associated franking credits. Any dividends or distributions in the form of securities will be delivered to you at the end of the Stock Loan, along with the borrowed Underlying Securities. Neither you nor the Nominee may exercise voting rights whilst the Underlying Securities are on loan to UBS.</p> <p>If your Underlying Securities are borrowed by UBS then the Nominee will no longer hold the Underlying Securities on your behalf and you will no longer have a beneficial interest in the Underlying Securities. This means you will have credit exposure to UBS as an unsecured creditor, in respect of your entitlement to the Underlying Securities. You may lose all of the Underlying Securities that are on loan to UBS if UBS becomes insolvent.</p>	Pages 29 to 30	Part G
Distribution Agreement	<p>You may agree with UBS (or UBS may require for a particular Underlying Security) that the Distribution Agreement is applicable. This will be specified in your Quote Sheet and Confirmation.</p> <p>Under a Distribution Agreement, you and UBS, agree to make payments or adjustments to account for the difference between assumed dividend amounts and actual dividend amounts paid on the Underlying Securities. The assumed dividend amounts will be agreed between you and Issuer and set out in your Quote Sheet and Confirmation.</p>	Pages 30 to 31	Part H
Option Adviser Group Fee	<p>If you agree to pay your Approved Adviser Group an Option Adviser Group Fee, UBS may collect from you an upfront fee of an amount specified in your Quote Sheet or Adviser Fee Acknowledgement Form, which will be up to 3.3% (incl. GST) of the Transaction Value on Trade Date in relation to any Option Transaction (excluding any Option with a Related Loan) and pay it to your Approved Adviser Group and your Approved Adviser Group will hold the Option Adviser Group Fee on trust and pay all or part of that Option Adviser Group Fee on to your Financial Adviser as authorised by you in your Application Form.</p> <p>Note this fee cannot be collected or paid where there is a Related Loan to your Option Transaction.</p>	Page 24	

Feature	Summary	Cross reference	
		PDS	Facility terms
Wholesale Option Adviser Group Fee	<p>If you are a Wholesale Client, UBS may pay an upfront fee of up to 3.3% (including GST) of the Transaction Value on Trade Date to your Approved Adviser Group. This fee will be funded out of UBS's revenue from the Transaction and is not a separate cost to you.</p> <p>You must provide satisfactory evidence to UBS that you are a Wholesale Client in order for this fee to be paid.</p> <p>This fee will be specified in your Quote Sheet or Adviser Fee Acknowledgement Form.</p>	Page 24	
Brokerage	<p>You may be charged brokerage on the value of the sale of your Underlying Securities, where they are sold in the market and not pursuant to the exercise of an Option. While this fee may be collected by UBS, it is entirely as agreed between you and your Approved Adviser Group and will be passed directly to your Approved Adviser Group.</p>	Page 24	
Minimum size	<p>The minimum Transaction Value on Trade Date of any Option Transaction you may enter into is currently \$250,000.</p> <p>This minimum size may be amended from time to time by UBS and published on its website at www.ubs.com/equitysolutions.</p>		

Feature	Summary	PDS	Facility terms
Loan Facility			
Principal Loan	<p>You may obtain a limited recourse Principal Loan from UBS. Any Principal Loan will be for a fixed term and the maximum amount that you can borrow (the “Facility Amount”) will be as specified by UBS in your Confirmation. Subject to you drawing down at least the Minimum Initial Drawdown Amount you are not obliged to draw down your entire Principal Loan on the first Drawdown Date. At any point in time the maximum amount of funds that can be drawn down is equal to the Available Amount.</p> <p>Unless you are a Superannuation Fund, you must grant a Security Interest over the Underlying Securities and other property, including Options or cash to UBS, to secure your obligations under the Principal Loan.</p> <p>If you are a Superannuation Fund, the Nominee will grant a Security Interest over the Underlying Securities to UBS.</p> <p>UBS's recourse to you personally in respect of the Principal Loan Balance at Maturity is limited to the Secured Property securing that Principal Loan (or, in the case of a Portfolio Principal Loan, is limited to Secured Property securing each Allocated Portfolio Loan Amount). This means that if you fail to repay the Principal Loan Balance (or an Allocated Portfolio Loan Amount) at Maturity (for example, in circumstances where the Market Price of the Underlying Securities at Maturity multiplied by the number of Underlying Securities is less than the relevant amount owing) then your obligation to repay the Principal Loan Balance (or an Allocated Portfolio Loan Amount) will be satisfied by UBS exercising its rights as Secured Party over the Secured Property securing that Principal Loan. You will not be personally liable if the Secured Property is insufficient to repay the Principal Loan Balance (or an Allocated Portfolio Loan Amount) in full. However, unless you are a Superannuation Fund, UBS's recourse to you in respect of other obligations under the Loan (such as Interest, Break Costs and Loan Establishment Fees), and at any time other than Maturity (for example on early termination) is personal and is not limited to the Secured Property.</p> <p>Drawdown Amounts are repayable on Repayment Dates agreed with UBS and specified in your Confirmation or a Drawdown Notice. The total amount drawn down at any time must not exceed the Available Amount. Each Drawdown Amount must be repaid on its Repayment Date and the total amount drawn must be repaid by the Maturity Date. Full or partial early repayment of Drawdown Amount for any reason may lead to the imposition of Break Costs.</p> <p>For Superannuation Funds, each Loan must be drawn down for the purchase of a single Approved Security or a group of identical Approved Securities, except under a Portfolio Principal Loan. The Underlying Security is held in a separate trust by the Nominee, to secure your obligations under the corresponding Loan. Any further Drawdown Amounts on that Loan can only be used to pay an Interest Amount on that Loan and not for any other purpose.</p> <p>The Portfolio Principal Loan is a single Loan and the portion of the</p>	Page 69	Part B

Cross reference

Feature	Summary	PDS	Facility terms
	<p>Portfolio Principal Loan that is applied towards the purchase of each parcel of Underlying Securities is referred to as the "Allocated Portfolio Loan Amount" for that parcel of Underlying Securities. Each parcel of Underlying Securities is held in a separate trust by the Nominee to secure your obligations under the corresponding Allocated Portfolio Loan Amount. Recourse for repayment of each Allocated Portfolio Loan Amount is limited to the related parcel of Underlying Securities.</p> <p>You do not need to enter into an Option to use the Loan Facility.</p>		
Interest payments on the Principal Loan	<p>Interest is payable from the relevant Drawdown Date to the relevant Repayment Date and is payable on the outstanding Principal Loan Balance from time to time. Where funds are borrowed for more than 1 year, the Principal Loan term is divided into multiple Interest Periods (each being 12 months or less).</p> <p>Generally, an amount equal to the Interest Amount is drawn down under your Principal Loan by UBS at the start of each Interest Period and applied towards the prepayment of Interest for that Interest Period. UBS may in its discretion agree to accept payment of Interest in arrears.</p> <p>The Interest Rate charged will vary depending on market interest rates, the Underlying Security, the term of the Principal Loan, the Facility Amount, the Repayment Date(s), the Interest payment schedule and whether the Principal Loan is over a Basket or is a Portfolio Principal Loan (amongst other things). Current indicative Interest Rates can be obtained by contacting your Financial Adviser or UBS and will be specified in the Quote Sheet. The actual interest rate will be specified in the Confirmation.</p>	Page 72	Clause 10.3
Supplementary Loan	<p>In some circumstances you may be able to obtain one or more Supplementary Loans from UBS. These will be offered in UBS's discretion and will not be offered to Superannuation Fund borrowers. The Supplementary Loan is primarily to be used to fund all or part of the Interest cost of the Principal Loan but at UBS's discretion may also be used to fund all or part of any of the Option Adviser Group Fee, the Adviser Group Fee, the Loan Establishment Fee and any Capital Contribution you need to make.</p> <p>UBS's recourse to you in respect of all amounts due under each Supplementary Loan is personal and not limited to the Secured Property.</p>	Page 69	Part B

Feature	Summary	Cross reference	
		PDS	Facility terms
Portfolio Loan	<p>You can apply for a Principal Loan that is a Portfolio Principal Loan and direct UBS to apply portions of that Portfolio Principal Loan towards the purchase of different parcels of Approved Securities with each parcel comprising identical Approved Securities. UBS will quote a single blended Interest Rate for the Portfolio Principal Loan. The Portfolio Principal Loan can also be used with a Supplementary Loan, provided you are not a Superannuation Fund.</p> <p>The Portfolio Principal Loan is a single Loan and the portion of the Portfolio Principal Loan that is applied towards the purchase of each parcel of Approved Securities is referred to as the "Allocated Portfolio Loan Amount" for that parcel of Approved Securities. Recourse for repayment of each Allocated Portfolio Loan Amount is limited to the related parcel of Approved Securities.</p> <p>You can choose the Approved Securities (including units in an Approved Cash Trust) when you apply for the Portfolio Principal Loan or UBS may prescribe a mix of Approved Securities, with each Approved Security to be held (as a parcel of Underlying Securities) in respect of an Allocated Portfolio Loan Amount.</p>	Page 69	Clause 9.8
Approved Securities for Loans	<p>Subject to UBS's approval, you may only enter into Loans over Approved Securities or a Basket of Approved Securities.</p> <p>UBS may elect not to enter into a Loan over any security for any reason in its absolute discretion.</p> <p>If the Loan is not a Portfolio Loan and is over a single Approved Security then the Approved Security must be listed for trading on an Approved Exchange.</p> <p>If the Loan is either a Loan over a Basket of Approved Securities or a Portfolio Loan then the Approved Securities must either be listed for trading on an Approved Exchange or be an Approved Cash Trust.</p>	Page 173	
Loan Currency	<p>The currency that the Loans are provided in must be the same as the Settlement Currency for any Related Option Transaction to which the Loan relates. If there is no Related Option Transaction then the Loan Currency must be the same as the currency of the Underlying Securities.</p>	Page 63	Clause 9.3
Executive Options	<p>You can also use a Principal Loan to finance the exercise of Executive Options.</p>	Page 20	

Cross reference

Feature	Summary	Cross reference	
		PDS	Facility terms
Combining the Option Facility and the Loan Facility ("Related Transactions")	<p>You may combine a Principal Loan (including a Portfolio Principal Loan, or any Allocated Portfolio Loan Amount forming a portion of the Portfolio Principal Loan) with an Option as a Related Transaction. Alternatively, unless you are a Superannuation Fund, if you purchase a Put Option, Collar, Step Collar, Put Spread Collar or Put Spread you may subsequently apply for a Principal Loan. The Related Option would then be subject to the Security Interest and the Underlying Securities required to be transferred to the Nominee. The Facility Amount will be equal to a percentage² of the Strike Price of the Options (or in the case of a Put Spread or Put Spread Collar, the difference between the Strike Price and Payment Level) securing the Principal Loan and the Maturity Date of the Loan will be no later than 3 Business Days after the Maturity Date of the Option. For more information on how the Facility Amount will be determined, see Section 3.</p> <p>If you are a Superannuation Fund investor your rights, obligations and interests under Related Transactions are a single arrangement for the purposes of the Agreement, and your rights in respect of the corresponding Related Loan or Related Option may not be separately dealt with in any way. You will receive a single Quote Sheet and Confirmation in respect of the arrangement.</p>	Page 70	
Increasing the Facility Amount:	<p>Unless you are a Superannuation Fund, you can, by agreement with UBS, increase your Facility Amount after entering into a Loan, however a Facility Adjustment Fee may be payable or your Interest Rate may be increased. The amount of the Facility Adjustment Fee or change in your Interest Rate will be as advised by UBS in your new Quote Sheet and Confirmation. See Section 3 for more information. Increasing your Facility Amount may also involve increasing the Strike Price of any Related Options or increasing the amount of Secured Property that you have provided to secure the Loan.</p> <p>If you are a Superannuation Fund, you cannot increase your Facility Amount.</p>	Page 70	Clause 9.1
Dividends applied to Principal Loan Balance	<p>You may by agreement with UBS, specify that dividends on the Underlying Securities be used to pay down either your Principal Loan Balance, Interest Amounts or your Supplementary Loan Balances. In this case you will not receive the dividends.</p>	Pages 74 to 75	Clause 10.6
Loan Establishment Fee	<p>If you are a Wholesale Client, UBS may charge a Loan Establishment Fee of up to 2.2% of the Facility Amount on the first Drawdown Date. The applicability of this fee will be specified in the Quote Sheet.</p>	Page 72	Clause 9.6
Wholesale Adviser Group Fee	<p>If you are a Wholesale Client, UBS may pay a fee of up to 2.2% (incl GST) p.a. of the Principal Loan Balance to your Approved Adviser Group. This fee will be funded out of UBS's revenue from the Transaction and is not a separate cost to you.</p> <p>You must provide satisfactory evidence to UBS that you are a Wholesale Client in order for this fee to be paid.</p>	Page 72	

² This percentage is as specified by UBS in its discretion

Feature	Summary	Cross reference	
		PDS	Facility terms
Adviser Group Fee	If you agree to pay your Approved Adviser Group an Adviser Group Fee, UBS may collect from you an upfront fixed dollar fee of an amount specified in your Quote Sheet or Adviser Fee Acknowledgement Form and pay it to your Approved Adviser Group and your Approved Adviser Group will hold the Adviser Group Fee on trust and pay all or part of that Adviser Group Fee on to your Financial Adviser, as authorised by you in your Application Form.	Page 72	

Feature	Summary	Cross reference	
		PDS	Facility terms
Exercise and Sale Facility			
Exercise Executive Options	<p>The Exercise and Sale Facility is used where you want to exercise Executive Options and immediately sell the Underlying Securities.</p> <p>UBS will not make the Exercise and Sale Facility available to you unless the relevant Executive Options are presently exercisable and fully vested in you, and the Underlying Securities are unencumbered and not subject to any transfer restrictions or blackout period.</p>	Page 91	Part F
Approved Securities	<p>UBS will only make the Exercise and Sale Facility available in respect of Approved Securities quoted on ASX in respect of which UBS can enter into stock borrowing or other hedging arrangements which are acceptable to UBS in its absolute discretion. The availability of acceptable stock borrowing arrangements will vary from day to day but is generally restricted to the top 300 securities quoted on ASX. The securities borrowed from UBS are described as "Lent Securities".</p>	Page 91	
Arrangement Fee and Brokerage	<p>You must pay an Arrangement Fee and Brokerage on the value of the Lent Securities sold on your behalf by UBS.</p> <p>The minimum Arrangement Fee is \$5,000 but may be higher depending on the Underlying Security and the length of time between the exercise date for the relevant Executive Options and the date the relevant Underlying Securities are delivered, or if the Arrangement Fee is consideration for a taxable supply. Brokerage will be up to 1.10% (incl. GST) of the gross proceeds of sale of the Lent Securities.</p>	Page 92	Clause 51
Sale Facility Adviser Group Fee	<p>If you agree to pay your Approved Adviser Group a Sale Facility Adviser Group Fee, UBS may collect from you a fee of an amount specified in your Quote Sheet or Adviser Fee Acknowledgement Form, which will be up to 1.10% (incl. GST) of the value of the Lent Securities sold and pay it to your Approved Adviser Group and your Approved Adviser Group will hold the Sale Facility Adviser Group Fee on trust and pay all or part of that Sale Facility Adviser Group Fee on to your Financial Adviser as authorised by you in your Application Form.</p>	Page 92	
Minimum size	<p>The minimum size of any Exercise and Sale Facility is \$250,000. This is calculated by multiplying the current Market Price of the Underlying Security by the number of Underlying Securities in respect of which the Executive Options are to be exercised.</p>		

Feature	Summary	Cross reference	
		PDS	Facility terms
General			
Complaints	UBS has established a complaints handling and disputes resolution process for investors.	Page 118	
Cooling off	There is no cooling off period available to investors in respect of any Transaction or the Exercise and Sale Facility.	Page 118	
Personal Guarantor	UBS may in certain circumstances require a Personal Guarantor to guarantee your obligations under any or all of the Facilities.	Page 128	Clause 7
Authorisation of Financial Adviser	In your Application Form, you may nominate your Approved Financial Adviser to enter into Transactions and otherwise give instructions to UBS on any of the Facilities as your agent. If you do so, UBS is entitled to act on the instructions of your Financial Adviser unless you have notified UBS in writing that you have revoked such authorisation.	Pages 32, 75 and 92	Clause 8.15
Investing through an IDPS	<p>UBS has authorised the use of this PDS as disclosure to investors in an investor directed portfolio service ('Approved IDPS'). This PDS is available for use by persons applying through an Approved IDPS ('IDPS Investors'). Note that only certain Facilities and certain types of Transactions under those Facilities may be available for use through a particular Approved IDPS and that will be determined by UBS in its absolute discretion. You should contact UBS to determine if an investor directed portfolio service is an Approved IDPS and which Transactions the IDPS may transact.</p> <p>The rights and liabilities of IDPS Investors will be determined by the terms and conditions of the IDPS Guide. IDPS Investors should carefully read their IDPS Guide before entering into Transactions.</p> <p>IDPS Investors direct the IDPS Operator to apply for the Facilities and enter into Transactions on their behalf. IDPS Investors do not enter into Transactions or acquire rights under Transactions. The IDPS Operator acquires these rights. The IDPS Operator can exercise or decline to exercise rights under Transactions on the IDPS Investor's behalf according to the arrangement governing the Approved IDPS. IDPS Investors should refer to their IDPS Guide for information relating to their rights and responsibilities as an IDPS Investor, including information on any fees and charges applicable. For information regarding how IDPS Investors can apply for Transactions, see the IDPS Guide.</p> <p>UBS accepts no responsibility for IDPS Operators or any failure by an IDPS Operator to provide IDPS Investors with a current version of this PDS as provided by UBS, or to withdraw the PDS from circulation if required by UBS.</p> <p>Where an IDPS Operator has applied for the Facilities on behalf of an IDPS Investor, the IDPS Operator will need to supply any personal details of the IDPS Investor required by UBS before the Application is accepted.</p> <p>If you have any questions about entering into Transactions through an IDPS, ask your Financial Adviser.</p>	Pages 32, 75 and 92	

Section 2

The Option Facility

The Option Facility

a. Key Features

What is the Option Facility?

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

Each Option will be governed by the Agreement.

The Option Facility can be entered into together with the Loan Facility to allow a Loan to be linked to the Options and the relevant Underlying Securities. These are Related Transactions. The Loan Facility is described in Section 3.

What are the different Options I can enter into?

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

Option strategy	How it works	Available to
Purchase a Put Option	Purchase a put option which allows you to sell the Underlying Securities to UBS at a fixed price (the Strike Price) at Maturity.	All investors (including Superannuation Funds)
Purchase a Call Option	Purchase a call option which allows you to buy the Underlying Securities from UBS at a fixed price (the Strike Price) at Maturity.	All investors (including Superannuation Funds)
Purchase a Collar	<p>Purchase a put option which allows you to sell the Underlying Security to UBS at a fixed price (the Strike Price) at Maturity.</p> <p>You will be liable to pay a First Premium Amount upfront (unless the Collar is a "zero cost" Collar) plus a contingent Second Premium Amount to UBS if the Market Price of the Underlying Securities is above the Cap Level(s) at Maturity.</p> <p>The Underlying Securities must be held by the Nominee subject to a Security Interest. For Superannuation Funds the Nominee must acquire the Underlying Securities on your behalf (you cannot use Underlying Securities you already own).</p>	All investors (including Superannuation Funds provided the Nominee acquires the Underlying Securities on your behalf)

Option strategy	How it works	Available to
Purchase a Step Collar	<p>Purchase a Put Option which allows you to sell the Underlying Securities to UBS at a fixed price (the Aggregate Strike Price) at Maturity.</p> <p>A Step Collar is like a series of Collars ("Component Collars") entered into together as one Option. The Step Collar has a series of Strike Prices and Cap Levels for each of these Component Collars.</p> <p>The effect is that you purchase a single Option which allows you to sell the Underlying Securities to UBS at a fixed price (the Strike Price) at Maturity for each Component Collar. You will be liable to pay a First Premium Amount upfront (unless the Step Collar is a "zero cost" Step Collar) plus a contingent Second Premium Amount to UBS if the Closing Price at Maturity is greater than any of the Component Collar Cap Levels.</p> <p>The Underlying Securities must be held by the Nominee subject to a Security Interest. For Superannuation Funds the Nominee must acquire the Underlying Securities on your behalf (you cannot use Underlying Securities you already own).</p>	All investors (including Superannuation Funds provided the Nominee acquires the Underlying Securities on your behalf)
Purchase a Put Spread	<p>Purchase a put option which allows you to sell the Underlying Securities to UBS at a fixed price (the Strike Price) at Maturity. You will be liable to pay a First Premium Amount upfront plus a contingent Second Premium Amount at Maturity if the Market Price of the Underlying Securities is below a pre-specified Payment Level at Maturity.</p>	All investors (including Superannuation Funds)
Purchase a Call Spread	<p>Purchase a call option which allows you to buy the Underlying Securities from UBS at a fixed price (the Strike Price) at Maturity. You will be liable to pay a First Premium Amount upfront plus a contingent Second Premium Amount at Maturity if the Market Price of the Underlying Securities is above a pre-specified Cap Level at Maturity.</p>	All investors (including Superannuation Funds)
Purchase a Put Spread Collar	<p>Purchase a put option which allows you to sell the Underlying Securities to UBS at a fixed price (the Strike Price) at Maturity. You will be liable to pay a First Premium Amount upfront (unless the Put Spread Collar is a "zero cost" Put Spread Collar) plus a contingent Second Premium Amount to UBS if the Market Price of the Underlying Securities is above the upper Cap Level at Maturity or is below the lower Payment Level at Maturity.</p> <p>The Underlying Securities must be held by the Nominee subject to a Security Interest. For Superannuation Funds the Nominee must acquire the Underlying Securities on your behalf (you cannot use Underlying Securities you already own).</p>	All investors (including Superannuation Funds provided the Nominee acquires the Underlying Securities on your behalf)
Sell a Call Option	<p>Sell a call option to UBS which allows UBS to buy the Underlying Securities at a fixed price (the Strike Price) at Maturity.</p> <p>The Underlying Securities must be held by the Nominee subject to a Security Interest. For Superannuation Funds the Nominee must acquire the Underlying Securities on your behalf (you cannot use Underlying Securities you already own).</p>	All investors (including Superannuation Funds provided the Nominee acquires the Underlying Securities on your behalf)

Option strategy	How it works	Available to
Sell a Put Option	Sell a put option to UBS which allows UBS to sell the Underlying Securities to you at a fixed price (the Strike Price) at Maturity. Cash collateral at least equal to the Strike Price per Option must be provided to UBS in case the Option is exercised by UBS to cover your obligations under the Agreement	All investors (other than Superannuation Funds)
Purchase an Index Put Option	Purchase a put option to receive a Cash Settlement Amount from UBS if the level of the Underlying Index is below a fixed level (the Strike Level) at Maturity. As it is not possible to physically deliver an index, all Index Options are Cash Settled.	All investors (including Superannuation Funds)
Purchase an Index Call Option	Purchase a call option to receive from UBS a Cash Settlement Amount if the level of the Underlying Index is above a fixed level (the Strike Level) at Maturity.	All investors (including Superannuation Funds)
Basket Options	Any of the above, in relation to a Basket of Approved Securities or Approved Indices, as permitted by UBS in its discretion.	All investors However, Basket Options are not available to Superannuation Funds where there is a Related Loan
Combinations	Combinations of the above, as permitted by UBS in its discretion.	

The minimum Transaction Value on Trade Date of any Option Transaction you may enter into is \$250,000. The Transaction Value in relation to an Option over Underlying Securities is the Market Price multiplied by the number of Underlying Securities the Transaction relates to. The Transaction Value in relation to an Option over an Underlying Index is the number of Options multiplied by the Index Multiplier multiplied by the Unit of Settlement Currency.

The different strategies are explained in more detail in Section 2(b).

What are the Approved Securities or Approved Indices for Options?

You can only enter into Options over Approved Securities or a Basket of Approved Securities or Approved Indices or a Basket of Approved Indices. An Approved Security must be listed on an Approved Exchange unless it is part of a Basket in which case it may be a unit in an Approved Cash Trust. It is entirely at UBS's discretion which security or index it will allow as an Approved Security or Approved Index. For Superannuation Fund investors, where an Option has a Related Loan, the Option must be over a single Approved Security or a group of identical Approved Securities (or, in the case of a Portfolio Principal Loan, the Option must be over the Approved Securities corresponding to each Allocated Portfolio Loan Amount).

For individual Approved Indices or a Basket of Approved Indices you may only purchase Index Put Options and Index Call Options.

You should contact your Financial Adviser or UBS if you wish to confirm whether UBS will enter into Options in respect of a particular security or index.

How does an Index Option work?

An Index Option will be over an Underlying Index. As it is not possible to physically deliver an index, all Index Options have Cash Settlement. The Cash Settlement Amount will be calculated by comparing the Index Level at Maturity to the Strike Level of the Option. The comparative level of the Underlying Index, above or below the Strike Level, is converted into a cash amount by applying the Index Multiplier and Unit of Settlement Currency for the Option. Please see page 61 for an example of how this works.

How does a Basket Option work?

In a Basket Option, there will be a number of Approved Securities (which may include units in an Approved Cash Trust) or Approved Indices in a fixed proportion that will comprise the Basket. The fixed proportion will determine the weighting of the components and does not have to be equal. These components will be the Component Securities or Component Indices. The Basket of Component Securities or Component Indices will be treated as a single Underlying Security or Underlying Index and have its own aggregate Strike Price or Strike Level. If an Approved Cash Trust is included it will be a Component Security of the Basket.

Within a Basket, all gains and losses on individual Component Securities or Component Indices offset one another to achieve the Basket Market Price. This means that although one or more Component Securities may have appreciated, the Basket will fall in value if one or more other Component Securities in the Basket has declined in value more than the Component Securities that have appreciated. Your exposure to the performance is therefore measured using the Basket value rather than simply individual Component Securities. This applies equally where you have a Basket of Component Indices.

If you wish to trade a Collar over a Basket of Component Securities, it is also possible to have an individually capped Basket Collar. In an Individually Capped Basket Collar, each Component Security is individually capped at the Capped Component Price (whereas in a normal Basket Collar all gains and losses on individual Component Securities offset one another to achieve the Basket Market Price at Maturity). As such, any gain on a Component Security that is available to buffer the loss on another Component Security is limited by the cap. This means that the value of the Individually Capped Basket Collar will not increase from any growth in value of a Component Security above the Capped Component Price. Investors will not benefit from any outperformance above the Capped Component Price for each Component Security in the Basket as they would have under a standard Basket Collar.

For Superannuation Fund investors with a Loan, the Related Option cannot be a Basket Option. All Related Options must be over a single Approved Security or a group of identical Approved Securities (or, in the case of a Portfolio Principal Loan, the Option must be over the Approved Securities corresponding to each Allocated Portfolio Loan Amount).

What collateral must I provide?

If you wish to:

- purchase a Collar
- purchase a Put Spread Collar
- purchase a Step Collar
- sell a Call Option

then if you are a Superannuation Fund the Underlying Securities must be acquired by the Nominee on your behalf subject to a Security Interest in favour of UBS (you cannot use Underlying Securities you already own).

If you are not a Superannuation Fund, full collateral must be provided to UBS in the form of Underlying Securities.³

Full collateral means for each Underlying Security subject to an Option, you must provide one Underlying Security to UBS as collateral, e.g. if you have sold 5,000 Call Options over 5,000 BHP Billiton shares, you must provide 5,000 BHP Billiton shares to UBS as collateral. If the Underlying Security is a Basket of Component Securities, then you must provide all of the Component Securities in the Basket in their correct number to UBS as collateral. This collateral will be held by the Nominee for your benefit and be subject to the Security Interest in favour of UBS. You will be entitled to dividends and distributions and voting rights on these Underlying Securities, however you may not dispose of or encumber these Underlying Securities⁴ while they are held as collateral for an Option Transaction.

If you are not a Superannuation Fund investor, when you sell Put Options you must provide cash collateral to UBS at least equal to the Notional Value. The minimum amount of cash collateral for such an Option Transaction is \$250,000. Interest (at the rate specified Quote Sheet and Confirmation) is payable by UBS to you on any cash collateral on the earlier of the Maturity Date or the last day of each 12 month period during the Term of the Option (the first period commencing on, and including, the Trade Date). At Maturity, if the Put Options are exercised and

³ UBS may, by exception, agree to accept other forms of collateral such as a Call Option that you hold with a lower Strike Price, or accept a lesser number of Underlying Securities as collateral. These exceptions will only apply if explicitly agreed with UBS and specified in your Confirmation

⁴ Retention of voting rights is subject to the Underlying Securities not being lent to UBS—refer to page 27 for more information on the Stock Borrow Agreement

you buy the Underlying Securities from UBS for the Strike Price then the cash collateral will be applied towards the settlement of your payment obligation and any interest owed will be paid to you. If the Put Options are not exercised then UBS will return the cash collateral with interest. When you sell Put Options, the First Premium Amount is payable to you at Maturity of the Option Transaction.

When you buy a Call Option, a Put Option,⁵ a Put Spread,⁶ a Call Spread, an Index Call Option or an Index Put Option, you do not have to provide collateral to UBS or have the Nominee acquire and hold the Underlying Securities on your behalf so long as the First Premium Amount is paid in full.

Delivering Underlying Securities as collateral

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

If you are acquiring the relevant Underlying Securities with a Loan (or in all cases for Superannuation Funds), then the Underlying Securities will be acquired by the Nominee as your nominee. If you are not a Superannuation Fund, you will grant a Security Interest to UBS to secure the performance of your obligations (including the payment of any amounts to UBS) under the Loan and under the Option Transaction. If you are a Superannuation Fund, the Underlying Securities will be held by the Nominee, subject to a Security Interest in favour of UBS.

If you hold Executive Options, and wish to use the Underlying Securities as collateral, then these Executive Options must first be exercised, before the relevant Underlying Securities can be provided as collateral. You may use the Loan Facility to facilitate this exercise.

Settlement Currency

For all Options where the Underlying Security or Underlying Index is denominated in Australian Dollars, the Settlement Currency will be Australian Dollars. For all Options where the Underlying Security or Underlying Index is not denominated in Australian Dollars, the Settlement Currency will be either Australian Dollars or the currency in which the Underlying Security or Underlying Index is denominated (this will be specified in the Quote Sheet).

If the Underlying Security or Underlying Index is denominated in a different currency to Australian Dollars and the Settlement Currency is Australian Dollars then this will be a Quanto Option as discussed below

For all Options, the Settlement Currency will be as specified in the Quote Sheet and Confirmation.

⁵ Assuming there is no Related Loan

⁶ Assuming there is no Related Loan

Quanto Options

Certain Options may be designated Quanto Options.

If the Underlying Security relating to an Option is denominated in a different currency to Australian Dollars or the Underlying Index is not based on Australian Dollar denominated assets, you may request that the Settlement Currency is Australian Dollars and the payoff be calculated as a Quanto Option. UBS will only transact Quanto Options in Australian Dollars (no other currency). In a Quanto Option you have no exposure to movements in the currency of denomination of the Underlying Security or Underlying Index versus the Settlement Currency. Your payoff is based on percentage movements in the price or level of the Underlying Security or Underlying Index.

A Quanto Option can only be Cash Settled and you cannot request delivery of the Underlying Securities. As a consequence you can only request that your Option Transaction be a Quanto Option if you purchase a Put Option, Put Spread, Call Option, Call Spread over Underlying Securities or you have purchased an Index Put Option or Index Call Option.

What are the main benefits of the Option Facility?

- *Flexibility*—the Option Facility provides flexibility with regard to determining the precise Strike Price and Maturity Date you require, unlike an exchange traded option which has a standardised set of terms. This should enable you to request features in an Option that more accurately reflect your investment strategy
- *Unique Strategies*—the Option Facility enables you to implement some unique strategies in one combined package such as a Step Collar which are not available in the ETO market
- *Risk Management*—Options provide an alternative to directly buying or selling Underlying Securities to acquire or reduce asset exposure, often at a fraction of the cost of the Underlying Securities parcel
- *European Style exercise*—as the Options are only exercisable at the Maturity Date, there is no risk of early exercise against you during their term (except in the case of an Event of Default—see page 25 for more information). Early exercise may occur with ETOs, which can be exercised at any time (termed American Style exercise)
- *Monetisation*—unless you are a Superannuation Fund, Options can be used in conjunction with the Loan Facility to free up cash from an existing position in Underlying Securities without the immediate need to dispose of that position
- *Collateral value*—where Options are used to provide a minimum sale price for Underlying Securities that serve as collateral for a Loan, this may reduce the cost of borrowing relative to an unsecured loan or margin loan and there will also be no need for you to pay margin calls
- *International exposure*—UBS may in its absolute discretion allow you to enter into certain Option positions over Approved Securities that are traded on international markets, enabling you to establish leveraged exposure to these securities or potentially hedge an existing holding. Note that additional terms and conditions (including additional collateral and security requirements) may apply as agreed with UBS from time to time
- *Index exposure*—the Option Facility provides the ability to get exposure to a wide range of Approved Indices that may otherwise be difficult for you to access. This includes both Australian based indices as well as international indices
- *Different types of currency exposure*—where you are looking to get exposure to international Approved Securities or Approved Indices that are not denominated in Australian dollars, you can do so by trading entirely in the currency of denomination of those Approved Securities or Approved Indices or by trading in Australian dollars through a Quanto Option (no currency exposure)
- *Basket exposure*—you can elect to have an Option over a Basket of Approved Securities or a Basket of Approved Indices instead of individual Approved Securities or Approved Indices. In addition you may also add an Approved Cash Trust into a Basket of Approved Securities.

See the table on pages 16 to 18 to find out which Options are available to you.

What are the main disadvantages and risks of the Option Facility?

- *Credit and operational risk of the Issuer (and the Guarantor if UBSIA is the Issuer) and the Nominee who holds the Approved Securities where Approved Securities are provided as collateral*—you are entering into a contract directly with the Issuer and Nominee and you will be reliant on the Issuer, Nominee and the Guarantor (if UBSIA is the Issuer) fulfilling their obligations under the Options and paying you any amounts owed or delivering any Underlying Securities that must be delivered to you in accordance with the Agreement. You will, therefore, be exposed to the creditworthiness of the Issuer and the Guarantor (if applicable).
- *Options not tradeable*—unlike ETOs which can be closed out on the relevant exchange at a market determined value, your ability to close out the Options before the scheduled Maturity Date is subject to UBS's discretion to reject your request and if UBS does accept your request it will be at a value determined by UBS in its sole discretion. In addition, UBS may also, if it reasonably believes that it will be unable to freely sell all or any portion of the Underlying Securities to be transferred to it pursuant to the exercise of an Option, require that any Option be Cash Settled. If this happens, UBS must notify you no later than the close of business on the third Business Day prior to the Maturity Date.
- *Restrictions on transfer of Underlying Securities*—where Underlying Securities are held as collateral or subject to a Security Interest, you will not be able to deal with them or transfer them until they have been released.
- *No observable market for valuation*—as your Options are not quoted on any securities or derivatives exchange, there is no readily observable market price or value for them. UBS may, at its discretion, provide you with indicative bid and offer prices upon request, but these will not be firm prices at which you can close out or enter into Transactions.
- *Risk of loss on Option*—the value of your Options will be affected by factors such as the price and volatility of the Underlying Securities, market interest rates and dividends. Furthermore, Option values decay over time and Options that you enter into may expire worthless due to this time decay as well as changes in the aforementioned variables. If you have sold an Option, you can be exposed to significant losses if the Option is exercised by UBS, e.g. if you sell a Call Option and at Maturity the Market Price is higher than the Strike Price then upon exercise of the Option by UBS you will have to sell the Underlying Securities to UBS at a price below the then market price.
- *Opportunity cost*—if you hold Underlying Securities and you enter into Options, you may sustain a loss on your Options which will offset gains on your Underlying Securities, thereby limiting your opportunity for gain. As an example, assume you hold Underlying Securities and you buy a Collar. At Maturity, if the Market Price is significantly above the Cap Level then the Second Premium Amount that you have to pay will reduce the net gain that you realise from your Underlying Securities compared to holding your Underlying Securities without the Collar.
- *Basket risk*—if you trade an Option over a Basket you should note that within the Basket, gains or losses on individual Component Securities or Component Indices are offset against one another. This means that although one or more Component Securities or Component Indices may have appreciated, the Basket may fall in value because another Component Security or Component Index may have declined in relative value more than the Component Security(ies) or Component Indices that have appreciated. Your exposure to performance is therefore affected by changes in the Basket value rather than simply individual share values. In addition, if you have an Individually Capped Basket Collar, each Component Security is individually capped and as such, any gain on a Component Security that is available to buffer the loss on another Component Security is limited by that cap.

In addition, the Quote Sheet will contain any risks specific to the Approved Security or Approved Index.

Please refer to Section 5 for more information.

What are the costs of using the Option Facility?

Option cost—Put Options, Call Options, Index Put Options and Index Call Options—First Premium Amount

The cost of purchasing a Put Option, Call Option, Index Put Option or Index Call Option is the First Premium Amount. This amount will be fixed, either as a dollar amount or as a percentage of UBS's hedge execution level, and notified to you in the Quote Sheet. The hedge execution level is the level of an Underlying Index or the price of an Underlying Security (the "Market Price") at which UBS or its Affiliates execute trades to hedge the risk in respect of the Option.

UBS may also provide you in the Quote Sheet with a matrix to show how the First Premium Amount varies based on different hedge execution levels. Factors that affect the First Premium Amount are set out below. In addition if

the Stock Borrow Agreement applies to the Option, then any Stock Borrow Fee will be offset against the First Premium Amount.

Variable	Put Options		Call Options	
	Change in variable	Change in First Premium Amount	Change in variable	Change in First Premium Amount
Market interest rates	↑	↓	↑	↑
Term	↑	↑	↑	↑
Security price volatility	↑	↑	↑	↑
Dividend yield	↑	↑	↑	↓
Strike Price as a percentage of current Market Price	↑	↑	↑	↓

Variable	Index Put Options		Index Call Options	
	Change in variable	Change in First Premium Amount	Change in variable	Change in First Premium Amount
Market interest rates	↑	↓	↑	↑
Term	↑	↑	↑	↑
Index Level volatility	↑	↑	↑	↑
Index dividend yield	↑	↑	↑	↓
Strike Level as a percentage of current Index Level	↑	↑	↑	↓

Additional pricing factors that affect Basket Options:

Variable	Basket Put Options		Basket Call Options	
	Change in variable	Change in First Premium Amount	Change in variable	Change in First Premium Amount
Correlation in price/level movements between Component Securities or Component Indices	↑	↑	↑	↑

Additional pricing factors that affect Quanto Options:

Variable	Quanto Put Options		Quanto Call Options	
	Change in variable	Change in First Premium Amount	Change in variable	Change in First Premium Amount
AUD market interest rates	↑	↓	↑	↓
Market interest rates in currency of denomination of Approved Security or Approved Index	↑	↓	↑	↑

Option cost—Collars, Step Collars and Spread Options—First Premium Amount and Second Premium Amount

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

- above the Cap Level(s) for Collars
- above the Payment Level(s) for Call Spreads;
- below the Payment Level(s) for Put Spreads;
- above the upper Cap Level or below the lower Payment Level for Put Spread Collars; or
- above any of the Component Collar Cap Level(s) for a Step Collar.

Please refer to Section 2(b) for further explanation and examples.

Fee for your Approved Adviser Group

If you agree to pay your Approved Adviser Group an Option Adviser Group Fee, UBS may collect from you an Option Adviser Group Fee of an amount specified in your Quote Sheet or Adviser Fee Acknowledgement Form, which will be up to 3.30% (inclusive of GST) of the Transaction Value on Trade Date in relation to any Option Transaction (excluding any Option with a Related Loan) and pay it to your Approved Adviser Group and your Approved Adviser Group will hold this Option Adviser Group Fee on trust and pay all or part of that Option Adviser Group Fee on to your Financial Adviser, as authorised by you in your Application Form. For example, if the Transaction Value on Trade Date in relation to all your Option Transaction is \$1,000,000, you may agree to pay and you may authorise UBS to collect from you an upfront Option Adviser Group Fee of \$33,000 and pay it to your Approved Adviser Group as authorised by you in your Application Form.

Note this fee cannot be collected or paid where there is a Related Loan for your Option Transaction.

If you are a Wholesale Client, UBS may pay an upfront fee of up to 3.3% (including GST) of the Transaction Value on Trade Date to your Approved Adviser Group. For example, if the Transaction Value on Trade Date in relation to all your Option Transaction is \$1,000,000, UBS may pay an upfront fee of up to \$33,000 to your Approved Adviser Group. This fee will be funded out of UBS's revenue from the Transaction and is not a separate cost to you. You must provide satisfactory evidence to UBS that you are a Wholesale Client in order for this fee to be paid.

Other fees and charges

There are no application fees for using the Option Facility.

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

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

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

Break Costs may also arise in relation to an early termination. Break Costs are a component of the calculation of the Early Termination Amount and are not a separate charge levied by UBS. Break Costs include all costs and losses (or gains) in connection with an Early Termination Date in relation to a Transaction, including losses and costs in respect of any payment or delivery required to have been made but not made, losses and costs incurred in relation to the early unwind of any Option or early unwind of any Loan and including any loss of bargain, loss of expected profit, cost of funding or loss or cost incurred as a result of UBS terminating, liquidating, obtaining or re-establishing any hedge or related trading position (or any gain resulting from any of them).

Settlement

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

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

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

What happens at the Maturity Date?

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

At the Maturity Date, an Option can only be exercised by delivery of a valid Exercise Notice by the Holder to the Provider of the Option before the Maturity Time, or if Automatic Exercise applies. An Exercise Notice will only be valid if the Holder has paid the First Premium Amount and the Second Premium amount (if any), and the Exercise Notice has been received by UBS at least three Business Days before the Maturity Date. The payments and deliveries and Maturity will depend on the type of Options you have entered into. More information on exactly what occurs under each type of Option is set out in Section 2(b).

Where an Option is over an Underlying Security, the Agreement provides for Physical Settlement when an Option is exercised at Maturity (other than for Quanto Options).

If you decide that you do not wish to deal with the Underlying Securities at Maturity, you can request to terminate your Option Transaction and settle the Early Termination Amount with UBS (refer below). UBS may also, if it reasonably believes that it will be unable to freely sell all or any portion of the Underlying Securities to be transferred to it pursuant to the exercise of an Option, require that any Option be Cash Settled. Such election shall be made by UBS and notified to you no later than the close of business on the third Business Day prior to the Maturity Date. Additionally if UBS has not received any Exercise Notice from you at all prior to the Maturity Date and your Option is In The Money at Maturity, then UBS may specify the Option be Cash Settled.

If UBS elects that an Option be Cash Settled, UBS will calculate the Market Price, any Second Premium Amount and the Cash Settlement Amount in accordance with the Agreement in good faith and a commercially reasonable manner.

Where an Option is over an Underlying Index, the Agreement provides for Cash Settlement when an Option is exercised at Maturity. UBS will calculate the Cash Settlement Amount (if any) at Maturity.

You may also be able to amend the terms of your Options including extending the Maturity Date, subject to approval by UBS.

If you have a Related Loan for your Underlying Securities and Option (Put Option, Collar, Step Collar) and UBS has received no Exercise Notice from you at all prior to the Maturity Date and the Option is In-The-Money UBS may also, as your agent, exercise the Option on your behalf in order to sell the Underlying Securities and repay the Related Loan.

Following Maturity of your Option, if the Underlying Securities have not been sold then, unless otherwise requested, they will be transferred to you along with any dividends or distributions referable to those Underlying Securities which have not already been paid to you. Alternatively, if you are not a Superannuation Fund and you intend to enter into another Transaction over those Underlying Securities, you may request that the Nominee continue to hold your Underlying Securities as nominee. UBS or the Nominee may terminate this nominee arrangement at any time and transfer the Underlying Securities into an account in your name.

Can my Option Transactions be closed out early?

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

UBS may terminate your Option Transaction on the occurrence of an Event of Default. Certain Adjustment Events (such as takeovers) may also give rise to an early termination. Break Costs will also be applicable in these circumstances.

The Early Termination Amount is determined by UBS in its absolute discretion, taking into account a number of factors and will include Break Costs. The main factors and their general influence on the Early Termination Amount are outlined in the table below:

Note the Early Termination Amount can be negative and a down arrow can indicate a smaller payment to you or a bigger (i.e. more negative) amount you owe to UBS.

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

Variable	Collars (including each Component Collar of a Step Collar #)	
	Change in variable	Change in Early Termination Amount
Market Price of Underlying Security	↑	↓
Market interest rates	↑	↓
Time to Maturity Date *	See below	See below
Underlying Security Market Price volatility *	See below	See below
Dividends (compared to assumptions as at Trade Date)	↑	↑

In the case of a Step Collar, the variables above will impact each Component Collar in the same way as they impact a single Collar. However the overall impact on the Step Collar will be the sum total of each Component Collar

* The effect of changes in the volatility of the Market Price of the Underlying Security and the time to the Maturity Date will have on the Early Termination Amount for a Collar will depend on where the Market Price is in relation to the Cap Level and the Strike Price and how close it is to that Cap Level or Strike Price. Generally speaking:

- If the Market Price is above the Cap Level then an increase in volatility will generally decrease the Early Termination Amount (make it more negative) and a decrease in time to the Maturity Date will generally increase the Early Termination Amount (make it less negative)
- If the Market Price is above the Strike Price but below the Cap Level then an increase in volatility or decrease in time to the Maturity Date will generally have little effect on the Early Termination Amount
- If the Market Price is below the Strike Price then an increase in volatility will generally increase the Early Termination Amount (make it more positive) and a decrease in time to the Maturity Date will generally decrease the Early Termination Amount (make it less positive)

Note that in a Step Collar, each Component Collar may be affected differently by changes in volatility depending on where the Market Price is in relation to the Component Collar Cap Level and Strike Price.

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

* In addition, the effect of changes in the volatility of the Market Price of the Underlying Security and the time to the Maturity Date will depend on where the Market Price is in relation to the Payment Level or Cap Level and how close it is to that Payment Level or Cap Level. If the Market Price is below the Payment Level (in the case of a Put Spread Option) or above the Cap Level (in the case of a Call Spread Option) then volatility and time will generally have little effect on the Early Termination Amount.

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

Additional pricing factors that affect the Early Termination Amount for Basket Options:

Variable	Basket Put Options		Basket Call Options	
	Change in variable	Change in Early Termination Amount	Change in variable	Change in Early Termination Amount
Correlation in price/level movements between Component Securities or Component Indices	↑	↑	↑	↑

Additional pricing factors that affect the Early Termination Amount for Quanto Options:

Variable	Quanto Put Options		Quanto Call Options	
	Change in variable	Change in Early Termination Amount	Change in variable	Change in Early Termination Amount
AUD market interest rates	↑	↓	↑	↓
Market interest rates in currency of denomination of Approved Security or Approved Index	↑	↓	↑	↑

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

Can I vary the terms of my Option Transaction?

You may request UBS to amend any of the terms of your Option Transaction at any time before the Maturity Date. This can include extending the Maturity Date or amending terms such as the number of Underlying Securities, Strike Price, Cap Level, Payment Level, Participation Rate, Component Collar Strike Price and Component Collar Cap Level. If UBS agrees to your request then a new Quote Sheet will need to be signed to implement the amendment and you will be supplied with a new Confirmation. As a result of the amendment an Amendment Amount may become payable by you to UBS or to you from UBS and this will be notified to you in the Quote Sheet and Confirmation.

If you have changed the number of Underlying Securities or the Strike Price and you have a Related Loan then this will change the Facility Amount. If your Principal Loan is drawn right up to the Facility Amount and the Facility Amount is reduced by the amendment then you will need to repay part of your Principal Loan which may attract Break Costs. In addition if you also have one or more Supplementary Loans attached to your Principal Loan then part of them may become repayable which may also attract Break Costs.

How are dividends, distributions and franking credits treated?

During the Term of your Option, you are entitled to all dividends, distributions and franking credits paid on the Underlying Securities (assuming you satisfy the conditions as outlined in the Tax Summary). You may by agreement with UBS, specify that all dividends or distributions are applied to pay down your Principal Loan Balance, Interest Amounts or your Supplementary Loan Balances. In the case of a Portfolio Principal Loan the dividends or distributions will be applied to pay down the Allocated Portfolio Loan Amount and associated Interest. In this case you will not receive the dividends or distributions. Otherwise, dividends and distributions will be credited to your nominated account. If you agree that all dividends and distributions are applied to pay interest or pay down your Principal Loan Balance or your Supplementary Loan Balances, it will be specified in the Quote Sheet and Confirmation.

If UBS has borrowed Underlying Securities from you under the Stock Borrow Agreement and the Underlying Securities are on loan at the dividend or distribution record date, UBS will pay you the cash dividend or distribution amount and either provide you with a franking statement or gross up the payment by the value of any associated franking credits. Neither you nor the Nominee may exercise voting rights whilst the Underlying Securities are on loan to UBS.

How are Adjustment Events treated?

Changes may be made to terms of your Option due to Adjustment Events. Each Adjustment Event is likely to have a different impact and result in a different Adjustment Event Action. Adjustment Events include (but are not limited to) in relation to an Underlying Security or Component Security:

1. where there is distribution or return of capital, capital raising, buy-back, bonus issue, right issue, scheme of arrangement, compulsory acquisition or other corporate action in relation to an Underlying Security or Component Security (please refer to the definition of Adjustment Event for a full list)
2. where an event occurs which would result in the administration, liquidation, winding up or termination or other similar event in respect of the issuer of the Underlying Security or Component Security
3. where there is an event which results in the actual or proposed suspension, delisting or removal from quotation of the Underlying Security or Component Security

in relation to an Underlying Index or Component Index:

4. the Underlying Index or Component Index is suspended or ceases to be published for a period of 24 hours or more, or is not calculated and announced by the Index Provider, but is calculated and announced by a successor sponsor or provider
5. the Underlying Index or Component Index is replaced by a successor index using the same or a substantially similar formula for and method of calculation
6. the Index Provider or any successor makes a material change in the formula for or the method of calculating the Underlying Index or Component Index or the basket of constituents of the Underlying Index or Component Index or in any way materially modifies that Underlying Index or Component Index

7. there is a Suspension or material limitation on trading of securities generally on a Relevant Exchange for a period of 24 hours or more

in relation to an Underlying Security or Component Security which is an interest in a managed investment scheme, trust or fund:

8. violation or change of any material terms of the trust's offer documents or other constitutional documents, or the main investment objective of the trust changes to a material extent or there is a change in asset allocation by the trust
9. any restriction or limitation or suspension or deferral of, redemptions of or subscription for shares in the trust, or any mandatory redemption of units in the trust
10. a material change in the tax or regulatory environment of the trust, or of the manager, investment manager or investment advisor (each a "Manager") of the fund
11. any winding-up, liquidation of, or any termination or any loss of regulatory approval, license or registration of, the trust's Manager, or any merger, de-merger, winding-up or liquidation of or affecting the trust
12. any change in the currency or denomination of the net asset value of the relevant interest in the fund
13. the net asset value of a relevant interest in the fund not being calculated or announced within the period of time normally and reasonably expected

and also includes:

14. where UBS is unable to establish, maintain or unwind its hedging activities in respect of the Transaction or where there is a materially increased cost of doing this.
15. where UBS is or will become unable to perform its obligations under the Transaction because it has become unlawful or illegal to do so or there is illiquidity in the market for the Underlying Securities.

If an Adjustment Event occurs, UBS may take one or more Adjustment Event Actions including to direct you or the Nominee to deal with Secured Property in a particular way including to sell, dispose, redeem, exchange or otherwise deal with the Secured Property and apply the proceeds as directed by UBS.

UBS may adjust the identity of the Underlying Securities or Underlying Index, Strike Price(s), Strike Level, Cap Level(s), Payment Level(s), number of Underlying Securities per Option, number of Options, Index Multiplier, Unit of Settlement Currency, the terms of any Related Transaction and any terms of any agreement between the parties and/or any other term of your Option as it reasonably believes appropriate to put the parties in substantially the same economic position as the parties would have been in had the Adjustment Event not occurred, and may take into account UBS's hedging arrangement prior to the occurrence of the Adjustment Event. UBS may also adjust the number and identity of Underlying Securities which are required to form part of the Secured Property, for example, if you receive any additional securities as a result of an Adjustment Event. If, in the reasonable opinion of UBS, it is not possible to deal with the occurrence of the Adjustment Event by taking an Adjustment Event Action, UBS may early terminate all or a portion of the Transaction and set an Early Termination Date. If you are a Superannuation Fund investor, any adjustment will be subject to the LRBA Requirements.

In the case of a Basket Option, these same adjustments will be applied in the same way if they affect a Component Security. In that case it may change the Basket composition.

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

UBS will notify you of any adjustment that it proposes to make before the adjustment occurs or as soon as reasonably practicable after the adjustment occurs and UBS will determine and notify you of the effective date of that adjustment.

Stock Borrow Agreement

Unless you are a Superannuation Fund investor, in certain circumstances, UBS may need to borrow your Underlying Securities under a Stock Borrow Agreement. You may also request that UBS borrows your Underlying Securities as in some cases this can give you more attractive pricing on your Transaction.

The terms of the Stock Borrow Agreement are contained in Part G of the Agreement. The intention is that a Stock Loan on these terms will be in compliance with s.26BC of the Income Tax Assessment Act 1936 but you should seek independent tax advice to confirm this. For general information on the tax implications of a Stock Borrow Agreement, please see the Taxation Summary in Section 8.

If UBS does borrow your Underlying Securities under a Stock Borrow Agreement they will become Borrowed Securities and it will have the following implications for you:

- a) the Borrowed Securities will no longer be held by the Nominee for you—instead you will have a right to receive those Borrowed Securities (or Equivalent Securities) from UBS at the Maturity of the Stock Borrow Agreement
- b) In the event that an Adjustment Event occurs, your right to receive Borrowed Securities may also be adjusted in accordance with the Agreement, such that you may receive equivalent Borrowed Securities instead or an adjusted number of Borrowed Securities
- c) you will no longer be entitled to voting rights on the Borrowed Securities as they are no longer held by the Nominee on your behalf
- d) your dividends or distributions will be paid to you by UBS directly, rather than via the Nominee within 5 Business Days of the payment date for the relevant distribution. If you are a qualifying Australian resident then you will either receive a franking statement or these dividends or distributions will be grossed up for any attached franking credits.

Except for its impact on your credit exposure to UBS, the Stock Borrow Agreement will not change the effectiveness of any strategy that you have implemented under the Option Facility. If, say, you buy a Put Option and you lend your Underlying Securities to UBS during the term of the Option, then at Maturity, UBS will be obliged to return equivalent Underlying Securities to you under the Stock Borrow Agreement, so if the Market Price is below the Strike Price, you can still sell the Underlying Securities to UBS through an exercise of the Put Option and receive the Strike Price per Put Option.

If you lend your Underlying Securities to UBS then you will have increased credit exposure to UBS (and the Guarantor, if applicable). If you lend your Underlying Securities to UBS then you have an unsecured contractual obligation with UBS to return those Underlying Securities. You may lose all of the Underlying Securities that are on loan to UBS if UBS becomes insolvent, and any Option you hold may expire worthless. If you do not lend your Underlying Securities and they are held by the Nominee then you do not have this unsecured contractual obligation and, all things being equal, your credit exposure to UBS is lower.

UBS will specify in your Quote Sheet and Confirmation if the Stock Borrow Agreement will apply and will subsequently notify you in writing if we have borrowed your Underlying Securities. Any payment made to you for borrowing your Underlying Securities will be netted against either your Premium Amount (in the case where you have entered into an Option) or your Interest Amount (in the case of a Loan).

Stock Borrow Agreements do not apply to Superannuation Funds.

Distribution Agreement

UBS may require you to enter into a Distribution Agreement for Options over certain Underlying Securities where the Nominee is holding those Underlying Securities on your behalf. As part of the Distribution Agreement, you and UBS will agree on an Assumed Distribution Amount for the term of the Option.

The effect of the Distribution Agreement is that if an ordinary dividend is paid on the Underlying Securities, you will receive the Assumed Distribution Amount on the Delta adjusted quantity of Underlying Securities. The Delta adjusted quantity is the number of Underlying Securities multiplied by the Delta.

The Delta is a number between 0 and 1 determined by UBS in good faith on the ex date for the relevant dividend or if the dividend is zero then the date the Company made the announcement. Delta is a common measurement of the relationship between the change in the price of the Underlying Securities and the change in value of an Option over those Underlying Securities. For example:

- a Delta of 1 means any change in the price of an Underlying Security will cause exactly the same change in the value of the Option
- a Delta of 0 means any change in the price of an Underlying Security will cause no change in the value of the Option
- a Delta of 0.5 means any change in the price of an Underlying Security will cause only 50% of that change in the value of the Option

If the Actual Distribution Amount paid by the issuer of the Underlying Securities is different to the Assumed Distribution Amount (as agreed in the Confirmation), one party will then be required to make a payment to the other to adjust for the difference. For example, assuming you have purchased a Collar and entered into a Related Loan, UBS will pay an amount to you if the Actual Distribution Amount is less than the Assumed Distribution Amount and you will pay an amount to UBS if the Actual Distribution Amount is more than the Assumed Distribution Amount. The actual amount payable will be the difference between the Assumed Distribution Amount

and the Actual Distribution Amount multiplied by the number of Underlying Securities multiplied by the Delta (i.e. the Delta adjusted quantity calculated as set out above). The actual and assumed distributions can be calculated on a Cash Basis (without franking) or a Gross Basis (inclusive of franking credit value).

The Assumed Distribution Amount and the calculation basis will be specified in the Quote Sheet and Confirmation.

For example, say that you have a holding of 100,000 Underlying Securities at a Market Price of \$40 over which you have purchased a 1 year zero cost Collar. At the time of entering into the Collar you agreed with UBS that the Assumed Distribution Amounts over the coming 1 year were as follows:

Interim Distribution: \$1.50 per Underlying Security

Final Distribution: \$2.50 per Underlying Security

These are the distributions that you and UBS expect to have an ex date between the time you trade the Collar and the Maturity Date. Further you agree that the basis for calculating amounts is Cash Basis.

Say that the interim distribution declared by the Company is \$2.00 per Underlying Security. This means the difference between the Actual Distribution Amount and the Assumed Distribution Amount is \$0.50. On the ex date for that Distribution the Delta is determined by UBS to be 1. An amount will then be payable by you to UBS calculated as:

$$\begin{aligned}\text{Differential Value} &= \text{Number of Underlying Securities} \times \text{Difference} \times \text{Delta} \\ &= 100,000 \times \$0.50 \times 1 \\ &= \$50,000\end{aligned}$$

This amount will be deducted from the distribution before it is paid to you. i.e. you will receive only \$150,000 (the \$200,000 distribution less the \$50,000 owed to UBS under the Distribution Agreement).

Say that the final distribution declared by the Company is \$2.25 per Underlying Security. This means the Difference between the Actual Distribution Amount and the Assumed Distribution Amount is \$0.25. On the ex date for that distribution the Delta is determined by UBS to be 1. An amount will then be payable by UBS to you calculated as:

$$\begin{aligned}\text{Differential Value} &= \text{Number of Underlying Securities} \times \text{Difference} \times \text{Delta} \\ &= 100,000 \times \$0.25 \times 1 \\ &= \$25,000\end{aligned}$$

This amount will be added to the distribution before it is paid to you. i.e. you will receive \$250,000 (the \$225,000 distribution plus the \$25,000 owed to you by UBS under the Distribution Agreement).

Trading windows for potential insiders

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

If at Maturity Physical Settlement applies to your Option and your Option is In The Money or a Second Premium Amount is payable and you notify UBS that you are not within a trading window then UBS may agree that the Automatic Extension Clause will apply to you (see clause 8.5 of the Facility Terms in Section 10 of this PDS). The Automatic Extension Clause will roll forward the Maturity Date of your Transaction to a future date specified by UBS and preserve your Option payoff between the original Maturity Date of the Transaction and the new Maturity Date, regardless of any movements in the Market Price over that period. The Option payoff is preserved by making further payments in addition to the payments and deliveries which would have been made on the original Maturity Date as follows:

- If you are required to deliver Underlying Securities, then you must also pay to UBS the cash value of any dividends or distributions paid on those Underlying Securities from the original Maturity Date to the deferred Maturity Date, and UBS will pay you interest on the Strike Price for the same period;
- If a Second Premium Amount is payable then you must pay UBS interest on that amount for the period from the original Maturity Date to the deferred Maturity Date and, if the Second Premium Amount is payable because the Market Price on the original Maturity Date was above the Cap Level then UBS will calculate an amount as follows:

$(\text{Market Price on Deferred Maturity Date} - \text{Market Price on original Maturity Date}) \times \text{Number of Options} \times (1 - \text{Participation Rate})$

If this is a positive amount you must pay it to UBS, if it is a negative amount, UBS will pay the absolute value of that amount to you.

If the Automatic Extension Clause is activated, you will be required to pay to UBS a fee of 1% of the Transaction Value of the Options as at the original Maturity Date in addition to any costs UBS incurs in deferring the settlement of the Transaction. If you have a Related Loan to the Option the Maturity Date of the Loan will also be rolled forward and you will be required to pay further Interest Amounts for the additional term of the Loan.

Alternatively, if you do not supply an Exercise Notice to UBS and your Option is In-The-Money then it may be Cash Settled at UBS's discretion, not requiring you to transfer the Underlying Securities. If you have a Related Loan then you will also need to repay the Loan Balance by transferring funds to UBS. Note, this may affect the taxation consequences as described in Section 8.

Note that if amounts are owed to UBS at the Maturity Date and you have not paid them or rolled forward the Maturity Date, then UBS will enforce its rights under the Security Interest granted under clause 27 and sell your Underlying Securities.

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

Directors' disclosure and general market disclosure

If you are a director or employee of a Company and wish to enter into Options over securities of that Company, then you may be required to notify the Company as well as the ASX of the existence of that Option Transaction. You should take your own advice and consult the Company secretary on the details and timing of the disclosure. UBS may in its discretion require that details of such proposed disclosure be provided to it in advance. UBS has the right to refuse to enter into a Transaction with you or call an immediate Event of Default if such disclosure has not been made.

How to apply for the Option Facility

You must apply to UBS through your Financial Adviser by completing the Application Form on page 186. Your Financial Adviser must be an authorised representative of an Approved Adviser Group.

How to transact through the Option Facility

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

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

If you are satisfied with the indicative pricing and wish to proceed, then you or your Financial Adviser (which must be the Financial Adviser nominated on your original Application Form) must provide written instructions to proceed as well as a basis for the execution (e.g. at current Market Price or subject to a price limit) in a Quote Sheet. UBS is entitled to act on the written instructions given by your Financial Adviser or IDPS Operator. (See Authorisation of Financial Adviser and investing through an IDPS on page 14.)

If you are an employee or officer of a Company and the Underlying Securities for your trade are issued by that Company, then you must give written instructions to proceed (your Financial Adviser and/or IDPS Operator cannot).

In addition if you have agreed to pay your Approved Adviser Group an Option Adviser Group Fee or UBS has agreed to pay your Approved Adviser Group a Wholesale Option Adviser Group Fee and it is not specified in the Quote Sheet then you will also need to complete and return an Adviser Fee Acknowledgement Form for the particular Transaction.

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

above. You should check your Confirmation carefully and if you have any questions contact your Financial Adviser or UBS immediately.

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

Client reporting after you transact

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

- When you enter into any Option, UBS will send you a Confirmation. This will set out the key commercial terms of the Option (including the Premium Amount(s) and other costs, Strike Price / Strike Level, Cap Level (if applicable), Payment Level (if applicable), Maturity Date and the number of Underlying Securities or number of Options)
- The Confirmation will include the identity of the Underlying Securities / Underlying Index (including the identity of the Underlying Index Provider) and in the case of Basket Options, the composition of the Basket (the number of Component Securities or weighting of Component Indices)
- The Confirmation will also include the details of any Underlying Securities which are to be held by the Nominee on your behalf (whether you have transferred them to the Nominee or the Nominee has purchased the Underlying Securities on your behalf upon entry into the Options)
- The Confirmation will also specify whether the Stock Borrow Agreement and/or Distribution Agreement is applicable, the Settlement Currency, Assumed Distribution Amount, Option Settlement Date and whether Automatic Exercise or partial exercise is applicable
- The Confirmation will also specify if there is a Related Loan and, if you are a Superannuation Fund, UBS will treat the relevant Related Option and the Related Loan as a single arrangement. You will receive a single Quote Sheet and Confirmation in respect of this arrangement
- If the terms of any Options are adjusted for any reason (whether by agreement between you and UBS or otherwise in accordance with the Agreement), UBS will send you a further Confirmation detailing the adjustments made
- You will receive a statement from the Nominee each time a dividend or distribution is passed on to you in relation to Underlying Securities held by the Nominee on your behalf
- On or around any Early Termination Date or the Maturity Date, UBS will provide you with a closing Confirmation, showing final amounts owed to (or by) you
- You will receive a notice 30 days prior to the Maturity Date outlining your alternatives for your particular Option Transaction.

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

b. Option strategies

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

- to implement risk management for a parcel of existing Underlying Securities
- to acquire an exposure to Underlying Securities which the investor does not already own or an Underlying Index that is in line with the investor's view on future price/level movements, whether up or down
- to generate cash through the receipt of Option premium.

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The Options that fall within the "risk management" category are:

1) Buying a Put Option whilst holding the Underlying Securities	36
2) Buying a Collar whilst holding Underlying Securities	37
Example 1—upside fully capped above a single Cap Level (Participation Rate of zero)	
Example 2—upside partially capped above a single Cap Level	
Example 3—Upside fully capped with multiple Cap Levels	
Example 4—Basket Collar	
Example 5—Individually Capped Basket Collar	
3) Buying a Step Collar whilst holding Underlying Securities	47
4) Buying a Put Spread whilst holding Underlying Securities	53
5) Buying a Put Spread Collar whilst holding Underlying Securities	55

The Options that fall within the "exposure access" category are:

6) Buying a Call Option without holding Underlying Securities	57
7) Buying a Put Option without holding Underlying Securities	58
8) Buying a Call Spread without holding Underlying Securities	59
9) Buying a Put Spread without holding Underlying Securities	60
10) Buy an Index Call Option	61
11) Buy an Index Put Option	62
12) Buy an Index Call Option over a Basket of Approved Indices	63

The Options that fall within the "premium generation" category are:

13) Selling a Call Option whilst holding Underlying Securities	65
14) Selling a Put Option (covered by cash collateral)	66

In addition, if you purchase a Put Option, Put Spread, Call Option or Call Spread over Underlying Securities or you have purchased an Index Put Option or Index Call Option you may also trade these as:

15) Quanto Options	67
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In all cases, the Underlying Security can also be a Basket of Component Securities or an Underlying Index can be a Basket of Component Indices.

If you are a Superannuation Fund, check the table on page 16 to 18 to see which Option strategies are available to you.

Note that this is not a full list of all possible strategies that can be traded under the Facility. It is possible to trade combinations of the above Options and you should note your risk profile and payoff will be different to if you trade a single Option position on its own.

The examples in this section do not take into account transaction costs, such as adviser fees, brokerage, Taxes, Interest or other charges, details of which are provided elsewhere in this PDS.

These transaction costs may be significant and will increase the losses or reduce or eliminate the gains shown in the following examples.

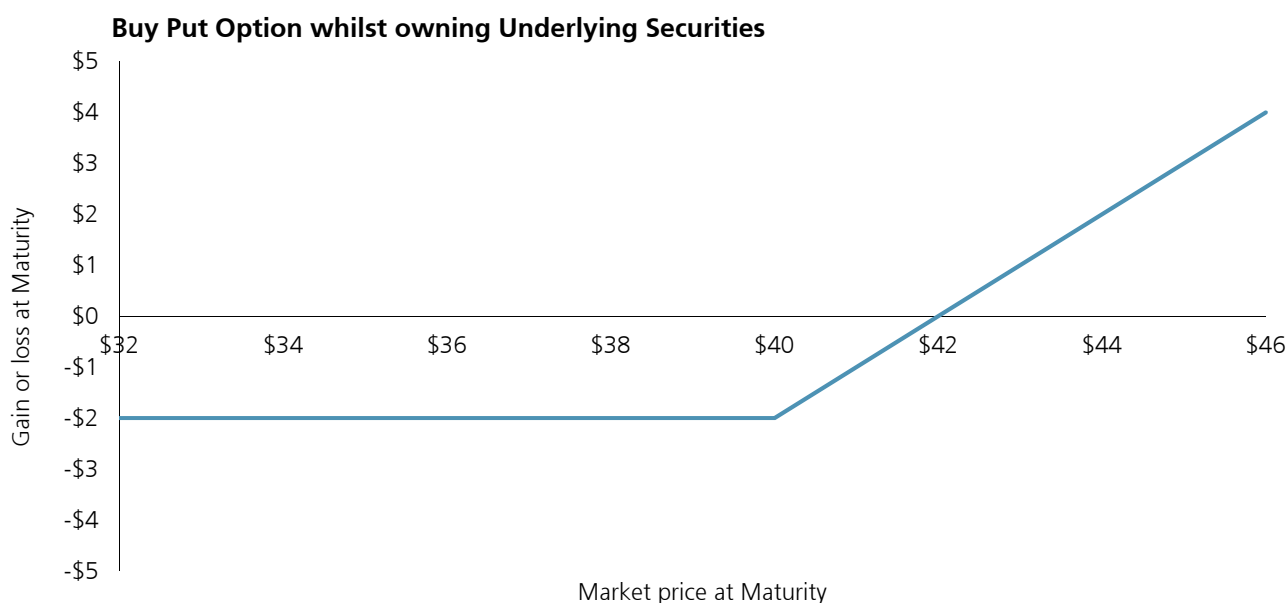
Risk Management Strategies

1) Buying a Put Option whilst holding the Underlying Securities

An investor who owns the Underlying Securities and has confidence in the potential upside, but does not wish to be exposed to unforeseen downward price movements could consider the purchase of a Put Option over those Underlying Securities. Purchasing a Put Option will establish a minimum sale price for those Underlying Securities under the Put Option. The basic terms of the Put Option are as described in Section 2(a) Key Features.

The combination of owning Underlying Securities and a Put Option also creates an asset that the investor can potentially borrow against. Borrowing against already owned assets is not permissible for Superannuation Funds, but a Superannuation Fund can have the Nominee acquire the Underlying Securities on its behalf. During the life of the Put Option, UBS will generally lend an amount equal to a percentage of the Notional Value (provided the loan is used for business or investment purposes). Further detail and an example of the Loan Facility being used in this context is contained in Section 3.

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



At Maturity—if Market Price is below the Strike Price

Say, for example, the Market Price at Maturity is \$38. You could sell your Underlying Securities to UBS for \$40 by exercising your Put Options. While you are selling the Underlying Securities for the same price at which you purchased them, you would have lost the First Premium Amount of \$2 per Underlying Security that you paid for the Options, or \$200,000 on 100,000 Underlying Securities.

At Maturity—if Market Price is above the Strike Price

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

2) Buying a Collar whilst holding Underlying Securities

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

A Collar is a put option with one or more upper Cap Levels added, above which the investor foregoes some or all of the upside (depending on their Participation Rate) by agreeing to pay a Second Premium Amount if the Closing Price exceeds one or more of the Cap Levels at Maturity. The Second Premium Amount payable on a Collar is calculated as the sum of the percentages of the excess of the Market Price at Maturity over the Cap Levels. The percentage of Market Price exposure retained by the investor above the Cap Level is known as the “Participation Rate” (PR).

The formula for calculating the Second Premium Amount per Collar is:

$$\sum_{i=1}^n \frac{100}{n} \% \times \text{Max} [0, (\text{Market Price at Maturity} - \text{Cap Level}_i)] \times (1 - \text{PR}_i)$$

Where:

$\sum_{i=1}^n$ means the sum of the calculation of the following formula, starting with $i=1$ and ending with $i = n$.

- Max is the maximum value of the 2 numbers or calculations within the following square brackets
- n is the number of Cap Levels
- PR_i is the Participation Rate in respect of Cap Level $_i$

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

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

At Maturity, the consequences will depend on Market Price and Closing Price:

a) Market Price at Maturity is below Strike Price

Upon exercise of the Collar, you will have an obligation to transfer the Underlying Securities to the Issuer in exchange for the Strike Price per Underlying Security. No Second Premium Amount is payable in this scenario.

b) Market Price at Maturity is above Strike Price but below the first Cap Level

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

c) Market Price and Closing Price at Maturity are above at least one of the Cap Levels

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

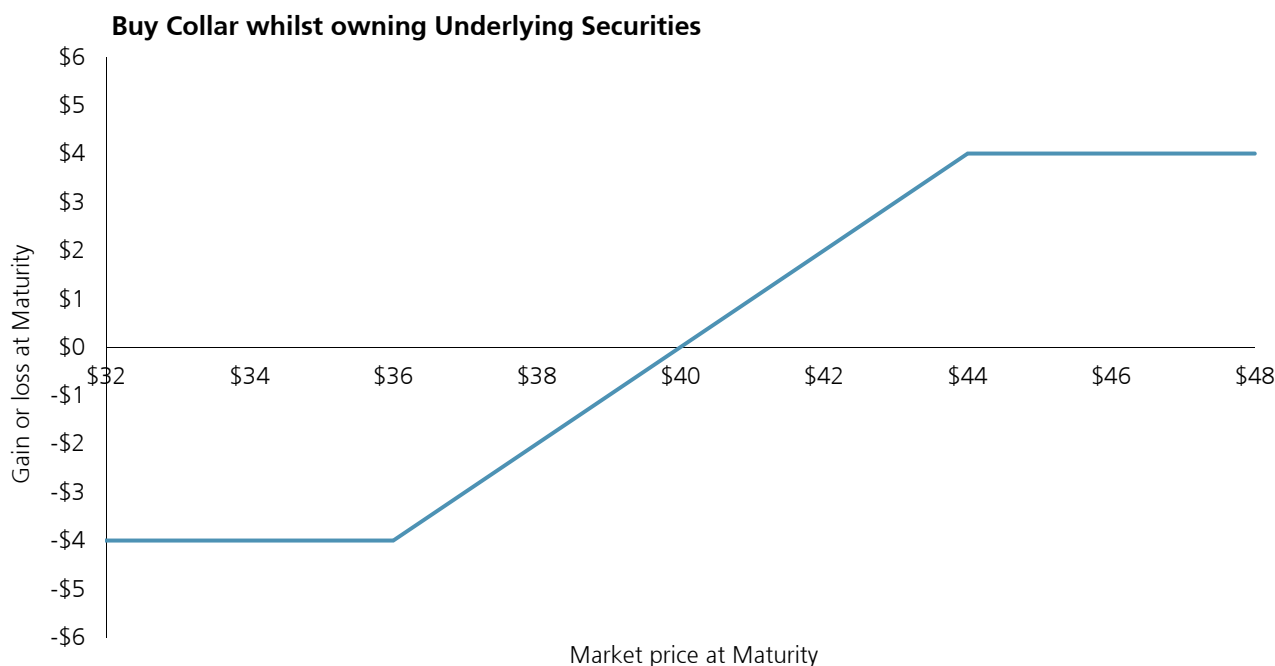
Example 1—upside fully capped above a single Cap Level (Participation Rate of zero)

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

The participation in this example is:

- 0% above the Cap Level
- 100% above the Strike Price and below the Cap Level
- 0% below the Strike Price.

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



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

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

At Maturity—if the Market Price is above the Strike Price but below the Cap Level

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

At Maturity—if the Market Price (and Closing Price) are above the Cap Level

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

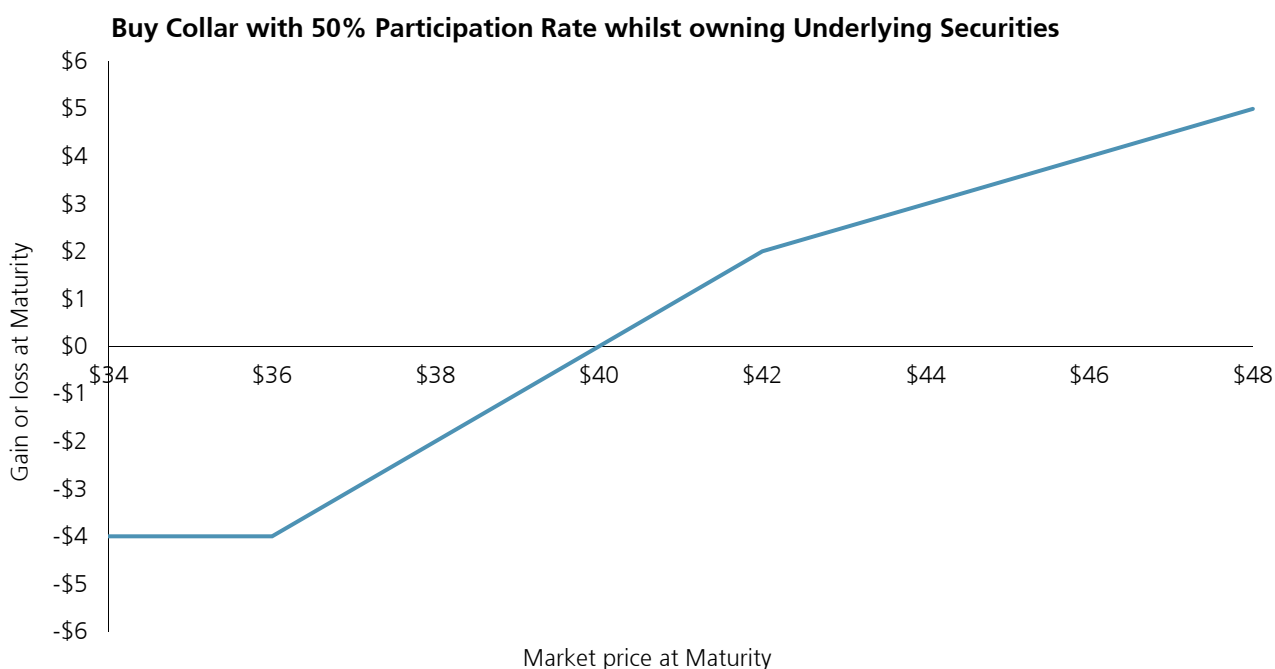
Example 2—upside partially capped above a single Cap Level

Assume Participation Rate for this Collar is set at 50% (or 0.5). This means that your participation in any changes in the Market Price of the Underlying Securities is:

- 50% when the Market Price and Closing Price on the Maturity Date are above the Cap Level
- 100% when the Market Price at Maturity is above the Strike Price and below the Cap Level
- 0% when the Market Price at Maturity is below the Strike Price.

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

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



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

Say, for example, the Market Price at Maturity is \$32. You could sell your Underlying Securities to UBS for \$36 by exercising your Collars. You would have lost \$4 per Underlying Security (or \$400,000 on the 100,000 Underlying Securities) from your initial purchase price of \$40. However you are \$4 better off (or \$400,000 on the 100,000 Underlying Securities) than if you had to sell the Underlying Securities in the market at \$32.

At Maturity—if the Market Price is above the strike price but below the Cap Level

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

At Maturity—if the Market Price (and Closing Price) are above the Cap Level

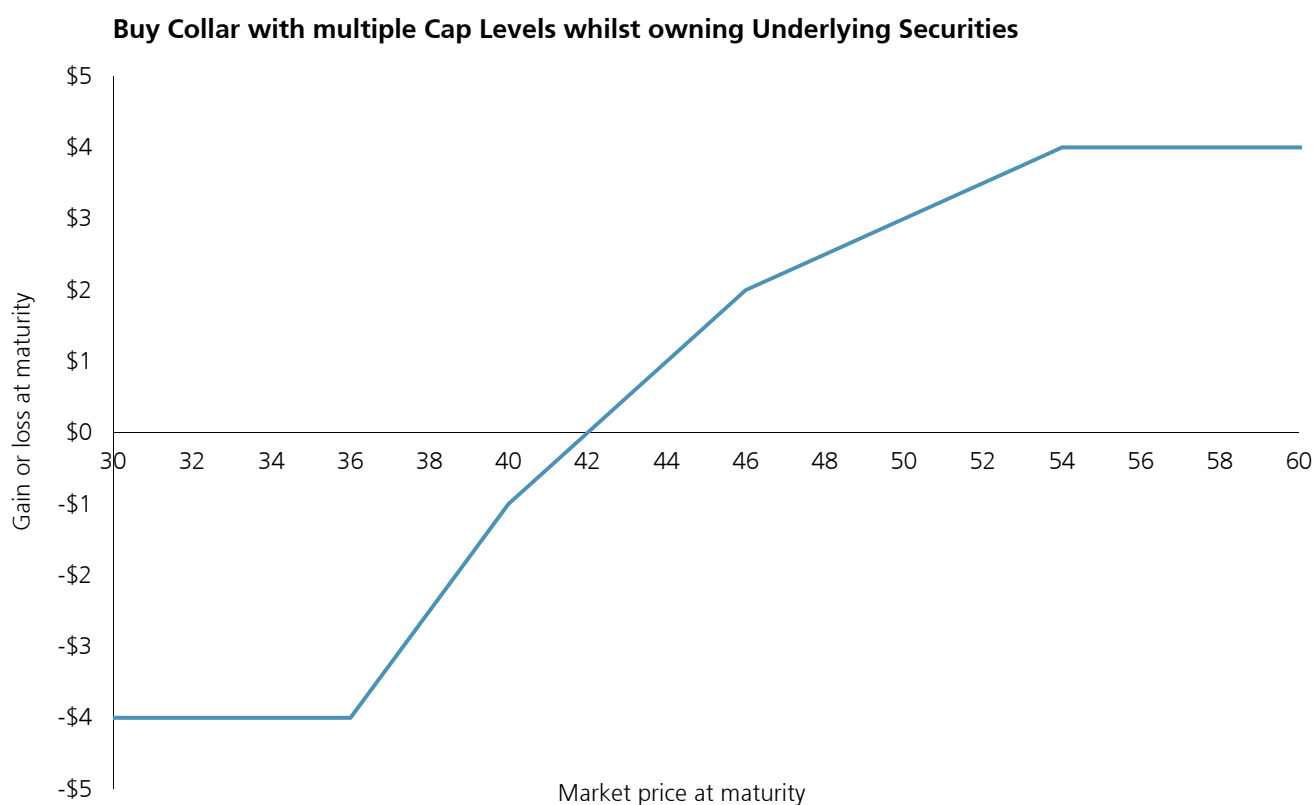
Say, for example, the Market Price at Maturity is \$48. You would be able to sell your Underlying Securities in the market for \$48, however you would owe UBS \$3 per Underlying Security ($\$48$ less Cap Level of $\$42$ multiplied by Participation Rate of 50%) as a Second Premium Amount. You would have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

Example 3—Upside fully capped with multiple Cap Levels

Say you have just bought Underlying Securities at a price of \$40 and want to limit your downside risk to 10% over the next year, and you are happy to cap your upside at 10%. In this situation however you choose to purchase a 1 year zero cost Collar with a Strike Price of \$36 and four Cap Levels averaging \$44, each with participation rate of 0%. Each Cap Level is outlined in the table below:

	% of Indicative Market price	\$ Value
Strike Price	90%	\$36
Cap Level 1	90%	\$36
Cap Level 2	100%	\$40
Cap Level 3	115%	\$46
Cap Level 4	135%	\$54
Average of the four Cap Levels above	110%	\$44

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



Below are five possible scenarios at Maturity and the respective Second Premium Amount that would be payable:

If Market Price at Maturity is:	% of Cap Levels that apply	Second Premium Payable
Below \$36	0%	0
Between \$36 and \$40	25%	0.25 x (Market Price—\$36)
between \$40 and \$46	50%	0.25 x (Market Price—\$36) + 0.25 x (Market Price—\$40)

If Market Price at Maturity is:	% of Cap Levels that apply	Second Premium Payable
between \$46 and \$54	75%	$0.25 \times (\text{Market Price} - \$36) + 0.25 \times (\text{Market Price} - \$40) + 0.25 \times (\text{Market Price} - \$46)$
Greater than \$54	100%	$0.25 \times (\text{Market Price} - \$36) + 0.25 \times (\text{Market Price} - \$40) + 0.25 \times (\text{Market Price} - \$46) + 0.25 \times (\text{Market Price} - \$54)$

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

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

At Maturity—if the Market Price (and Closing Price) are above the Strike Price but below one of the Cap Levels

Say, for example, the Market Price at Maturity is \$50. You would be able to sell your underlying Securities in the market for \$50, however you would owe UBS a Second Premium Amount as under this scenario, 75% of Cap Level's would apply given that the Market Price of \$50 is greater than Cap Level 1 (\$36), Cap Level 2 (\$40) and Cap Level 3 (\$46). The Second Premium Amount is calculated as:

$$\begin{aligned}
 &= 0.25 \times (\text{Market Price} - \text{Cap Level 1}) + 0.25 \times (\text{Market Price} - \text{Cap Level 2}) + 0.25 \times (\text{Market Price} - \text{Cap Level 3}) \\
 &= 0.25 \times (\$50 - \$36) + 0.25 \times (\$50 - \$40) + 0.25 \times (\$50 - \$46) \\
 &= \$7
 \end{aligned}$$

At Maturity you would have made a gain per Underlying Security calculated as follows:

$$\begin{aligned}
 &= \text{Market Price at Maturity} - \text{Second Premium Amount} - \text{initial purchase price} \\
 &= \$50 - \$7 - \$40 \\
 &= \$3
 \end{aligned}$$

On the total holding of 100,000 Underlying Securities, that equates to a gain of \$300,000

At Maturity—if the Market Price (and Closing Price) are above the highest Cap Level

Say, for example, the Market Price at Maturity is \$56. You would be able to sell your Underlying Securities in the market for \$56, however you would owe UBS a Second Premium Amount as under this scenario, 100% of Cap Level's would apply given that the Market Price of \$56 is greater than Cap Level 1 (\$36), Cap Level 2 (\$40), Cap Level 3 (\$46) and Cap Level 4 (\$54). The Second Premium Amount is calculated as:

$$\begin{aligned}
 &= 0.25 \times (\text{Market Price} - \text{Cap Level 1}) + 0.25 \times (\text{Market Price} - \text{Cap Level 2}) + 0.25 \times (\text{Market Price} - \text{Cap Level 3}) + \\
 &\quad 0.25 \times (\text{Market Price} - \text{Cap Level 4}) \\
 &= 0.25 \times (\$56 - \$36) + 0.25 \times (\$56 - \$40) + 0.25 \times (\$56 - \$46) + 0.25 \times (\$56 - \$54) \\
 &= \$12
 \end{aligned}$$

At Maturity you would have made a gain per Underlying Security calculated as follows:

$$\begin{aligned}
 &= \text{Market Price at Maturity} - \text{Second Premium Amount} - \text{initial purchase price} \\
 &= \$56 - \$12 - \$40 \\
 &= \$4
 \end{aligned}$$

On the total holding of 100,000 Underlying Securities, that equates to a gain of \$400,000.

Note that where multiple Cap Levels are used to limit your total upside at 10%, the actual Market Price needs to rise by substantially more than 10% for you to receive the full 10% upside. In this example the Market Price had to rise 35% in order for the investor to receive the 10% gain.

Example 4—Basket Collar

A Basket Collar is similar to the classic Collar strategy but the Underlying Security is a Basket of Component Securities in a fixed proportion.

The Basket Collar has a fixed Strike Price and each Basket has a specified Basket Market Price which is calculated as per the formula below.

Within the Basket, all gains and losses on individual Component Securities offset one another to achieve the Basket Market Price. This means that although one or more Component Securities may have appreciated, the Basket will fall in value if one or more other Component Securities in the Basket has declined in value more than the Component Securities that have appreciated. Your exposure to the performance is therefore measured using the Basket value rather than simply individual Component Securities. Also the quantity of each of the Component Securities in the Basket (and therefore their weighting) will impact on their influence on the Basket Market Price as the Basket does not have to be equally weighted by value. A more highly weighted Component Security will have a greater influence on the Basket Market Price than a more lowly weighted Component Security (assuming the same percentage price movement).

The formula for calculating the Second Premium Amount is the same as a standard Collar, with the Market Price of the Basket being the sum of the multiples of the Market Price and the Component Security Quantity of each Component Security in the Basket. This can be shown in the following formula:

$$\text{Market Price of Basket} = \sum_{i=1}^n \text{Component Security Quantity}_i \times \text{Market Price of Component Security}_i$$

Where n is the number of Component Securities.

For example, assume you have just purchased a portfolio of 4 Component Securities and want to limit your downside risk to 10% over the next year, and you are happy to forego all upside beyond 10%. The Market Price per Basket on the Trade Date is \$40.

You may purchase a 1 year zero cost Basket Collar with a Strike Price of \$36 and a Basket Cap Level of \$44, with Participation Rate of 0%. For "zero cost" upfront (i.e. no First Premium Amount), you have a minimum sale price of \$36, your exposure is capped at \$44 and above, and you are fully exposed in between. The Component Securities and Component Security Quantities are as follows:

Component Security	Execution Price *	Component Security Quantity	Value of each Component Security per Basket
ABC	\$2.00	5.00	\$10.00
BCD	\$4.00	2.50	\$10.00
CDE	\$8.00	1.25	\$10.00
DEF	\$10.00	1.00	\$10.00
Basket Market Price on Trade Date			\$40.00

* The Execution Price is the price at which UBS executes its hedge for each Component Security.

The Basket is equally weighted by value in each of the 4 Component Securities.

The Market Price of the Basket at Maturity is the sum of the multiples of the Market Price of each Component Security at Maturity and the Component Security Quantity for that Component Security within the Basket.

At Maturity—if the Market Price of the Basket is below the Strike Price

Say, for example, the Basket Market Price at Maturity is \$30, determined as follows:

Component Security	Market Price	Component Security Quantity	Value of each Component Security per Basket
ABC	\$1.00	5.00	\$5.00
BCD	\$5.90	2.50	\$14.75

Component Security	Market Price	Component Security Quantity	Value of each Component Security per Basket
CDE	\$5.00	1.25	\$6.25
DEF	\$4.00	1.00	\$4.00
Basket Market Price on Maturity Date			\$30.00

You could sell your Basket to UBS for \$36 by exercising your collar. You will have lost \$4 per Basket from your initial purchase price of \$40. However, you are \$6 better off than if you had had to sell the Basket in the market at \$30.

At Maturity—if the Market Price of the Basket is above the Strike Price but below the Basket Cap Level

Say, for example, the Basket Market Price at Maturity is \$42, determined as follows:

Component Security	Market Price	Component Security Quantity	Value of each Component Security per Basket
ABC	\$1.75	5.00	\$8.75
BCD	\$4.50	2.50	\$11.25
CDE	\$10.00	1.25	\$12.50
DEF	\$9.50	1.00	\$9.50
Basket Market Price on Maturity Date			\$42.00

The Basket Collar would expire worthless but you would be able to sell your Basket in the market for \$42 and therefore make \$2 per Basket. No Second Premium Amount will be payable.

At Maturity—if the Market Price of the Basket is above the Basket Cap Level

Say, for example, the Basket Market Price at Maturity is \$48, determined as follows:

Component Security	Market Price	Component Security Quantity	Value of each Component Security per Basket
ABC	\$2.50	5.00	\$12.50
BCD	\$5.00	2.50	\$12.50
CDE	\$10.00	1.25	\$12.50
DEF	\$10.50	1.00	\$10.50
Basket Market Price on Maturity Date			\$48.00

You would be able to sell your Basket in the market for \$48, however you would owe UBS \$4 per Basket (\$48 less Basket Cap Level of \$44) as a Second Premium Amount. You would have made a gain of $\$48 - \$4 - \$40 = \4 per Basket.

Example 5—Individually Capped Basket Collar

Whereas in a Basket Collar all gains and losses on individual Component Securities offset one another to achieve the Basket Market Price at Maturity, in an Individually Capped Basket Collar, each Component Security is individually capped (at the Capped Component Price). As such, any gain on a Component Security that is available to mitigate the loss on another Component Security is limited by the cap. This means that the value of the Individually Capped Basket Collar will not increase from any growth in value of a Component Security above the Capped Component Price. Investors will not benefit from any outperformance above the Capped Component Price for each Component Security in the Basket as they would have under a Basket Collar (but note a Basket Collar still does have a capping mechanism for the overall Basket). The Individually Capped Basket Collar behaves as a Basket Collar in every other way, with a Second Premium Amount being payable if the Market Price of the Basket at Maturity is greater than the Individually Capped Basket Cap Level. Note that the Individually Capped Basket Cap Level is calculated by reference to the Market Price of the Component Securities at Maturity, and therefore will vary at Maturity. The Second Premium Amount is determined in accordance with the following formulae:

$$\text{Max} [0, \text{Market Price of the Basket at Maturity} - \text{Max} (\text{Individually Capped Basket Cap Level}, \text{Strike Price})]$$

where:

“Individually Capped Basket Cap Level” on the Maturity Date is calculated using the formula set out below:

$$\sum_{i=1}^n \text{Component Security Quantity}_i \times \text{Min} [\text{Market Price}_i, \text{Capped Component Price}_i]$$

where:

“n” is the number of different Component Securities in the Basket;

“Component Security Quantity_i” is the Component Security Quantity for Component Security_i in the Basket on the Maturity Date;

“Market Price_i” is the Market Price of Component Security_i on the Maturity Date;

“Capped Component Price_i” for each Component Security_i is the Cap Level multiplied by the Execution Price for Component Security_i.

Assuming the same Strike Price and Basket Cap Level, an Individually Capped Basket Collar will have a lower First Premium Amount than an equivalent Basket Collar. Alternatively, for the Transaction to be “zero cost” (i.e. no First Premium Amount), the Individually Capped Basket Cap Level can be higher than under a Basket Collar. Say you have just bought a basket of four Component Securities and you want to limit your downside risk on the Basket to 10% over the next year, and you are also happy to forego all the upside for each individual Component Security above 15%. You may purchase a 1 year zero cost Individually Capped Basket Collar with a Strike Price of \$36, Capped Component Prices at 115% of the Component Security Execution Price and a Basket of four Component Securities with a Basket Market Price of \$40 on Trade Date as outlined below.

Component Security	Execution Price	Capped Component Price (115% of Execution Price)	Component Security Quantity	Value of each Component Security per Basket
ABC	\$2.00	\$2.30	5.00	\$10.00
BCD	\$4.00	\$4.60	2.50	\$10.00
CDE	\$8.00	\$9.20	1.25	\$10.00
DEF	\$10.00	\$11.50	1.00	\$10.00
Basket Market Price on Trade Date				\$40.00

At Maturity—if the Market Price of the Basket is below the Strike Price

Say, for example, the Market Price of the Basket at Maturity is \$35, determined as follows:

Component Security	Market Price at Maturity	Capped Component Price (115% of Execution Price)	Component Security Quantity	Value of each Component Security at Market Price	Value of each Component Security at lower of Market Price and Capped Component Price
ABC	\$1.50	\$2.30	5.00	\$7.50	\$7.50
BCD	\$5.00	\$4.60	2.50	\$12.50	\$11.50
CDE	\$7.00	\$9.20	1.25	\$8.75	\$8.75
DEF	\$6.25	\$11.50	1.00	\$6.25	\$6.25
Basket Market Price on Maturity Date				\$35.00	
Individually Capped Basket Cap Level					\$34.00

Given that the Market Price of the Basket is below the Strike Price of the Basket, you can exercise the Individually Capped Basket Collar and sell the Basket to UBS for the Strike Price of \$36. You will have lost \$4 per Basket from your initial purchase price of \$40. However, you are \$1 better off than if you had had to sell the Basket in the market at \$35.

Note that one of the Component Securities (BCD) has a Market Price at Maturity above its Capped Component Price. As such, any outperformance beyond the Capped Component Price does not buffer the losses incurred on the other three Component Securities. In this case, despite the Individually Capped Basket Cap Level being lower than the Basket Market Price on Maturity Date, no Second Premium Amount is payable as the Basket Market Price is lower than the Strike Price. This is shown in calculations below:

Second Premium Amount = Max [0, Market Price of the Basket at Maturity—Max (Individually Capped Basket Cap Level, Strike Price)]

= Max [0, \$35—Max (\$34, \$36)]

= Max [0, -\$1]

= 0

At Maturity—if the Market Price of the Basket is above the Strike Price but not above the Individually Capped Basket Cap Level

Say, for example, the Market Price of the Basket at Maturity is \$38, determined as follows:

Component Security	Market Price at Maturity	Capped Component Price (115% of Execution Price)	Component Security Quantity	Value of each Component Security at Market Price	Value of each Component Security at lower of Market Price and Capped Component Price
ABC	\$1.50	\$2.30	5.00	\$7.50	\$7.50
BCD	\$4.00	\$4.60	2.50	\$10.00	\$10.00
CDE	\$8.00	\$9.20	1.25	\$10.00	\$10.00
DEF	\$10.50	\$11.50	1.00	\$10.50	\$10.50
Basket Market Price on Maturity Date				\$38.00	
Individually Capped Basket Cap Level					\$38.00

The Individually Capped Basket Collar will expire worthless and you can sell the Basket at \$38 (making a loss of \$2) or retain the Basket of shares (noting however that any related Loans must be repaid).

None of the Component Securities have a Market Price at Maturity above their Capped Component Prices and so the Individually Capped Basket Cap Level is not lower than the Basket Market Price on Maturity Date. Hence no Second Premium Amount will be payable as calculated below:

Second Premium Amount = Max [0, Market Price of the Basket at Maturity—Max (Individually Capped Basket Cap Level, Strike Price)]

$$= \text{Max } [0, \$38 - \text{Max } (\$38, \$36)]$$

$$= 0$$

At Maturity—if the Market Price of the Basket is above the Strike Price and the Individually Capped Basket Cap Level

Say, for example, that the Market Price of the Basket at Maturity was \$45, determined as follows:

Component Security	Market Price	Capped Component Price (115% of Execution Price)	Component Security Quantity	Value of each Component Security at Market Price	Value of each Component Security at lower of Market Price and Capped Component Price
ABC	\$2.40	\$2.30	5.00	\$12.00	\$11.50
BCD	\$4.10	\$4.60	2.50	\$10.25	\$10.25
CDE	\$8.00	\$9.20	1.25	\$10.00	\$10.00
DEF	\$12.75	\$11.50	1.00	\$12.75	\$11.50
Basket Market Price on Maturity Date				\$45.00	
Individually Capped Basket Cap Level					\$43.25

You can sell your Basket in the market for \$45, however, a Second Premium Amount is payable in this instance as the Market Price of the Basket is greater than the Individually Capped Basket Cap Level as the Market Price of some of the Component Securities is above their Capped Component Price. The Second Premium Amount is calculated as follows:

Second Premium Amount = Max [0, Market Price of the Basket at Maturity—Max (Individually Capped Basket Cap Level, Strike Price)]

$$= \text{Max } [0, \$45 - \text{Max } (\$43.25, \$36)]$$

$$= \text{Max } [0, \$1.75]$$

$$= \$1.75$$

You would have made a gain of $\$45 - \$1.75 - \$40 = \3.25 per Basket.

You can retain the Basket of Component Securities subject to payment of the Second Premium Amount and repayment of any Related Loans. Alternatively, you can sell the Component Securities that make up the Basket to finance the payment of the Second Premium Amount and repayment of any Related Loans.

3) Buying a Step Collar whilst holding Underlying Securities

A Step Collar is a variant of the standard Collar transaction. Rather than purchasing a single Collar over the full parcel of Underlying Securities, the Step Collar breaks the transaction down into a series of Collars (the Component Collars) over a range of Strike Prices and Cap Levels, the aggregate of which forms one averaged Strike Price and Cap Level.

A key point of differentiation of a Step Collar over a standard Collar relates to the share price exposure between the Average Cap Level and the Average Strike Price which is reduced both on the upside and the downside. This means that the Underlying Security price needs to increase substantially more to reach the maximum gain due to the Average Cap Level but also needs to decline substantially more to suffer the maximum loss due to the Average Strike Price.

In the case of a “non zero-cost collar”, the First Premium Amount is applicable to the Step Collar as a whole and is not split between the various steps. Subsequently, a Second Premium Amount may be payable if the Closing Price at Maturity is greater than any of the Component Collar Cap Levels. The amount of that Second Premium Amount per Underlying Security on each Component Collar is calculated using the methodology set out below, where Cap Level_i is the Cap Level for Step_i and PR_i is the Participation Rate in respect of Cap Level_i:

$$\sum_{i=1}^n \text{Max } [0, (\text{Market Price at Maturity} - \text{Cap Level}_i)] \times (1 - \text{PR}_i)$$

At Maturity, some or all of the Underlying Securities may be sold as some or all of the Component Collars may be in the money. I.e. the Closing Price at Maturity of the Component Collar is less than or equal to the Component Collar Strike Price. The Component Collar then becomes an Exercised Component Collar. The consequences for each Component Collar are as per those outlined under the classic Collar strategy, with their aggregate forming the total pay off for the Step Collar.

Say for example you own 100,000 Underlying Securities at the current price of \$40 and you want to limit your downside risk to 5% over the next year, and you are also happy to cap your upside at 5%. You choose to purchase a zero cost Step Collar with an Average Strike Price of \$38 and an Average Cap Level of \$42, with Participation Rate of 0% made up of the following Component Collars:

Step	Number of Underlying Securities referable to each Component Collar	Component Collar Strike Price (\$ / % of current price)	Component Collar Cap Level (\$ / % of current price)
1	20,000	\$18 45%	\$22 55%
2	20,000	\$28 70%	\$32 80%
3	20,000	\$38 95%	\$42 105%
4	20,000	\$48 120%	\$52 130%
5	20,000	\$58 145%	\$62 155%
Total	100,000		
Average		\$38 95%	\$42 105%

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

Buy Step Collar whilst owning Underlying Securities



At Maturity—if Market Price is below the lowest Component Collar Strike Price

Say, for example, the Market Price at Maturity is \$15. This is below all of the Component Collar Strike Prices and Component Collar Cap Levels. The pay-off under this scenario is best made clear by treating each Step Collar Component Collar separately and aggregating their respective payoffs:

Step	Number of Underlying Securities referable to each Component Collar	Component Collar Strike Price	Component Collar Cap Level	Sale price of Underlying Securities	How are Underlying Securities sold?	Second Premium Amount	Sale price less Second Premium Amount
1	20,000	\$18	\$22	\$18	Sold to UBS at Strike Price (Exercised Component Collar)	\$0	\$18
2	20,000	\$28	\$32	\$28	Sold to UBS at Strike Price (Exercised Component Collar)	\$0	\$28

Step	Number of Underlying Securities referable to each Component Collar	Component Collar Strike Price	Component Collar Cap Level	Sale price of Underlying Securities	How are Underlying Securities sold?	Second Premium Amount	Sale price less Second Premium Amount
3	20,000	\$38	\$42	\$38	Sold to UBS at Strike Price (Exercised Component Collar)	\$0	\$38
4	20,000	\$48	\$52	\$48	Sold to UBS at Strike Price (Exercised Component Collar)	\$0	\$48
5	20,000	\$58	\$62	\$58	Sold to UBS at Strike Price (Exercised Component Collar)	\$0	\$58
Total	100,000						
Average		\$38	\$42	\$38		\$0	\$38

Step	Total sale value of Underlying Securities	Total Second Premium Amount payable	Total sale value less Second Premium Amount
1	\$360,000	\$0	\$360,000
2	\$560,000	\$0	\$560,000
3	\$760,000	\$0	\$760,000
4	\$960,000	\$0	\$960,000
5	\$1,160,000	\$0	\$1,160,000
Total	\$3,800,000	\$0	\$3,800,000

You could sell all your Underlying Securities to UBS for an average price of \$38 by exercising each of the Component Collars at their respective Component Collar Strike Prices. You will have lost \$2 per Underlying Security (or \$200,000 on the 100,000 Underlying Securities) from your initial price of \$40. However, you are \$23 better off than if you had to sell the Underling Securities in the market at \$15.

No Second Premium Amount is payable because the Market Price at Maturity is not greater than any of the Component Collar Cap Level's.

At Maturity—if Market Price (and Closing Price) are above the lowest Component Strike Price but below the highest Component Cap Level

Say, for example, the Market Price at Maturity is \$29. The pay-off under this scenario is best made clear by treating each Collar Component separately and aggregating their respective payoffs:

Step	Number of Underlying Securities referable to each Component Collar	Component Collar Strike Price	Component Collar Cap Level	Sale price of Underlying Securities	How are Underlying Securities sold?	Second Premium Amount	Sale price less Second Premium Amount
1	20,000	\$18	\$22	\$29	Sold in market at Market Price	\$7	\$22
2	20,000	\$28	\$32	\$29	Sold in market at Market Price	\$0	\$29
3	20,000	\$38	\$42	\$38	Sold to UBS at Strike Price (Exercised Component Collar)	\$0	\$38
4	20,000	\$48	\$52	\$48	Sold to UBS at Strike Price (Exercised Component Collar)	\$0	\$48
5	20,000	\$58	\$62	\$58	Sold to UBS at Strike Price (Exercised Component Collar)	\$0	\$58
Total	100,000						
Average		\$38	\$42	\$40		\$1	\$39

Step	Total sale value of Underlying Securities	Total Second Premium Amount payable	Total sale value less Second Premium Amount
1	\$580,000	\$140,000	\$440,000
2	\$580,000	\$0	\$580,000
3	\$760,000	\$0	\$760,000
4	\$960,000	\$0	\$960,000

Step	Total sale value of Underlying Securities	Total Second Premium Amount payable	Total sale value less Second Premium Amount
5	\$1,160,000	\$0	\$1,160,000
Total	\$4,040,000	\$140,000	\$3,900,000

The aggregate effect of the above Step Collar is that you would be able to sell your Underlying Securities for an overall effective price of \$39 spread across the five steps. You will have lost \$1 per Underlying Security (or \$100,000 on the 100,000 Underlying Securities) from your initial price of \$40. However, you are \$10 better off than if you had to sell the Underlying Securities in the market at \$29.

At Maturity—if Market Price (and Closing Price) are above the highest Component Collar Cap Level

Say, for example, the Market Price at Maturity is \$65. The pay-off under this scenario is best made clear by treating each Component Collar separately and aggregating their respective payoffs:

Step	Number of Underlying Securities referable to each set of Component Collars	Component Collar Strike Price	Component Collar Cap Level	Sale price of Underlying Securities	How are Underlying Securities sold?	Second Premium Amount	Sale price less Second Premium Amount
1	20,000	\$18	\$22	\$65	Sold in market at Market Price	\$43	\$22
2	20,000	\$28	\$32	\$65	Sold in market at Market Price	\$33	\$32
3	20,000	\$38	\$42	\$65	Sold in market at Market Price	\$23	\$42
4	20,000	\$48	\$52	\$65	Sold in market at Market Price	\$13	\$52
5	20,000	\$58	\$62	\$65	Sold in market at Market Price	\$3	\$62
Total	100,000						
Average		\$38	\$42	\$65		\$23	\$42.00

Step	Total sale value of Underlying Securities	Total Second Premium Amount payable	Total sale value less Second Premium Amount
1	\$1,300,000	\$860,000	\$440,000
2	\$1,300,000	\$660,000	\$640,000

Step	Total sale value of Underlying Securities	Total Second Premium Amount payable	Total sale value less Second Premium Amount
3	\$1,300,000	\$460,000	\$840,000
4	\$1,300,000	\$260,000	\$1,040,000
5	\$1,300,000	\$60,000	\$1,240,000
Total	\$6,500,000	\$2,300,000	\$4,200,000

The aggregate effect of the above Step Collar is that you would be able to sell your Underlying Securities for an overall effective price of \$42 spread across the five steps. You would have made a gain of \$2 per Underlying Security (or \$200,000 on the 100,000 Underlying Securities) from your initial price of \$40.

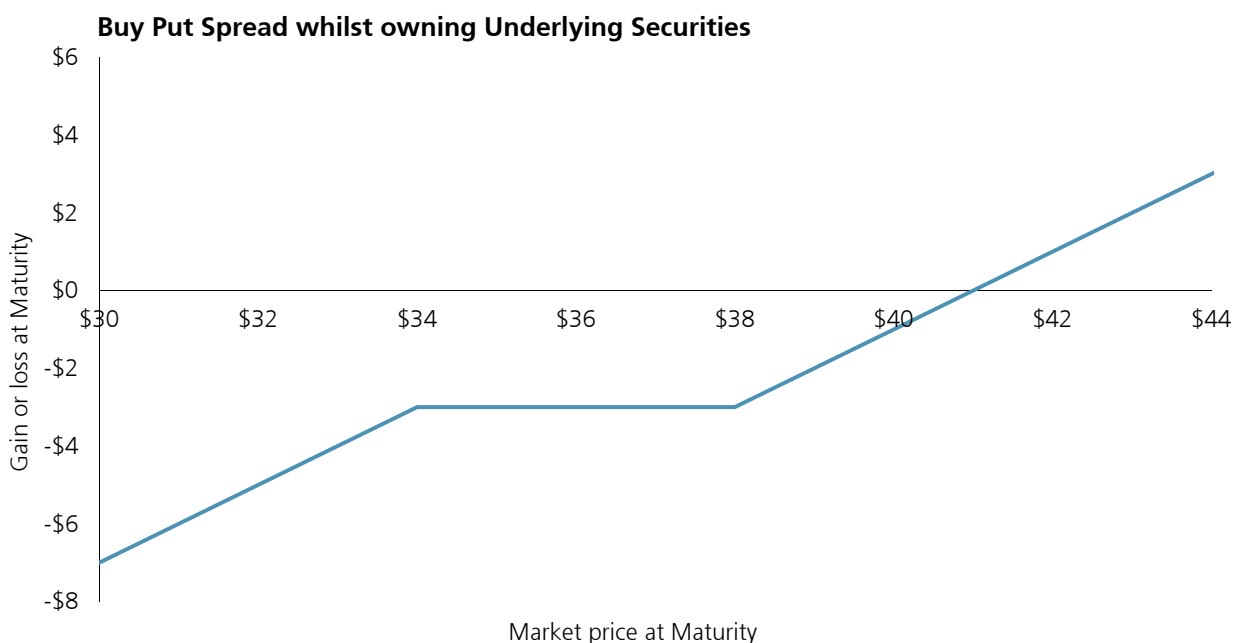
4) Buying a Put Spread whilst holding Underlying Securities

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

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

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

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



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

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

At Maturity—if the Market Price is below the Strike Price but above the Payment Level

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

At Maturity—if the Market Price (and Closing Price) are below the Payment Level

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

5) Buying a Put Spread Collar whilst holding Underlying Securities

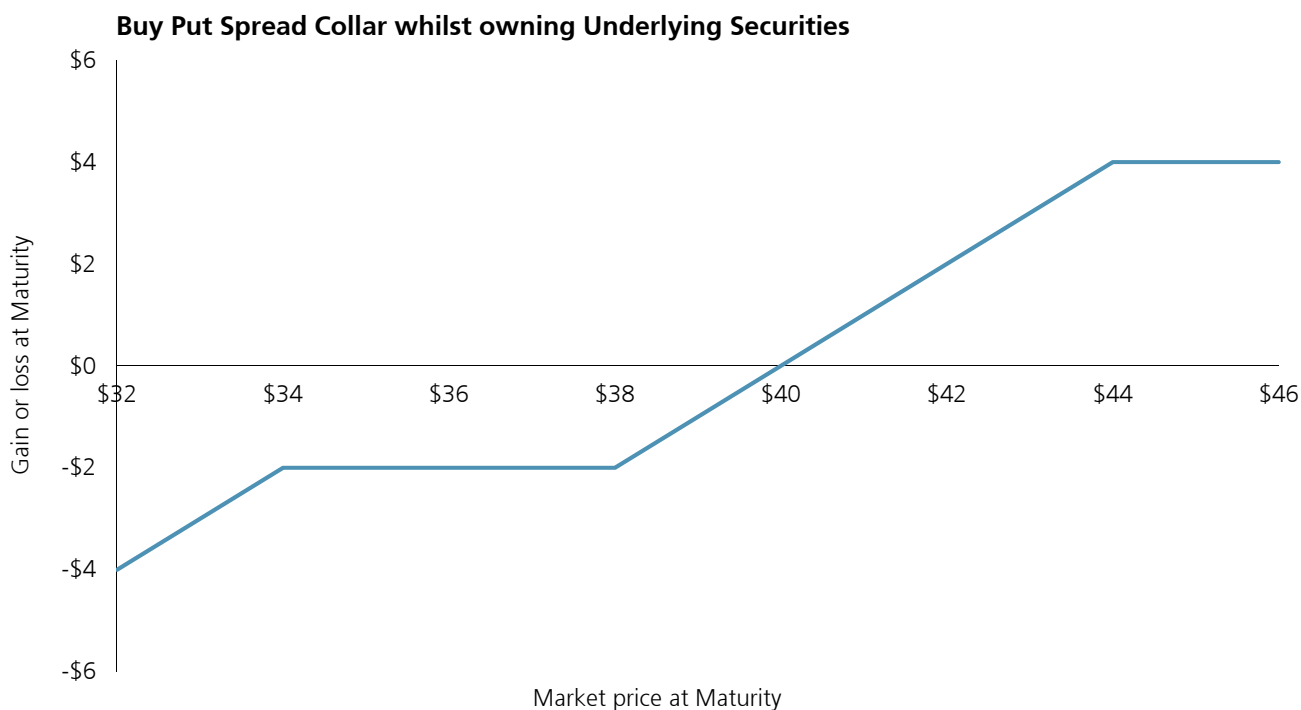
A Put Spread Collar has an upper Cap Level above which a Second Premium Amount is payable at Maturity, and a lower Payment Level below which a Second Premium Amount is payable at Maturity. The quantum of the Second Premium Amount payable is equal to:

- nil if the Market Price at Maturity is less than the Cap Level but greater than the Payment Level
- $(\text{Market Price} - \text{Cap Level}) \times (1 - \text{Participation Rate})$ if the Closing Price at Maturity is greater than the Cap Level
- $(\text{Payment Level} - \text{Market Price}) \times (1 - \text{Participation Rate})$ if the Closing Price at Maturity is less than the Payment Level.

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

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

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



At Maturity—if the Market Price (and Closing Price) are above the Cap Level

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

At Maturity—if the Market Price is below the Cap Level but above the Strike Price

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

At Maturity—if the Market Price is below the Strike Price but above the Payment Level

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

At Maturity—if the Market Price (and Closing Price) are below the Payment Level

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

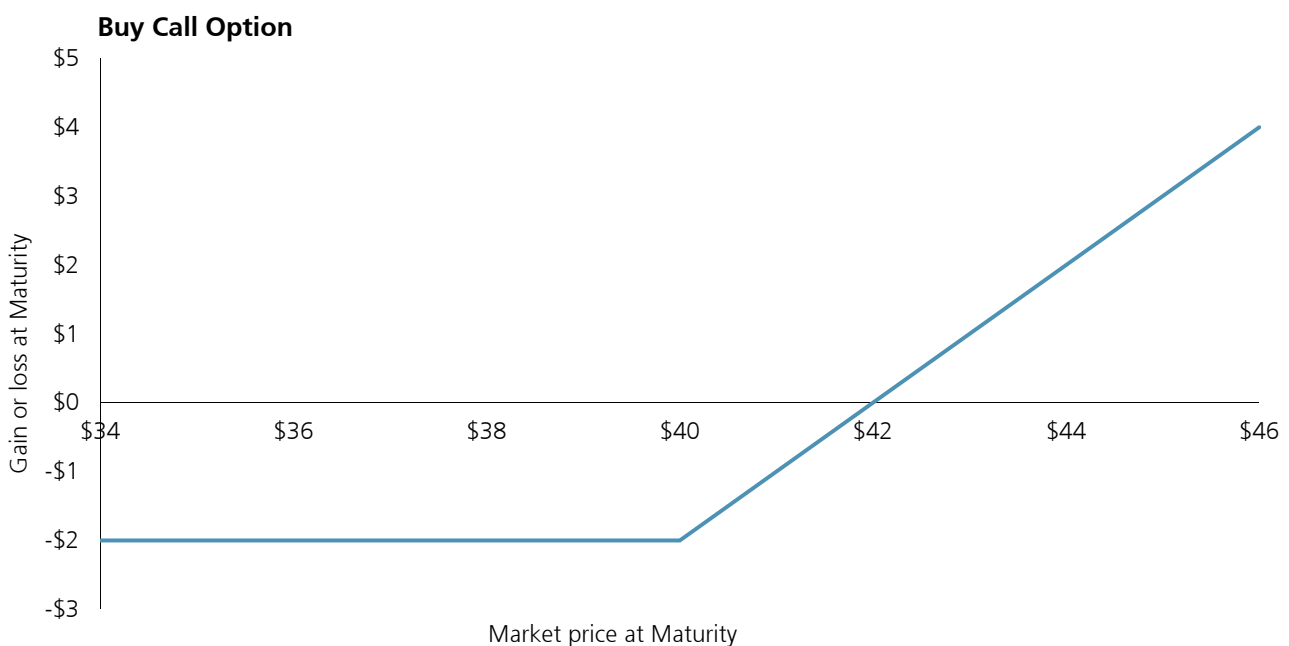
Exposure Access Strategies

6) Buying a Call Option without holding Underlying Securities

The investor who believes the Underlying Securities will rise noticeably in price but does not wish to outlay the full amount to purchase the physical Underlying Securities immediately could consider the purchase of a Call Option. The owner of a European Style exercise Call Option has the right to buy the Underlying Securities at Maturity for a pre-determined price (the Strike Price).

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

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



At Maturity—if Market Price is below the Strike Price

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

At Maturity—if Market Price is above the Strike Price

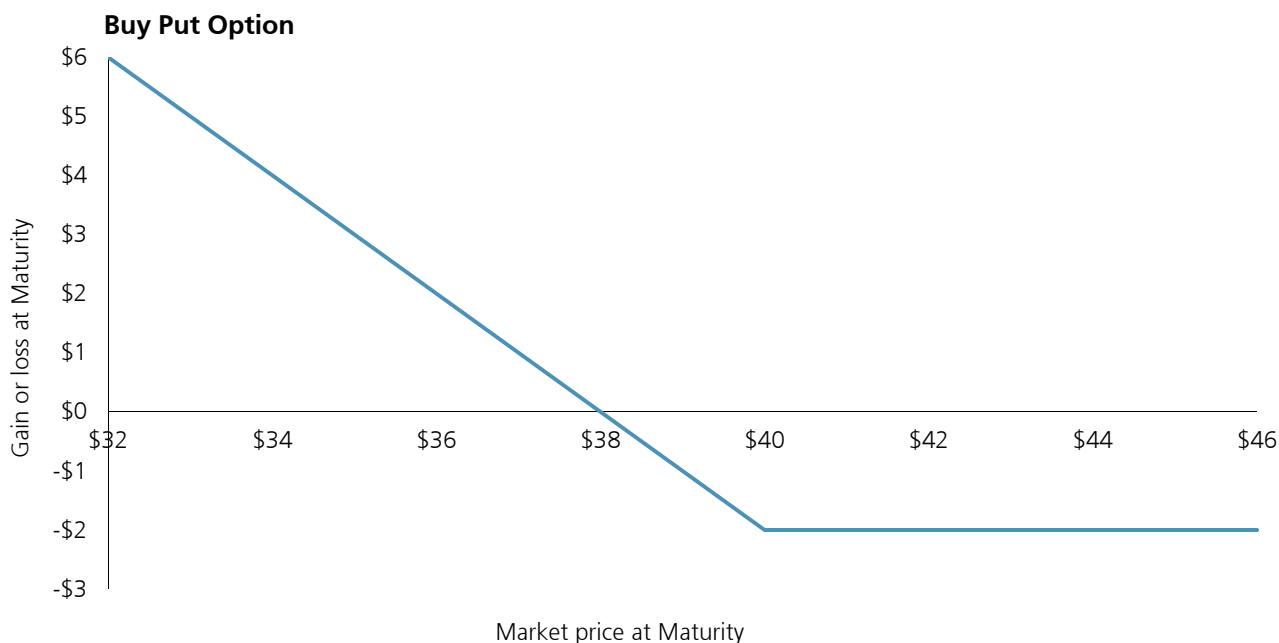
Say, for example, the Market Price at Maturity is \$44—you could exercise your Call Options and buy Underlying Securities at \$40. You would have to pay UBS \$40 per Underlying Security to do this. Assuming you can then sell those Underlying Securities at \$44 in the market you would make \$4 per Underlying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

7) Buying a Put Option without holding Underlying Securities

An investor who believes the Underlying Securities will fall noticeably in price and is interested in gaining a leveraged exposure to that fall could consider the purchase of a Put Option from UBS.

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

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



At Maturity—if Market Price is below the Strike Price

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

At Maturity—if Market Price is above the Strike Price

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

8) Buying a Call Spread without holding Underlying Securities

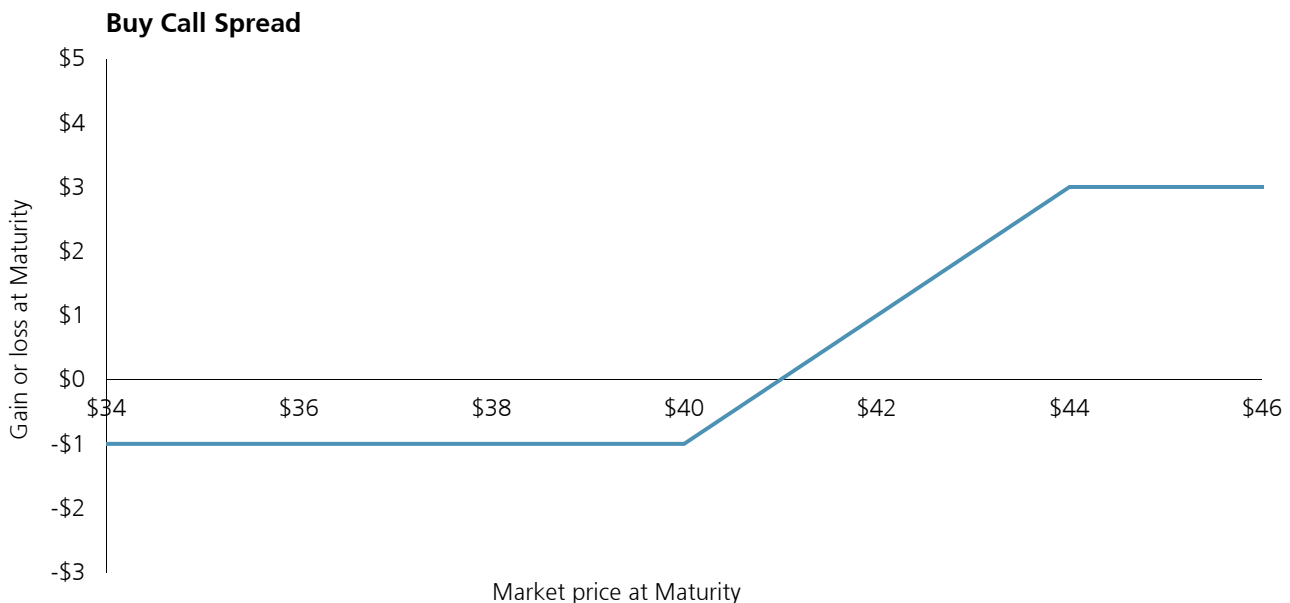
A Call Spread will generally have a lower First Premium Amount than a Call Option with the same Strike Price, however the owner of a Call Spread agrees to pay a Second Premium Amount should the Closing Price at Maturity be greater than the Cap Level. The Second Premium Amount payable is equal to:

$$\text{Max } [0, (\text{Market Price of Underlying Securities} - \text{Cap Level}) \times (1 - \text{Participation Rate})]$$

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

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

Your payoff at Maturity would look as follows:



At Maturity—if Market Price is below the Strike Price

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

At Maturity—if Market Price is above the Strike Price but below the Cap Level

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

At Maturity—if Market Price (and Closing Price) are above the Cap Level

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

9) Buying a Put Spread without holding Underlying Securities

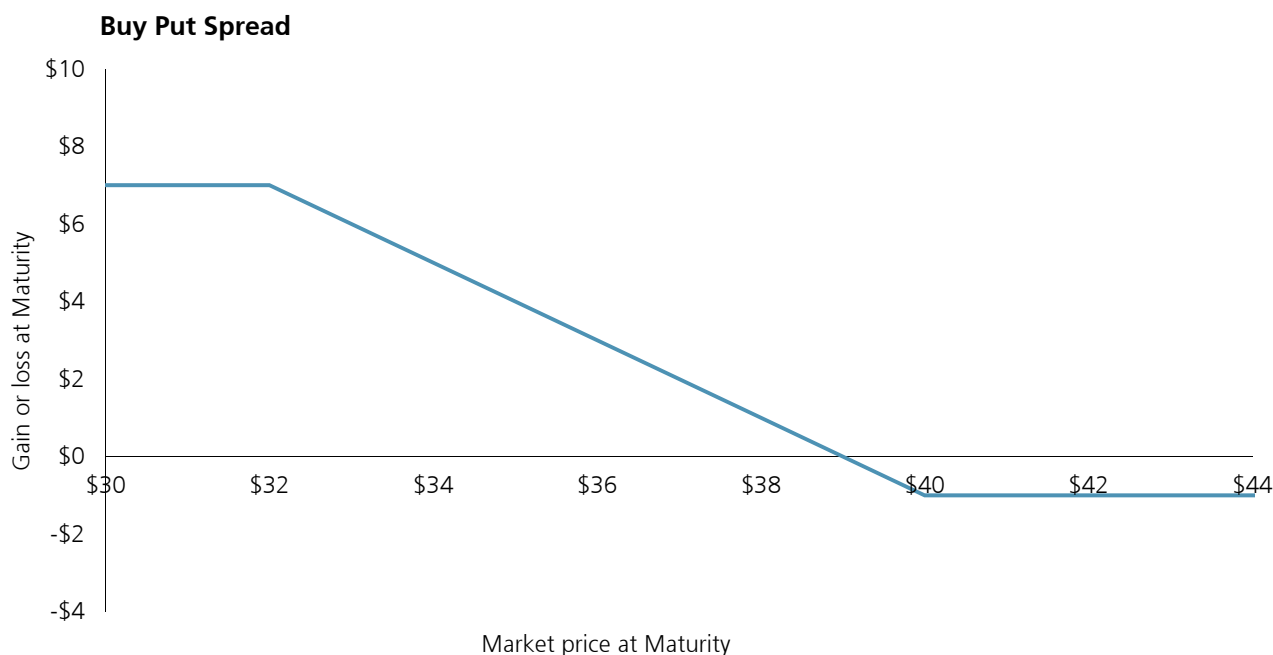
A Put Spread will generally have a lower First Premium Amount than a Put Option with the same Strike Price, however the owner of a Put Spread agrees to pay a Second Premium Amount should the Closing Price at Maturity be less than the Payment Level. The Second Premium Amount payable is equal to:

$\text{Max}[0, (\text{Payment Level} - \text{Market Price of Underlying Securities}) \times (1 - \text{Participation Rate})]$

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

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

Your payoff at Maturity would look as follows:



At Maturity—if Market Price is above the Strike Price

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

At Maturity—if Market Price is below the Strike Price but above the Payment Level

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

At Maturity—if Market Price (and Closing Price) are below the Payment Level

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

10) Buy an Index Call Option

The investor who believes the Underlying Index will rise noticeably in level could consider the purchase of an Index Call Option. The owner of a European Style exercise Index Call Option has the right to receive from UBS a Cash Settlement Amount at Maturity if the level of the Underlying Index is above a fixed level (the Strike Level) at Maturity.

The First Premium Amount for the Call Option is payable upfront in cash. Call Options are European Style exercise and provide for Cash Settlement upon exercise. Exercise occurs when an Exercise Notice is given by the investor to UBS. This would only generally occur if the Index Level at Maturity was greater than the Strike Level. Cash Settlement entails the payment by UBS of a Cash Settlement Amount representing the extent to which the Index Level is greater than the Strike Level at Maturity. This is measured as follows:

Cash Settlement Amount = (Index Level at Maturity—Strike Level) x Number of Options x Unit of Settlement Currency x Index Multiplier

For example, say you bought 1000 one year Index Call Options over the ASX / S&P 200 Index with a Strike Level of 5000 and an Index Multiplier of 1 and the Unit of Settlement Currency was \$1. Then for each 1 point that the Index Level at Maturity was above the Strike Level you would make \$1 per Option or \$1000 (1000 x \$1 x 1) on your holding of 1000 options. Say you paid \$250 per Option as the First Premium Amount.

At Maturity—if Index Level is below the Strike Level

Say, for example, the Index Level at Maturity is 4800. In this situation the Index Call Option has no value and you would lose the First Premium Amount of \$250 per Option, or \$250,000 on the 1000 Options you purchased.

At Maturity—if Index Level is above the Strike Level

Say, for example, the Index Level at Maturity is 5400—you could exercise your Index Call Option and receive a Cash Settlement Amount calculated as follows:

Cash Settlement Amount = (Index Level at Maturity—Strike Level) x Number of Options x Unit of Settlement Currency x Index Multiplier

$$= (5400-5000) \times 1000 \times \$1 \times 1$$

$$= \$400,000$$

Taking into account the \$250,000 you paid for the 1000 Index Call Options, you would have a gain of \$150,000.

11) Buy an Index Put Option

The investor who believes the Underlying Index will fall noticeably in level could consider the purchase of an Index Put Option. The owner of a European Style exercise Index Put Option has the right to receive from UBS a Cash Settlement Amount at Maturity if the Index Level of the Underlying Index is below a fixed level (the Strike Level) at Maturity.

The First Premium Amount for the Put Option is payable upfront in cash. Put Options are European Style exercise and provide for Cash Settlement upon exercise. Exercise occurs when an Exercise Notice is given by the investor to UBS. This would only generally occur if the Index Level at Maturity was lower than the Strike Level. Cash Settlement entails the payment by UBS of a Cash Settlement Amount representing the extent to which the Index Level is greater than the Strike Level at Maturity. This is measured as follows:

Cash Settlement Amount = (Strike Level—Index Level at Maturity) x Number of Options x Unit of Settlement Currency x Index Multiplier

For example, say you bought 1000 one year Index Put Options over the ASX / S&P 200 Index with a Strike Level of 5000 and an Index Multiplier of 1 and the Unit of Settlement Currency was \$1. Then for each 1 point that the Index Level at Maturity was below the Strike Level you would make \$1 per Option or \$1000 (1000 x \$1 x 1) on your holding of 1000 options. Say you paid \$250 per option as the First Premium Amount.

At Maturity—if Index Level is above the Strike Level

Say, for example, the Index Level at Maturity is 5200. In this situation the Index Put Option has no value and you would lose the First Premium Amount of \$250 per Option, or \$250,000 on the 1000 Options you purchased.

At Maturity—if Index Level is below the Strike Level

Say, for example, the Index Level at Maturity is 4600—you could exercise your Index Put Option and receive a Cash Settlement Amount calculated as follows:

Cash Settlement Amount = (Strike Level—Index Level at Maturity) x Number of Options x Unit of Settlement Currency x Index Multiplier

$$= (5000-4600) \times 1000 \times \$1 \times 1$$

$$= \$400,000$$

Taking into account the \$250,000 you paid for the 1000 Index Put Options, you would have a gain of \$150,000.

12) Buy an Index Call Option over a Basket of Approved Indices

In a Basket Call Option the Underlying Index is a Basket of Component Indices in a fixed proportion.

The Basket has a fixed Strike Price and each Basket is treated as one Underlying Index.

Within the Basket, all gains and losses on individual Component Indices offset one another to achieve the Basket Index Level. This means that although one or more Component Indices may have appreciated, the Basket level will fall if one or more other Component Indices in the Basket has declined more than the Component Indices that have appreciated. Your exposure to the performance is therefore measured using the Basket Index Level rather than simply individual Component Indices.

For example, say you bought 1000 1 year Index Call Options over a Basket of 4 Component Indices with a Basket Strike Level of 1000 and an Index Multiplier of 5 and the Unit of Settlement Currency was \$1.

Then for each 1 point that the Basket Index Level at Maturity was above the Strike Level you would make \$5 per Option or \$5,000 (1000 x \$1 x 5) on your holding of 1000 options. Say you paid \$250 per Option as the First Premium Amount.

The Component Indices and Component Index Weights are as follows:

Component Index	Index Level on Trade Date	Component Index Weight	Contribution of each Component Index to Basket
Index 1	10,000	2.50%	250
Index 2	1,000	25.00%	250
Index 3	5,000	5.00%	250
Index 4	20,000	1.25%	250
Basket Index Level on Trade Date			1,000

At Maturity—if Basket Index Level is below the Basket Strike Level

Say, for example, the Basket Index Level at Maturity is 935, determined as follows:

Component Index	Index Level on Maturity Date	Component Index Weight	Contribution of each Component Index to Basket
Index 1	8,000	2.50%	200
Index 2	1,200	25.00%	300
Index 3	5,200	5.00%	260
Index 4	14,000	1.25%	175
Basket Index Level on Maturity Date			935

In this situation the Basket Index Call Option has no value and you would lose the First Premium Amount of \$250 per Option, or \$250,000 on the 1000 Options you purchased.

At Maturity—if Basket Index Level is above the Basket Strike Level

Say, for example, the Basket Index Level at Maturity is 1058, determined as follows:

Component Index	Index Level on Maturity Date	Component Index Weight	Contribution of each Component Index to Basket
Index 1	9,000	2.50%	225
Index 2	1,400	25.00%	350

Component Index	Index Level on Maturity Date	Component Index Weight	Contribution of each Component Index to Basket
Index 3	4,900	5.00%	245
Index 4	19,000	1.25%	238
Basket Index Level on Maturity Date			1,058

You could exercise your Basket Index Call Option and receive a Cash Settlement Amount calculated as follows:

Cash Settlement Amount = (Basket Index Level at Maturity—Basket Strike Level) x Number of Options x Unit of Settlement Currency x Index Multiplier

$$= (1058-1000) \times 1000 \times \$1 \times 5$$

$$= \$290,000$$

Taking into account the \$250,000 you paid for the 1000 Basket Index Call Options, you would have a profit of \$40,000.

Premium Generation Strategies

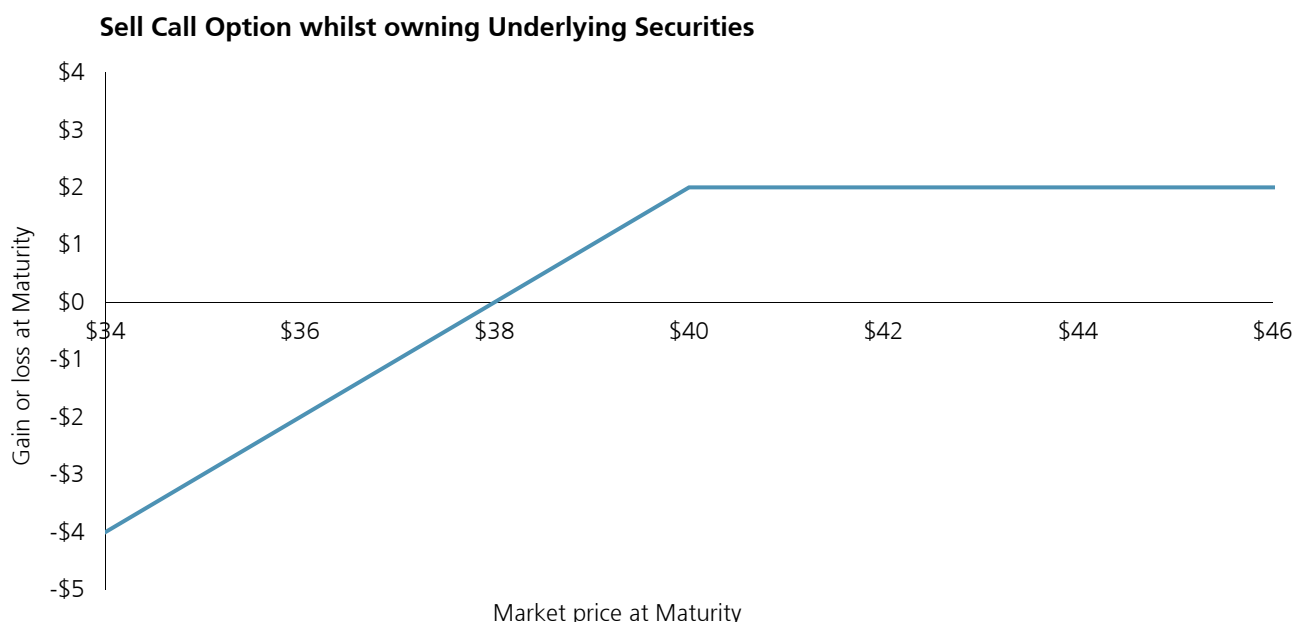
13) Selling a Call Option whilst holding Underlying Securities

When an investor sells Call Options over Underlying Securities he/she already owns, the Call Options are “covered”. UBS will only permit you to sell covered Call Options. The sale of Call Options is best suited to the investor who is happy to sell their Underlying Securities at a price equal to the Strike Price and wishes to enhance the “yield” on the Underlying Securities position. While the sale of Call Options generates up-front income from the First Premium Amount received, Call Options should not be considered as providing any protection from falls in the price of the Underlying Securities. You will still be fully exposed to these price falls.

The owner of a European Style exercise Call Option (in this case UBS) has the right to buy your Underlying Securities on the Maturity Date for a pre-determined price (the Strike Price). By agreeing to this, you will forego any appreciation above the Strike Price because you must sell the Underlying Securities to UBS at the Strike Price and not at any potentially higher Market Price.

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

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



At Maturity—if Market Price is below the Strike Price

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

At Maturity—if Market Price is above the Strike Price

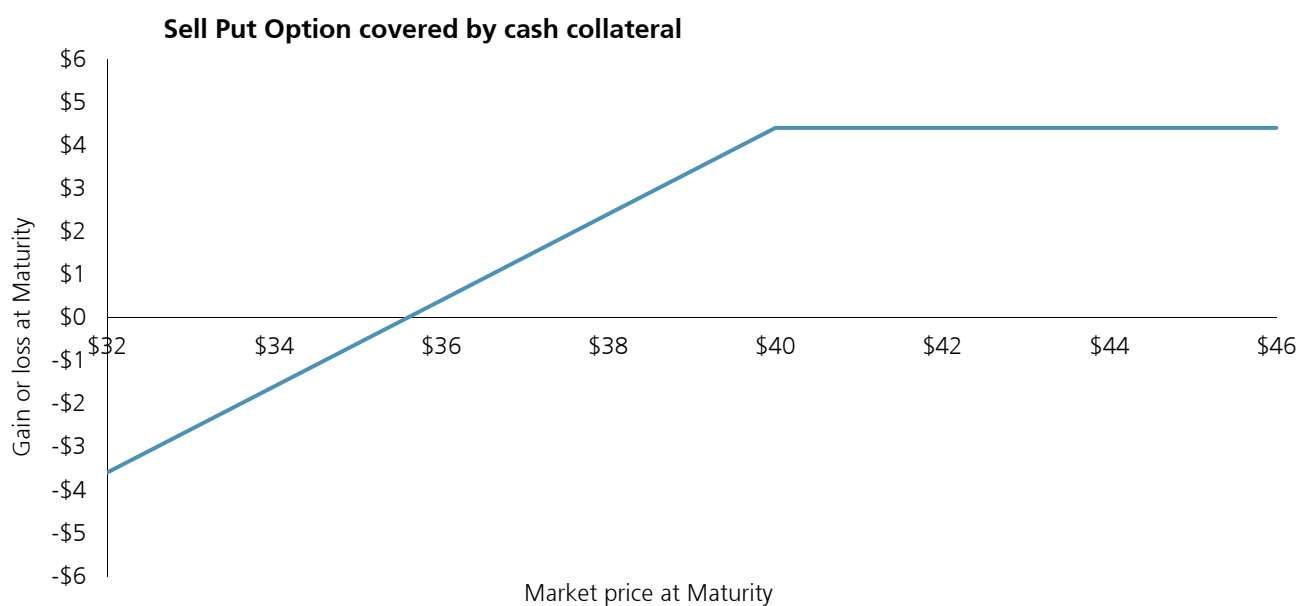
Say, for example, the Market Price at Maturity is \$42—the Call Option would be exercised against you by UBS and your Underlying Securities would be sold to UBS for \$40. You would have no gain or loss on the Underlying Securities (however you have foregone \$2 of potential gain by selling the Call Option,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

14) Selling a Put Option (covered by cash collateral)

An investor who believes the Market Price of an Underlying Security will either go up or will stay very close to the same level can sell a Put Option to UBS to give UBS the right to sell Underlying Securities to the investor at Maturity. The investor will receive a First Premium Amount for doing so, which will represent a gain for the investor if the Put Option is not exercised, or it will reduce the effective purchase price of Underlying Securities if the Put Option is exercised by UBS and Underlying Securities are sold to the investor.

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

For example, assume you sell 100,000 1 year Put Options to UBS over Underlying Securities each with a Strike Price of \$40 for a First Premium Amount of \$2 per Underlying Security payable at Maturity. You must provide \$4,000,000 cash collateral to UBS. You will receive Interest of (for example) 3% per annum on your cash, payable annually in arrears. The potential scenarios at Maturity are as follows:



At Maturity—if Market Price is above the Strike Price

If the Market Price is greater than \$40, e.g. \$41, the Put Option will expire worthless and UBS will not put any Underlying Securities to you. You will receive \$2 of First Premium Amount plus \$1.20 of interest amount (being 3% interest on \$40 for 1 year), and you will also receive \$40 of cash collateral back per Underlying Security. As a result your gain is therefore \$3.20.

At Maturity—if Market Price is below the Strike Price

If the Market Price is less than \$40, e.g. \$35, UBS will exercise the Put Option to sell Underlying Securities to you. You have to pay the Strike Price of \$40 for each Underlying Security delivered, but you will receive a \$2 First Premium Amount plus \$1.20 interest. Payment of the Strike Price will be met out of the value of the cash collateral, and as a result you will receive \$3.20 in cash and one Underlying Security worth \$35. If you immediately sell these Underlying Securities, your net loss will be \$5 less \$3.20 which equals \$1.80 per Underlying Security.

Additional strategies

15) Quanto Options

A Quanto Option is used where the Underlying Security Currency is different to Australian Dollars and the investor wants to trade the option in Australian Dollars (the Settlement Currency) and have no exposure to currency movements between Australian Dollars and the Underlying Security Currency. In a Quanto Option the investor only has exposure to price movements of the Underlying Security at Maturity.

For example say you have a positive view on the Underlying Securities so wish to purchase a Quanto Call Option. The owner of a European Style exercise Quanto Call Option has the right to receive from UBS a Cash Settlement Amount at Maturity if the Market Price of the Underlying Security is above the Strike Price at Maturity.

The First Premium Amount for the Quanto Call Option is payable upfront in cash in AUD. Quanto Call Options are European Style exercise and provide for Cash Settlement upon exercise. Exercise occurs when an Exercise Notice is given by the investor to UBS. This would only generally occur if the Market Price at Maturity is expected to be greater than the Strike Price. Cash Settlement then entails the payment by UBS of a Cash Settlement Amount only if the Market Price at Maturity is greater than the Strike Price measured as follows:

Cash Settlement Amount in AUD = (Market Price at Maturity—Strike Price) / Market Price on Trade Date x Transaction Value in AUD

For example, say you bought 100,000 1 year Quanto Call Options over Underlying Securities each with a Strike Price of US\$40 and a Transaction Value measured in AUD of A\$45 per Underlying Security. Assume the Market Price on Trade Date is \$US40. Say you paid A\$2 per Underlying Security as the First Premium Amount. Your payoff at Maturity would look as follows:

At Maturity—if Market Price is below the Strike Price

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

At Maturity—if Market Price is above the Strike Price

Say, for example, the Market Price at Maturity is US\$44—you could exercise your Quanto Call Option and receive a Cash Settlement Amount calculated as follows:

Cash Settlement Amount in AUD = (Market Price at Maturity—Strike Price) / Market Price on Trade Date x Transaction Value in AUD

$$= (\text{US\$44} - \text{US\$40}) / \text{\$US40} \times \text{A\$45}$$

$$= \text{A\$4.50 per Underlying Security}$$

Taking into account the A\$2 per Underlying Security you paid for the Call Option, you would have a gain of A\$2.50 per Underlying Security or A\$250,000 on the 100,000 Underlying Securities.

Section 3

The Loan Facility

The Loan Facility

a. Key Features

What is the Loan Facility?

There are two types of loans available: 1) a limited recourse Principal Loan and 2) a full recourse Supplementary Loan (not available to Superannuation Funds).

The funds drawn under the Principal Loan may be used to purchase Underlying Securities. If the funds drawn are less than the total cost of acquiring the Underlying Securities then you will have to make a Capital Contribution from your own funds to make up the balance of the total cost.

Alternatively, unless you are a Superannuation Fund, you may already hold Underlying Securities, in which case they can be transferred to the Nominee to serve as collateral for the Principal Loan. Unless you are a Superannuation Fund, if you have previously purchased a Put Option, a Collar, a Put Spread or a Put Spread Collar, you can also obtain a Principal Loan and the Option and any Underlying Securities will become subject to the Security Interest you have granted. In this case the Loan will be a Related Loan and the Option will be a Related Option. The maximum amount that you can draw down in cash at any point in time (the "Available Amount") is dependent on the type and value of collateral delivered to UBS, the Term of the Principal Loan, the Interest Amounts remaining and the Interest Rate applicable to the Drawdown Amount.

If you are a Superannuation Fund and you enter into a Related Loan and a Related Option you agree to acknowledge that your rights, obligations and interests under Related Transactions are a single arrangement for the purposes of the Agreement, and your rights in respect of the corresponding Related Loan or Related Option may not be separately dealt with in any way.

The Supplementary Loan is primarily to be used to fund all or part of the Interest cost of the Principal Loan, but at UBS's discretion may also be used to fund all or part of any of the Option Adviser Group Fee, the Adviser Group Fee, the Loan Establishment Fee and any Capital Contribution you need to make. Supplementary Loans are offered in UBS's discretion and are not available to Superannuation Funds.

A Principal Loan may further be designated as a Portfolio Principal Loan. A Portfolio Principal Loan is a single Loan that can be used to purchase a Portfolio of Approved Securities. UBS will quote a single blended Interest Rate for the Portfolio Principal Loan.

In a Portfolio there is NO offsetting of gains and losses among the Underlying Securities. It is akin to having individual exposure to each Underlying Security in the Portfolio. A portion of the Portfolio Principal Loan will be applied to acquire each parcel of Underlying Securities comprising the Portfolio. That portion will be designated the Allocated Portfolio Loan Amount in respect of that parcel of Underlying Securities and recourse for repayment of each Allocated Portfolio Loan Amount is limited to that parcel of Underlying Securities only.

The Underlying Securities will be held by the Nominee and will be subject to a Security Interest in favour of UBS securing your obligation under the Loan and any Related Option. If you are not a Superannuation Fund, the Options and other property may, in some cases, also be Secured Property subject to the Security Interest.

How does limited recourse work on the Principal Loan?

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

For a Portfolio Principal Loan, the recourse is further restricted so that each Allocated Portfolio Loan Amount is only repaid by the sale of the Approved Securities relating to that Allocated Portfolio Loan Amount.

If you are a Superannuation Fund, this limited recourse feature applies to all of your obligations under the Loan. If you are not a Superannuation Fund borrower, this limited recourse feature is not applicable to your obligation to pay Interest and other amounts due on the Principal Loan (e.g. Break Costs), and is not applicable if the Principal Loan is repaid or where early termination occurs. In those cases, you are personally liable to meet all of your obligations under the Principal Loan and you may need to satisfy those obligations out of your own funds or other assets.

How does full recourse work on the Supplementary Loan?

The Supplementary Loan is a full recourse loan. This means that in addition to enforcing its rights in respect of the Security Interest granted under clause 27, UBS's and/or the Secured Party's recourse against you at any time and for all amounts due under each Supplementary Loan are personal and unlimited.

Principal Loan Facility Amount

For non-Superannuation Fund borrowers

Once your Principal Loan is approved and UBS confirms that it will accept your Approved Securities (and Options if applicable) as collateral, UBS will specify the Facility Amount and collateral requirements on or prior to the first Drawdown Date. If you only have a Principal Loan and there are no Related Options, then UBS will determine the Facility Amount.

If you purchase Put Options or Collars (including a Step Collar or a Basket Collar) and you grant a Security Interest to UBS over that Option Transaction and the Underlying Securities to obtain a Principal Loan then the Facility Amount will be determined by UBS as a percentage of the amount which is the Strike Price multiplied by the number of Options—this is generally 100% but may be different in certain circumstances including when the Option Transaction involves illiquid stock or particularly large positions. If you purchase a Step Collar then the Facility Amount will be calculated by reference to the Component Collar Strike Price and the Underlying Securities referable to each Component Collar.

If you purchase Put Spreads or Put Spread Collars and you grant a Security Interest to UBS over that Option Transaction and the Underlying Securities to obtain a Principal Loan then the Facility Amount will be determined by UBS as a percentage of the difference between the Strike Price and the Payment Level for the Option Transaction multiplied by the number of Options (the Gap Value)—this is generally 100% of the Gap Value but may be different in certain circumstances including where the Option involves illiquid stock or particularly large positions.

For a Portfolio Principal Loan, the overall Facility Amount will be the sum of the Facility Amounts calculated on each parcel of Approved Securities in the Portfolio.

UBS may permit you to amend your Facility Amount in certain circumstances. If you have a Principal Loan but no Option Transactions you may amend your Facility Amount by agreement with UBS. If you have Put Options or Collars and you wish to increase the Facility Amount then you must (unless agreed otherwise by UBS) either increase the Strike Price of the Put Options or Collars or increase the number of Underlying Securities over which you have granted a Security Interest under clause 27 to UBS. If you have Put Spreads or Put Spread Collars and you wish to increase the Facility Amount then you must (unless agreed otherwise by UBS) also either increase the Gap Value or increase the number of Underlying Securities over which you have granted a Security Interest to UBS. In all of these instances, a Facility Adjustment Fee may be payable in addition to Interest on new Drawdown Amounts. If a Facility Adjustment Fee is not payable, UBS may amend your Interest Rate. UBS will provide a quote for this Facility Adjustment Fee or amended Interest Rate when you request an increase to the Facility Amount. The size of the Facility Adjustment Fee or adjustment to Interest Rate, if any, will reflect:

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

UBS may specify a Minimum Initial Drawdown Amount when you utilise the Principal Loan for the first time. Subsequently, the minimum amount per Additional Drawdown Amount is as specified by UBS from time to time. If a Principal Loan is not fully drawn by the Maturity Date, the balance will be drawn (up to the Facility Amount) immediately prior to the Maturity Time on the Maturity Date. Unless explicitly approved in writing by UBS, the total amount drawn must not exceed the Available Amount applicable at that point in time and the total Principal Loan Balance outstanding must be repaid by no later than the Maturity Date. For example, you can make multiple drawdowns up to the Facility Amount, and you can repay the various Drawdown Amounts by instalments on various Repayment Dates provided the Drawdown Amounts, Drawdown Dates, repayment amounts and Repayment Dates are agreed with UBS in advance.⁷

⁷ UBS is not obliged to agree to any particular drawdown or repayment schedule that is proposed—you should seek further information on available alternatives through your Financial Advisor.

For Superannuation Funds

Once your Principal Loan is approved and UBS confirms that it will use the Drawdown Amount to acquire the nominated Approved Securities (which the Nominee will hold as collateral), UBS will specify the Facility Amount on or prior to the first Drawdown Date. If you only have a Principal Loan and there are no Related Options, then UBS will determine the Facility Amount.

If you purchase Related Options which are Put Options or Collars, the Facility Amount will be determined by UBS as a percentage of the amount which is the Strike Price multiplied by the number of Options—this is generally 100% but may be different in certain circumstances including when the Option Transaction involves illiquid stock or particularly large positions.

If you purchase Related Options which are Put Spreads or Put Spread Collars, the Facility Amount will be determined by UBS as a percentage of the difference between the Strike Price and the Payment Level for the Option Transaction multiplied by the number of Options (the Gap Value)—this is generally 100% of the Gap Value but may be different in certain circumstances including where the Option involves illiquid stock or particularly large positions.

For a Portfolio Principal Loan, the overall Facility Amount will be the sum of the Facility Amounts calculated on each parcel of Approved Securities in the Portfolio.

UBS may specify a Minimum Initial Drawdown Amount when you utilise the Principal Loan Facility for the first time. Subsequently, the minimum amount per Additional Drawdown Amount is as specified by UBS from time to time. Unless explicitly approved in writing by UBS, the total amount drawn must not exceed the Available Amount applicable at that point in time and the total Principal Loan Balance outstanding must be repaid by no later than the Maturity Date. For example, you can make multiple drawdowns up to the Facility Amount, and you can repay the various Drawdown Amounts by instalments on various Repayment Dates provided the Drawdown Amounts, Drawdown Dates, repayment amounts and Repayment Dates are agreed with UBS in advance.⁸ For Superannuation Funds, all Drawdown Amounts for any one Loan must be applied to acquire more of the same Underlying Securities, or to pay interest on the Loan, except under a Portfolio Principal Loan. For a Portfolio Principal Loan, you can direct UBS to apply portions of that Portfolio Principal Loan towards the purchase of different parcels of Approved Securities with each parcel comprising identical Approved Securities.

What is the Term of the Loan?

If you require a Principal Loan only, you can agree a specified term with UBS. If you draw a Related Loan it will be repayable in full by no later than 3 Business Days after the Maturity Date of the Related Option.

The Supplementary Loan is generally repayable prior to the Maturity Date of the Principal Loan. The repayment schedule for a Supplementary Loan will be specified in your Confirmation.

What is the currency of the Loan?

The currency that the Loans are provided in must be the same as the Settlement Currency for the Option Transaction to which the Loan relates. If there is no Option Transaction then the Loan Currency must be the same as the currency of the Underlying Securities.

What are the permitted purposes of the Loan?

Where you are using the Principal Loan to purchase Underlying Securities, the Principal Loan must be applied to purchase those Underlying Securities. Where the Underlying Security is already owned by you, and is being transferred to the Nominee as security for the Principal Loan, the Principal Loan drawn against it must be used for business or investment purposes. If you are a Superannuation Fund borrower, the Loan proceeds must be applied by the Nominee to acquire a parcel of identical Underlying Securities on your behalf, except under a Portfolio Principal Loan, where each Allocated Portfolio Loan Amount is used to acquire a single Underlying Security (or a group of identical Underlying Securities) on your behalf. The Nominee will then hold the Underlying Securities on trust for you (subject to the Security Interest in favour of UBS) until you repay the Loan.

The Supplementary Loan is primarily to be used to fund all or part of the Interest cost of the Principal Loan, but at UBS's discretion may also be used to fund all or part of any of the Option Adviser Group Fee, the Adviser Group Fee, the Loan Establishment Fee and any Capital Contribution you need to make. It will be applied automatically by UBS to fund the amounts specified. This feature is not currently available to Superannuation Funds.

⁸ UBS is not obliged to agree to any particular drawdown or repayment schedule that is proposed—you should seek further information on available alternatives through your Financial Advisor.

What is the Interest Rate?

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

The current indicative Interest Rate for a particular Approved Security (and a particular Option strategy) can be obtained by contacting your Financial Adviser or UBS. The actual Interest Rate will depend on a number of factors (refer below under heading "How to transact through the Loan Facility") on page 75.

Are there other fees and charges?

If you are a Wholesale Client, UBS may charge a Loan Establishment Fee of up to 2.2% of the Facility Amount on the first Drawdown Date. The applicability of this fee will be specified in the Quote Sheet and Confirmation as well as the date(s) on which it will be payable.

If you are a trust applicant (including a Superannuation Fund), and you are unable to have a solicitor sign the declaration in the Application Form, then you may be charged a trust deed review fee of \$250 for UBS to arrange a legal review of your trust deed.

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

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

What adviser fees are payable?

If you are a Wholesale Client, UBS may pay a fee of up to 2.2% (incl GST) p.a. of the Principal Loan Balance to your Approved Adviser Group. For example, if the Principal Loan Balance in relation to all your Loan is \$1,000,000, UBS may pay a fee of up to \$22,000 p.a. to your Approved Adviser Group. This fee will be funded out of UBS's revenue from the Transaction and is not a separate cost to you. You must provide satisfactory evidence to UBS that you are a Wholesale Client.

All clients may agree to pay their Approved Adviser Group an Adviser Group Fee which is a fixed dollar fee of an amount specified in your Quote Sheet or Adviser Fee Acknowledgement Form and which UBS can collect from you and pay this Adviser Group Fee to your Approved Adviser Group. Your Approved Adviser Group will hold the Adviser Group Fee on trust and pay all or part of that Adviser Group Fee on to your Financial Adviser as authorised in the Application Form.

How can I pay Interest?

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

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

Paying Interest and Loan Establishment Fee in a combined Aggregate Payment

UBS may combine the Loan Establishment Fee and the Interest Amount due on the Loan into one Aggregate Payment and specify the Aggregate Payment Date on which this Aggregate Payment must be made. The Aggregate Payment Date then becomes the Interest Payment Date for that Interest Amount under clause 10.3 of the Terms.

UBS may also specify that this Aggregate Payment may be payable in a number of Aggregate Payment Instalments in which case there will be more than one Aggregate Payment Date. On each Aggregate Payment Date an Aggregate Payment Instalment will be payable. The portion of the Aggregate Payment that remains unpaid at any point in time is referred to as the Unpaid Aggregate Payment Balance for the Loan. The Unpaid Aggregate Payment Balance will be reduced each time an Aggregate Payment Instalment is made. If you are not a Superannuation Fund, UBS's recourse to you for any Unpaid Aggregate Payment Balance is at all times personal and unlimited and this recourse continues beyond the Maturity Date until the Unpaid Aggregate Payment Balance is reduced to zero.

The amount of the total Aggregate Payment, each Aggregate Payment Instalment (if applicable) and the Aggregate Payment Dates will be specified in your Quote Sheet and Confirmation.

What collateral must I provide to obtain a Loan?

UBS will require Approved Securities to be held by the Nominee as collateral, as a condition to providing a Loan to you. For Superannuation Fund borrowers, these Approved Securities must be purchased by the Nominee using the Principal Loan proceeds. For non-Superannuation Fund borrowers, they can either be provided by you, or purchased with the Principal Loan proceeds. These Approved Securities will be subject to the Security Interest granted or acknowledged under clause 27 in favour of UBS to secure your Loan obligation and your obligations under any Related Option and you will be prohibited from dealing with them during the term of the Loan.

If you are a non-Superannuation Fund borrower and have purchased a Put Option, a Collar, a Step Collar, a Put Spread or a Put Spread Collar in respect of those Approved Securities then those Options will also become subject to the Security Interest granted under clause 27. For non-Superannuation Fund borrowers, UBS will determine the collateral requirements for each Facility Amount requested (e.g. number of Underlying Securities and/or Options over which a Security Interest is granted under clause 27) and you must deliver the collateral to the Nominee by the time specified by UBS (usually on or prior to the first Drawdown Date). For Superannuation Fund borrowers, the collateral in respect of each Loan (or in the case of a Portfolio Principal Loan, each Allocated Portfolio Loan Amount) will comprise the Underlying Security (or Securities) acquired by the Nominee with the proceeds of the corresponding Loan (or in the case of a Portfolio Principal Loan, each Allocated Portfolio Loan Amount). The Security Interest will be released once you have satisfied all of your obligations under the Loan and any Related Option (if applicable). If you are a Superannuation Fund investor your rights, obligations, and interests under Related Transactions are a single arrangement for the purposes of the Agreement, and your rights in respect of the corresponding Related Loan or Related Option may not be separately dealt with in any way.

Can I break my Loan early?

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

If you are a non-Superannuation Fund borrower and your Loan is secured by Options and you wish to terminate your Options at the same time then you can request an Early Termination Amount⁹ from UBS for the Options. If Options securing your Loan are terminated early for whatever reason, then your Loan must also be repaid early, on the termination date of the relevant Options.

If you are a Superannuation Fund borrower and you have entered into a Related Option then the Related Transactions are a single arrangement for the purposes of the Agreement. In this case if you wish to terminate your Related Option, then your Related Loan must also be repaid early on the termination date of the relevant Related Option. Similarly, if you wish to repay your Related Loan early, then you must also close out your Related Option. Once you have repaid your Loan and closed out and satisfied all obligations owing under the Related Option you will be able to take delivery of your Underlying Securities from the Nominee.

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

Variable (these factors apply to all Loans)	Change in variable	Change in Break Costs
Market interest rates	↑	↓
Time to Maturity Date	↓	↓
Variable (these factors apply only where your loan is not secured by an Option position)	Change in variable	Change in Break Costs
Market Price of Underlying Securities	↑	↑

⁹ This can be an amount payable by or to you—please refer to page 27 for more information.

Variable (these factors apply to all Loans)	Change in variable	Change in Break Costs
Underlying Security Market Price volatility	↑	↓
Dividends	↑	↑

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

Can I vary the terms of my Loan?

You may request UBS amend any of the terms of your Loan at any time before the Maturity Date. This can include extending the Maturity Date or amending terms such as the Interest Rate. This may require you to pay additional Interest Amounts. If UBS agrees to your request a new Quote Sheet will need to be signed to implement the amendment and you will be supplied with a new Confirmation. If you have a Related Option then any changes to the Related Loan must be consistent with the changes to the Related Option i.e. the amended Maturity Date for the Related Loan must be no later than 3 Business Days after the amended Maturity Date for the Related Option. If the changes to your Loan and Related Option cause a change to your Facility Amount then it may require you to reduce or allow you to increase your Principal Loan Balance. If your Principal Loan Balance is reduced then this may attract Break Costs. If you also have one or more Supplementary Loans attached to your Principal Loan then part of them may become repayable with may also attract Break Costs.

How are Adjustment Events treated?

Subject to the Limited Recourse Borrowing Arrangements for superannuation funds (LRBA Requirements) (if applicable), UBS may adjust the terms of your Loan (including but not limited to the Loan Balance, Maturity Date or Interest Rate) or any term of any agreements between the parties to account for any changes made to either a Related Option due to an Adjustment Event as outlined on pages 28 to 29 or that may otherwise be made to the Loan by UBS to account for the effect of that Adjustment Event. UBS may also determine an Adjustment Event to be an Event of Default and deal with it as such.

What happens to the Loan at Maturity?

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

- the proceeds of sale of the Underlying Securities to UBS, e.g. pursuant to the exercise of an Option
- the proceeds of sale of the Underlying Securities on market, e.g. as a result of UBS exercising its rights as Secured Party
- other funds that you transfer to UBS.

You must provide notice to UBS at least 5 Business Days before Maturity as to how you wish to have the Loan Balance repaid. If UBS does not receive any notice then UBS will exercise its rights under the Security Interest granted under clause 27 of the Agreement and sell the Underlying Securities and repay the Loan Balance from the sale proceeds.

Provided you have complied with all your obligations under the Agreement, UBS's recourse to you in respect of each of the Principal Loan Balance is limited such that you are not required to make up the shortfall if the value of the Secured Property applicable to that Loan at Maturity is less than the Loan Balance. UBS's recourse to you in respect of the Supplementary Loan Balance is full recourse, meaning that if the value of the Secured Property is insufficient to also cover the Supplementary Loan Balance, any shortfall may be recovered personally from you by UBS.

If you have repaid your Loan Balance from other funds and the Underlying Securities have not been sold then, unless otherwise requested, they will be transferred to you along with any dividends or distributions referable to those Underlying Securities which have not already been paid to you. Alternatively, if you are not a Superannuation Fund and you intend to enter into another Transaction over those Underlying Securities, you may request that the Nominee continue to hold your Underlying Securities as nominee. UBS may terminate this nominee arrangement at any time and move the Underlying Securities into an account in your name.

Dividends applied to Loan Balance or Interest Amounts

You may by agreement with UBS, specify that distributions on the Underlying Securities be used to pay down either your Principal Loan Balance or your Supplementary Loan Balance or to be used to pay your Interest Amounts due on either Loan or your Aggregate Payment due on your Principal Loan. For a Portfolio Principal Loan the

distributions will only be applied to the Allocated Portfolio Loan Amount and related Interest Amounts. In this case you will not receive the distributions and they will become part of the Secured Property.

Distributions in this case are any ordinary dividends paid on the Underlying Securities and received by the Nominee, that have an ex date falling in the period from the Trading Day after the First Drawdown Date for the relevant Loan up to and including the Maturity Date.

Please note there will be no refund of any prepaid Interest Amounts following a reduction of the Loan Balance due only to the application of distributions.

If there is a Loan Balance remaining after distributions have been applied against it, that Loan Balance must be repaid at the Maturity Date. In the case where distributions are used to fund part or all of your Interest Amount or Aggregate Payment obligations, then your remaining obligation may or may not still have to be paid as specified in your Quote Sheet and Confirmation.

How to apply for the Loan Facility

You must apply to UBS through your Financial Adviser by completing the Application Form on page 186 (if you have not already done so to use the other Facilities). Your Financial Adviser must be an authorised representative of an Approved Adviser Group. You should note the following:

- Financial information is not required from Superannuation Fund applicants or other applicants who prepay Interest in full or in other circumstances as determined by UBS in its absolute discretion. Financial information is required in all other cases
- If you are a trust or Superannuation Fund, you must have a solicitor complete and sign the relevant section of the Application Form or pay a fee as set out on page 72 to UBS who will arrange for a solicitor to review your trust deed and sign the form
- UBS may also require that existing Security Interests affecting your assets be discharged in certain circumstances before UBS will make a Loan available to you
- In certain circumstances at UBS's discretion including in the case of certain non-Superannuation Fund borrowers who pay interest by instalments, guarantees are required from:
 - a director in the case of company applicants (including corporate trustee applicants)
 - the trustee in the case of an individual trustee.

How to transact through the Loan Facility

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

- the Term of the required Loan and the type of Loan
- the number of Underlying Securities which are or will be the subject of a Security Interest in favour UBS
- the details of any Option Transactions that you have or will enter into over those Approved Securities
- how you will pay interest.

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

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

UBS will then assess your Quote Sheet and indicate whether it is approved or not.

If you are satisfied with the Facility Amount and the indicative Interest Rate and wish to proceed, then you or your Financial Adviser must provide written instructions to UBS on your behalf to proceed. UBS is entitled to act on the written instructions given by your Financial Adviser or IDPS Operator. (See Authorisation of Financial Adviser and investing through an IDPS on page 14).

If you are an employee or officer of a Company and the Underlying Securities for your trade are issued by that Company, then you must personally give written instructions to proceed. (Your Financial Adviser and/or IDPS Operator cannot do this for you).

In addition if you have agreed to pay your Approved Adviser Group an Adviser Group Fee or UBS has agreed to pay your Approved Adviser Group a Wholesale Adviser Group Fee and it is not specified in the Quote Sheet then you will also need to complete and return an Adviser Fee Acknowledgement Form for the particular Transaction.

If you do not have any Options in place then you must also provide a basis for the execution of UBS's hedge (e.g. at current Market Price or subject to a price limit) which will determine the reference price. UBS will only lend to you to the extent it can hedge its exposure in accordance with your Financial Adviser's execution instructions and as such only part of UBS's hedge may be executed. This will result in a lower Facility Amount being made available to you, until the execution instructions are amended and the hedge is completed.

Client reporting after you transact

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

- Following each Drawdown Date, UBS will send you a Confirmation setting out the type of Loan, Drawdown Amount, Facility Amount, Principal Loan Balance for that Loan, Repayment Date(s), Maturity Date, Interest Period(s), Interest Rate(s), Interest Amount(s) and Interest Payment Date(s)
- If you have one or more Supplementary Loans, the Confirmation will also set out for each Supplementary Loan, the Supplementary Loan Balance, Repayment Date(s), Maturity Date, Interest Period(s), Interest Rate(s), Interest Amount(s) and Interest Payment Date(s)
- The Confirmation will also include the details of any Underlying Securities which will be subject to the Security Interest in favour of UBS to secure the performance of your obligations and the payment of any amounts under the Loan and which are held by the Nominee on your behalf. If you are not a Superannuation Fund borrower, the Confirmation will also include details of any Options which will be subject to the Security Interest you will grant in favour of UBS
- If you are a Superannuation Fund and you enter into a Related Loan and Related Option, the Related Transactions will be a single arrangement for the purposes of the Agreement. You will receive a single Quote Sheet and Confirmation in respect of this arrangement
- If the terms of the Loan are adjusted for any reason (whether by agreement between you and UBS or otherwise in accordance with the Agreement), UBS will send you a Confirmation detailing the adjustments made, be they in respect of your Loan or the Approved Securities and/or Option Transactions securing your Loan or any Related Options
- If you would like a statement of your Transactions under the Loan Facility, UBS can provide a summary on request
- You will receive a statement from the Nominee each time a dividend or distribution is passed on to you in relation to Approved Securities. If you have agreed for the Dividend to be applied to pay the Loan Balance or Interest Amounts you will still get a statement
- At or around the Maturity Date, UBS will provide you with a closing Confirmation, showing final amounts owed to (or by) you.

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

b. Loan Strategies

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

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

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1) Drawing down a limited recourse Principal Loan

This strategy can apply to Superannuation Fund investors only where the Principal Loan is used to purchase the Approved Securities.

You can draw the Principal Loan to purchase the Approved Securities and reduce your Capital Contribution. Unless you are a Superannuation Fund you can also draw the Principal Loan against Approved Securities that you own to monetise the value of the Approved Securities without an immediate disposal. In both cases, you have to grant a Security Interest to UBS over the Approved Securities as collateral for the Loan. Due to the limited recourse feature (your Underlying Securities can be applied by UBS at Maturity to satisfy your obligation to repay the Principal Loan Balance), you do not have to fund the difference if there is a fall in the value of your Underlying Securities below the Facility Amount at Maturity.

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

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

Facility amount:	\$3,600,000
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Cashflows on First Drawdown Date (start of first Interest Period)

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

Cashflows at start of second Interest Period

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

At Maturity:

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

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

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

You can repay the Principal Loan or do nothing. If you do nothing, UBS will sell the Underlying Securities as Secured Party and apply the proceeds to repay the Principal Loan Balance, without further recourse to you.

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

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

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

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

2) Drawing down a Principal Loan against Underlying Securities and a Collar

This strategy can apply to Superannuation Fund investors only where the Principal Loan is used to purchase Underlying Securities.

You can draw the Principal Loan to purchase Approved Securities and reduce your Capital Contribution and enter into a Collar which is a Related Option at the same time. Unless you are a Superannuation Fund, if you have Put Options or Collars with UBS and have provided Underlying Securities as collateral, you can also use the Principal Loan Facility to draw funds against that Option Transaction and those Underlying Securities.

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

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

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

Facility Amount:	\$3,600,000
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Cashflows on First Drawdown Date (start of first Interest Period)

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

Cashflows at start of second Interest Period

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

At Maturity:

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

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

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

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

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

In this case the Collars will expire worthless.

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

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

c) If the Market Price (and Closing Price) at Maturity are equal to or above \$44;

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

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

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

3) Drawing down a Portfolio Principal Loan against Underlying Securities and a Collar

You can drawdown a Portfolio Principal Loan to purchase a Portfolio of new Approved Securities. The Portfolio can be chosen by you or it can be predetermined by UBS. In a Portfolio Loan you will have an Allocated Portfolio Loan Amount in respect of each parcel of Underlying Securities and recourse for repayment of that Allocated Portfolio Loan Amount is limited to that parcel of Underlying Securities only.

The Portfolio Loan can also be combined with a Collar over each individual Approved Security.

For example, assume you have just purchased a portfolio of 3 Approved Securities and want to limit your downside risk to 10% over the next year, and you are happy to cap your upside at 10%. The Strike Prices, Cap Levels and Allocated Portfolio Loan Amount for each Underlying Security are as follows:

Underlying Security	Number of Underlying Securities	Market Price	Strike Price	Cap Level	Allocated Portfolio Loan Amount
ABC	10,000	\$10.00	\$9.00	\$11.00	\$90,000
BCD	10,000	\$20.00	\$18.00	\$22.00	\$180,000
CDE	10,000	\$15.00	\$13.50	\$16.50	\$135,000
Drawdown Amount					\$405,000

For each Underlying Security the Allocated Portfolio Loan Amount is the maximum it can be i.e. up to the Facility Amount per Underlying Security. The Facility Amount and Drawdown Amount for the Portfolio Principal Loan is the sum of the Allocated Portfolio Loan Amounts.

Assuming an Interest Rate of 10% p.a. and the Principal Loan term is made up of two Interest Periods of one year each. The following Interest Amounts and Interest payment schedule will apply:

Drawdown Amount: \$405,000

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

Initial Drawdown Amount:	\$405,000	
First Interest Amount:	\$40,500	(10% on initial Drawdown Amount, paid on Drawdown Date)

Cashflows at start of second Interest Period

Portfolio Principal Loan Balance at start of Interest Period:	\$405,000	
Second Interest Amount:	\$40,500	(10% on current Loan Balance of \$405,000)

At Maturity:

Drawdown Amount:	\$405,000	
Portfolio Principal Loan repayment:	\$405,000	(paid out of your own funds, or by UBS exercising its right as Secured Party to sell the Secured Property relating to each Allocated Portfolio Loan Amount, including your Underlying Securities, or by set off following the exercise of your Collar)

Following are some possible scenarios at Maturity (this is not all possible scenarios).

a) At Maturity, all 3 Underlying Securities have a Market Price less than their respective Strike Prices

Underlying Security	Number of Underlying Securities	Market Price at Maturity	Strike Price	Cap Level	Allocated Portfolio Loan Amount
ABC	10,000	\$8.00	\$9.00	\$11.00	\$90,000
BCD	10,000	\$15.00	\$18.00	\$22.00	\$180,000
CDE	10,000	\$13.00	\$13.50	\$16.50	\$135,000

For each Underlying Security assume the Collar is exercised;

For stock ABC, your Underlying Securities will be sold to UBS for \$9 per Underlying Security and that amount will be applied to repay your Allocated Portfolio Loan Amount at Maturity with no surplus proceeds.

For stock BCD, your Underlying Securities will be sold to UBS for \$18 per Underlying Security and that amount will be applied to repay your Allocated Portfolio Loan Amount at Maturity with no surplus proceeds.

For stock CDE, your Underlying Securities will be sold to UBS for \$13.50 per Underlying Security and that amount will be applied to repay your Allocated Portfolio Loan Amount at Maturity with no surplus proceeds.

b) At Maturity, 2 Underlying Securities have a Market Price less than their respective Strike Prices and 1 Underlying Security has a Market Price in between the Strike Price and Cap Level.

Underlying Security	Number of Underlying Securities	Market Price at Maturity	Strike Price	Cap Level	Allocated Portfolio Loan Amount
ABC	10,000	\$8.00	\$9.00	\$11.00	\$90,000
BCD	10,000	\$15.00	\$18.00	\$22.00	\$180,000
CDE	10,000	\$15.00	\$13.50	\$16.50	\$135,000

For stock ABC, assuming the Collar is exercised, your Underlying Securities will be sold to UBS for \$9 per Underlying Security and that amount will be applied to repay your Allocated Portfolio Loan Amount at Maturity with no surplus proceeds.

For stock BCD, assuming the Collar is exercised, your Underlying Securities will be sold to UBS for \$18 per Underlying Security and that amount will be applied to repay your Allocated Portfolio Loan Amount at Maturity with no surplus proceeds.

For stock CDE, the Collar will expire worthless. You can instruct UBS to sell your Underlying Securities for \$15 and apply the proceeds to repay the Allocated Portfolio Loan Amount of \$13.50 per Underlying Security, leaving you with \$1.50 per Underlying Security or \$15,000 on your holding of 10,000 Underlying Securities (assuming no Costs or Taxes).

Note in this scenario that even though stocks ABC and BCD have Market Prices at Maturity less than their respective Strike Prices, these losses do not offset gains made on stock CDE.

c) At Maturity, 1 Underlying Security has a Market Price less than its Strike Price, 1 Underlying Security has a Market Price in between the Strike Price and Cap Level and 1 Underlying Security has a Market Price (and Closing Price) above the Cap Level.

Underlying Security	Number of Underlying Securities	Market Price at Maturity	Strike Price	Cap Level	Allocated Portfolio Loan Amount
ABC	10,000	\$8.00	\$9.00	\$11.00	\$90,000
BCD	10,000	\$20.00	\$18.00	\$22.00	\$180,000
CDE	10,000	\$20.00	\$13.50	\$16.50	\$135,000

For stock ABC, assuming the Collar is exercised, your Underlying Securities will be sold to UBS for \$9 per Underlying Security and that amount will be applied to repay your Allocated Portfolio Loan Amount at Maturity with no surplus proceeds.

For stock BCD, the Collar will expire worthless. You can instruct UBS to sell your Underlying Securities for \$20 and apply the proceeds to repay the Allocated Portfolio Loan Amount of \$18 per Underlying Security, leaving you with \$2 per Underlying Security or \$20,000 on your holding of 10,000 Underlying Securities (assuming no Costs or Taxes).

For stock CDE, a Second Premium Amount of \$3.50 per Underlying Security is payable (Market Price of \$20 less Cap Level of \$16.50). You can instruct UBS to sell your Underlying Securities for \$20, and apply the proceeds to repay the Allocated Portfolio Loan Amount of \$13.50 per Underlying Security and the Second Premium Amount of \$3.50 per Underlying Security. You will therefore net receive \$3 per Underlying Security or \$30,000 on the total holding of 10,000 Underlying Securities.

Note in this scenario that even though stock ABC has a Market Price at Maturity less than its Strike Price, these losses do not offset gains made on stocks BCD and CDE.

4) Drawing down a Loan against Underlying Securities and a Put Spread Collar

This strategy does NOT apply to Superannuation Fund investors.

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

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

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

Facility Amount: \$600,000

Cashflows on Drawdown Date (start of first Interest Period)

Initial Drawdown Amount:	\$540,000	
First Interest Amount:	\$54,000	(10% on initial Drawdown Amount, paid on Drawdown Date)
<hr/>		
Net cash made available to you:	\$486,000	(being initial Drawdown Amount less first Interest Amount)

Cashflows at start of second Interest Period

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

At Maturity:

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

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

a) If the Market Price (and Closing Price) at Maturity are less than \$30;

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

\$6 will be applied to repay the Principal Loan that you have drawn from UBS. You will therefore receive, after repayment of the Principal Loan and payment of the Second Premium Amount, \$28 per Underlying Security.

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

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

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

The Collars will expire worthless. You can instruct UBS to sell your Underlying Securities and apply the proceeds to repay the Loan. Alternatively, UBS can exercise its rights under the Security Interest granted in accordance with clause 27 and sell the Underlying Securities and apply the proceeds to repay the Loan. In either case, UBS will pay to you any surplus funds (less any costs and taxes).

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

d) If the Market Price (and Closing Price) at Maturity are equal to or above \$44;

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

You can instruct UBS to sell your Underlying Securities, apply the proceeds to repay the Principal Loan and pay the Second Premium Amount. If you do not provide any valid instructions, UBS may exercise its rights under the Security Interest you grant to UBS and sell the Underlying Securities and apply the proceeds to repay the Principal Loan and pay the Second Premium Amount. In either case, UBS will pass on to you any surplus funds (less any costs and taxes).

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

5) Drawing down a limited recourse Principal Loan and a full recourse Supplementary Loan

This strategy does NOT apply to Superannuation Fund investors.

If you have drawn a Principal Loan against Approved Securities, then you may be able (subject to approval by UBS) to fund the Interest Amount with a Supplementary Loan. The Supplementary Loan is full recourse meaning that if you fail to pay any amounts on the Supplementary Loan (including all Interest Amounts and the Supplementary Loan Balance at Maturity) then UBS's right to recover these amounts from you is personal and unlimited.

For example, say you purchase 100,000 Underlying Securities, and their current Market Price is \$40. You want to borrow 100% of the Market Price of the Underlying Securities, or up to \$40 per Underlying Security, for 1 year. The Facility Amount on your Principal Loan is \$4,000,000 in total.

Assume Interest is charged at 10% p.a. on the Principal Loan Drawdown Amount and that you have been approved by UBS to fund this interest with a Supplementary Loan repayable monthly in advance over the 1 year, starting at the beginning of January in that year in 12 equal instalments. Assume the interest rate on the Supplementary Loan is 10% p.a. as well.

The following Interest Amounts and Interest payment schedule will apply for the Principal Loan:

Facility Amount: **\$4,000,000**

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

Initial Drawdown Amount: \$4,000,000

First Interest Amount: \$400,000 (10% on initial Drawdown Amount, paid on Drawdown Date)

The following Interest Amounts and Interest payment schedule will apply for the Supplementary Loan:

Interest Payment Date / Repayment Date	(1) Interest Amounts	(2) Supplementary Loan Drawdown Amount repayment	Total payable (1) + (2)	Supplementary Loan Drawdown Amount after repayment
January	\$3,114.16 *	\$33,333.33 **	\$36,447.49	\$366,666.67 ***
February	\$2,557.08	\$33,333.33	\$35,890.41	\$333,333.33
March	\$2,547.95	\$33,333.33	\$35,881.28	\$300,000.00
April	\$2,191.78	\$33,333.33	\$35,525.11	\$266,666.67
May	\$1,981.74	\$33,333.33	\$35,315.07	\$233,333.33
June	\$1,643.84	\$33,333.33	\$34,977.17	\$200,000.00
July	\$1,415.53	\$33,333.33	\$34,748.86	\$166,666.67
August	\$1,132.42	\$33,333.33	\$34,465.75	\$133,333.33
September	\$821.92	\$33,333.33	\$34,155.25	\$100,000.00
October	\$566.21	\$33,333.33	\$33,899.54	\$66,666.67
November	\$273.97	\$33,333.33	\$33,607.31	\$33,333.33
December	\$0.00	\$33,333.33	\$33,333.33	\$0.00

Interest Payment Date / Repayment Date	(1) Interest Amounts	(2) Supplementary Loan Drawdown Amount repayment	Total payable (1) + (2)	Supplementary Loan Drawdown Amount after repayment
Total	\$18,246.58	\$400,000.00	\$418,246.58	

* The Interest Amount is calculated as Drawdown Amount x Interest Rate x (days in Interest Period / 365)

Interest Amount = $\$366,666.67 \times 10\% \times 31 / 365$

= \$3,114.16

** This repayment is calculated as $\$400,000 / 12 = \$33,333.33$

*** The Drawdown Amount after repayment is the previous Drawdown Amount less the repayment i.e.
 $\$400,000 - \$33,333.33 = \$366,666.67$

At Maturity:

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

At Maturity, the Supplementary Loan Balance has been fully repaid and only the Principal Loan Balance is outstanding and requires repayment (occurs as per previous examples).

6) Drawing down a limited recourse Principal Loan and applying distributions to repay part of the Principal Loan Balance

This strategy can apply to Superannuation Fund investors.

If you have drawn a Principal Loan against Approved Securities, or have directed the Nominee to apply the proceeds of your Principal Loan to acquire Approved Securities on your behalf, then you may be able (subject to approval by UBS) to pay some of your Interest Amounts or repay some of your Drawdown Amounts through distributions received on the Approved Securities.

For example, say you purchase 100,000 Underlying Securities, and their current Market Price is \$40. Assume that you have been approved by UBS to borrow 100% of the Market Price of the Underlying Securities, or up to \$40 per Underlying Security, for 1 year. The Facility Amount on your Principal Loan is \$4,000,000 in total.

Assume Interest is charged at 10% p.a. on the Drawdown Amount and that you have been approved by UBS to partially repay the Drawdown Amount with distributions on the Underlying Securities. Assume the distributions on the Underlying Securities are 5% of the Market Price and will be used to repay your Drawdown Amount.

The following Interest Amounts and Interest payment schedule will apply for the Principal Loan:

Facility Amount:	\$4,000,000
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Cashflows on Drawdown Date (start of Interest Period)

Initial Drawdown Amount:	\$4,000,000	
First Interest Amount:	\$400,000	(10% on initial Drawdown Amount, paid on Drawdown Date)

Distributions paid during Term of Loan

Distribution amount:	\$200,000	(Assumed at 5% of value of Underlying Securities on Drawdown Date)
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At Maturity:

Outstanding Loan Balance:	\$3,800,000	
Loan repayment:	\$3,800,000	(paid out of your own funds or by UBS exercising its right as Secured Party to sell the Secured Property, including your Underlying Securities)

At Maturity, the outstanding Principal Loan Balance requires repayment (which occurs as per previous examples).

Section 4

The Exercise and Sale Facility

The Exercise and Sale Facility

What is the Exercise and Sale Facility?

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

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

This process occurs as follows:

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

For example:

Assume you own 100,000 Executive Options over NAB shares, with each Executive Option attaching to one Underlying Security, and an exercise price of \$30. Assume the Market Price for NAB shares is \$40. As a first step, UBS will lend you 100,000 NAB shares (the Lent Securities) so that you can instruct UBS to sell 100,000 NAB shares for you at the market price of \$40, with the total share sale proceeds being \$4,000,000. On settlement of this trade, UBS will pay \$3,000,000 (100,000 x \$30) to NAB to exercise your Executive Options. When NAB allots the relevant NAB shares, you will direct them to be delivered to UBS to repay your Stock Loan.

The settlement amounts will be calculated as follows:

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

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

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

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

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

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

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

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

What are the costs of the Exercise and Sale Facility?

The fees charged by UBS are as follows:

1. Arrangement Fee—minimum A\$5,000 but may be higher in case of a large or hard to borrow stock parcel, or if the Arrangement Fee is consideration for a taxable supply. UBS will provide a quote for the Arrangement Fee in the Quote Sheet.
2. Brokerage on the value of the Lent Securities sold, of up to 1.10% (incl GST) of the gross proceeds of sale of the Lent Securities, unless agreed differently with UBS.

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

What adviser fees are payable?

If you agree to pay your Approved Adviser Group a Sale Facility Adviser Group Fee, UBS may collect from you a fee of an amount specified in your Quote Sheet or Adviser Fee Acknowledgement Form which will be up to 1.10% (incl GST) of the value of the Lent Securities sold and pay it to your Approved Adviser Group and your Approved Adviser Group will hold the Sale Facility Adviser Group Fee on trust and pay all or part of that Sale Facility Adviser Group Fee on to your Financial Adviser, as authorised by you in your Application Form. For example, if the value of the Lent Securities is \$1,000,000, you may agree to pay and you may authorise UBS to collect from you a Sale Facility Adviser Group Fee of \$11,000 and pay it to your Approved Adviser Group as authorised by you in your Application Form.

How to apply for the Exercise and Sale Facility

You must apply to UBS through your Financial Adviser by completing the Application Form on page 183. You may only apply through a Financial Adviser approved by UBS. Please contact UBS to determine if your Financial Adviser is approved.

How to transact through the Exercise and Sale Facility

In the first instance you should arrange for your Financial Adviser to contact UBS to determine if your proposed Transaction is acceptable to UBS. UBS will then conduct due diligence (including enquiring about your Executive Options with the Company) to determine this. If your proposed Transaction is acceptable, UBS will provide you the relevant details in a Quote Sheet.

If you are satisfied with the proposed Transaction as set out in the Quote Sheet and wish to proceed, then your Financial Adviser must provide written instructions to UBS on your behalf to proceed. UBS is entitled to act on the written instructions given by the Financial Adviser or IDPS Operator. (See Authorisation of Financial Adviser and investing through an IDPS on page 11.)

If you are an employee or officer of a Company and the Underlying Securities for your trade are issued by that Company, then you must give written instructions to proceed (your Financial Adviser and/or IDPS Operator cannot).

In addition if you have agreed to pay your Approved Adviser Group a Sale Facility Adviser Group Fee and it is not specified in the Quote Sheet then you will also need to complete an Adviser Fee Acknowledgement Form for the particular Transaction.

You will also have to sign an Irrevocable Direction, authorising the Company to accept receipt of the Executive Option strike amount from UBS and to deliver the Underlying Securities to UBS

Client reporting after you transact

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

- The number of Lent Securities sold for you and the settlement proceeds;
- The funds paid to the company for the exercise of the Executive Options;
- The Brokerage and Arrangement Fee charged to you; and

- The net proceeds paid to you after deducting all amounts owed to UBS.

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

Section 5

General Risks of the Facilities

General Risks of the Facilities

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

Risk of Investing in Underlying Securities or an Underlying Index

An investment in Underlying Securities or an Underlying Index (for example, through a Transaction) carries with it a number of inherent risks. The performance of the Underlying Securities or the securities that make up an Underlying Index are susceptible to a number of factors, including:

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

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

Returns

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

- You may incur Premium Amounts in respect of Options;
- You will incur Interest costs on the Loan; and
- You may incur additional costs in connection with your investment e.g. any Break Costs associated with early repayment or early termination.

Leverage risk

Borrowing to invest magnifies both positive and negative returns. By borrowing to invest in the Underlying Securities, you are able to purchase more Underlying Securities than would otherwise be the case as you only have to fund the interest payments rather than the full cost of the Underlying Securities. This gives you the potential to have substantially more exposure to the Underlying Securities but also means you risk losing a greater amount than if you had funded the full cost of the Underlying Securities yourself.

In addition to the Principal Loan, each Supplementary Loan provides further potential leverage to your investment in the Underlying Securities. This is particularly so if you use one or more Supplementary Loans to fund not only the Interest cost of the Principal Loan but also to fund the Option Adviser Group Fee, the Adviser Group Fee and your Capital Contribution.

Loss of limited recourse

Unless you are a Superannuation Fund, the limited recourse feature applicable to the Principal Loan Facility will not apply if the Loan is terminated or repaid early or an Event of Default occurs. Furthermore, unless you are a Superannuation Fund, you have personal liability during the Term of the Loan for Interest payments, applicable fees, and any break costs incurred. If you breach an obligation to UBS (such as by failing to pay an Interest Amount), you may be liable to immediately repay the full amount of the Loan Balance plus any Break Costs.

No protection for amounts paid to UBS

If you draw a Principal Loan from UBS to acquire Underlying Securities, there is no principal or capital protection of any Interest Amounts made to UBS. In addition if the Principal Loan is for less than 100% of the value of the Underlying Securities and consequently you contribute funds to acquire the Underlying Securities there is no protection of these funds. All amounts paid to UBS are at risk of complete loss.

Ability of the Issuer, Lender and Guarantor to fulfil their obligations

The Issuer and Lender may be either UBS or UBSIA. The Quote Sheet and Confirmation will make it clear which party is the Issuer and the Lender for your Transaction. The Issuer and Lender for Related Transactions will always be the same entity i.e. both either UBS or both UBSIA.

UBSIA is a thinly capitalised entity. Where UBSIA is the Issuer and Lender, UBS AG has granted a Guarantee in respect of certain obligations of the Issuer and Lender as described in Section 7 of this PDS. The Guarantor is an overseas entity and no assurance can be given in relation to the enforceability in an overseas jurisdiction of any Australian judgment obtained in relation to any default by the Guarantor. However, the Guarantee is governed by NSW law and the Guarantor submits to the non-exclusive jurisdiction of the NSW courts in respect of the Guarantee.

The Guarantee is not supported by a charge or other form of security over the assets of the Guarantor. The Guarantee represents general and unsecured contractual obligations of the Guarantor and will rank equally with all of its other unsecured obligations.

The Issuer, Lender and Guarantor (if applicable) and their Affiliates have certain obligations under the Agreement. You must make your own assessment of the ability of the Issuer, Lender and Guarantor and their Affiliates to meet their obligations under the Agreement.

Please refer to the "Description of the Issuers and the Guarantor" in Section 6 for more detail and information about how to access the financial information of the Guarantor.

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

Stock Borrow Agreement

If you lend your Underlying Securities to UBS then you will have increased credit exposure to UBS (and Guarantor, if applicable). If you lend your Underlying Securities to UBS then you have an unsecured contractual obligation with UBS to return those Underlying Securities. You may lose all of the Underlying Securities that are on loan to Issuer if UBS becomes insolvent. If you do not lend your Underlying Securities and they are held in the Nominee then you do not have this unsecured contractual obligation and, all things being equal, your credit exposure to UBS is lower.

Variation of Terms

Certain events, for example Adjustment Events, can result in the terms of your Transaction or any Related Transaction being adjusted. These adjustments are made by UBS as calculation agent and are determined by UBS in its absolute discretion. You should also be aware that if, in UBS's reasonable opinion, it is not possible to adjust the Transaction to account for an Adjustment Event, UBS may early terminate all or a portion of your Transaction and set an Early Termination Date. Note that for Basket Options, UBS may also take into account the effect of the Adjustment Events on the Basket and make such adjustments to the terms of the transaction as it considers appropriate, including without limitation amending the Basket composition (which may involve removal or replacement of the affected Component Security), Component Security Quantity, the number of Underlying Securities, the Strike Price, Basket Cap Level and Maturity Date. In the case of Individually Capped Basket Collars this will also include the Capped Component Price and Individually Capped Basket Cap Level.

Note that for Step Collars, UBS may also take into account the effect of the Adjustment Events on the Step Collar, and make such adjustments as it considers appropriate, including without limitation adjusting the number or description of the Underlying Securities, the Component Collar Strike Prices, Component Collar Cap Levels, Component Collar Participation Rates, Maturity Date and Assumed Distribution Amounts.

Increased costs and change of law

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

Events of Default, Adjustment Events and early termination

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

For example, if your Underlying Securities are subject to compulsory acquisition following a successful cash takeover offer, your Options may be terminated, any Loans (or Allocated Portfolio Loan Amounts corresponding to those Options) will be required to be repaid early (including any Break Costs), and any takeover proceeds may be applied to repay your liabilities under the Transaction, including any Early Termination Amount which may be payable as a result of the early termination. The Early Termination Amount may be a significant cost to you. In this example, for a Portfolio Principal Loan where an Allocated Portfolio Loan Amount has been required to be repaid but the remaining Allocated Portfolio Loan Amounts remain in place, UBS has the discretion to adjust your Interest Rate on the overall Portfolio Principal Loan.

You should also note that an Event of Default can occur even if you have met your obligations to UBS, due to circumstances outside your control. See the definition of "Event of Default" for more details.

Early termination may result in significant Break Costs for both the Option Transaction and the Stock Loan and tax consequences may arise as a result of the early termination.

If you have drawn a Loan or purchased a Put Option, Collar, a Step Collar, Put Spread or Put Spread Collar with the intention of reducing the downside risk on your Underlying Securities, you should note that (unless you are a Superannuation Fund) limited recourse does not apply on early termination meaning that if the value realised from sale of the Secured Property is insufficient to cover the total Loan Balance outstanding, then UBS will have recourse to you personally to recover this difference.

Also note:

- The Options are European Style and therefore not exercisable prior to Maturity—this means there is no assurance that your Underlying Securities can be transferred to UBS for at least the Strike Price;
- Any Early Termination Amount that you pay on terminating a Transaction may be significant and may erode any gains made on your Underlying Securities;
- Any Early Termination Amount that you receive on terminating an Option may be less than the Premium Amounts paid for the Option and may not cover all of the depreciation in security price since the trade date.

Restrictions on transfer of Options

The obligations created by Options between you and UBS cannot be transferred without UBS's prior written consent. In addition, Options traded under this Facility are not standardised, and there is no public market for them. If you are a Superannuation Fund investor your rights, obligations and interests under Related Transactions are a single arrangement for the purposes of the Agreement, and form a single chose in action which is indivisible, and your rights in respect of an Option or Loan (or Allocated Portfolio Loan Amount) which is a Related Transaction may not be severed from your rights in respect of the corresponding Related Loan or Related Option or separately dealt with in any way.

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

In addition, the Issuer may also, if it reasonably believes that it will be unable to freely sell all or any portion of the Underlying Securities to be transferred to it pursuant to the exercise of an Option, require that any Option be Cash Settled. Such election shall be made by the Issuer and notified to you no later than the close of business on the third Business Day prior to the Maturity Date.

Restrictions on transfer of Underlying Securities

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

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

If you are a Superannuation Fund then the Nominee will hold the Underlying Securities subject to the Security Interest granted in accordance with clause 27 of the Agreement to secure your obligations under the Option and any Related Loan. Where such a Security Interest is granted in favour of UBS, you will be prohibited from dealing with or encumbering the Underlying Securities without UBS's prior written consent. A breach of the terms of the Security Interest will give UBS a right to terminate the Options and any Related Loan and may require you to pay to UBS an Early Termination Amount in respect of the Option.

Risk of economic loss

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

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

Importance of timely exercise

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

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

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

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

Our trading activities may affect the value of your Transaction

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

Closing Price/Market Price

It is important to note that UBS uses the Closing Price at Maturity of an Option to determine whether an Option is in the money, out of the money or at the money. However, when determining the amount of any Second Premium Amount payable in relation to a Collar, Step Collar or a Spread Option, UBS will use the Market Price at Maturity.

The Closing Price at Maturity and the Market Price at Maturity should generally be similar, if not the same, however in some circumstances there may be differences between the two amounts, which may be significant.

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

Distributions applied to Loan Balance

If distributions on the Underlying Securities are applied towards reduction of the Loan Balance they will not be paid to you in cash. You will therefore receive no cash flows during the Term of the Loan.

As distributions affect your Loan Balance, you will still have exposure to the level of distributions paid. The lower the actual distributions paid during the Term, the higher your Loan Balance at Maturity.

Basket Options

Whilst in general, the Basket Collar or Basket Put Option provides reduced downside exposure to the Underlying Securities and in the case of a Basket Collar caps upside gains on those securities like a normal Collar transaction, the financial outcome for a Holder of a Basket Collar is different to those for a Holder of Collars over individual shares because of the different methodology employed in calculating the Second Premium Amount and the different nature of a basket option compared to individual stock options. Within the Basket, gains or losses on individual Component Securities are offset against one another. This means that although one or more Component Securities may have appreciated, the Basket may fall in value because another Component Security may have declined in relative value more than the Component Security(ies) that have appreciated. Your exposure to share performance is therefore affected by changes in the Basket value rather than simply individual share values. The same analysis applies to an Index Put Option over a Basket of Component Indices as compared to an Index Put Option over an individual index.

Individually Capped Basket Collars

In addition to the risks outlined for Basket Collars, it is important to note that although within a Basket Collar the gains or losses on individual Component Securities offset against one another to achieve the Basket Market Price at Maturity, in an Individually Capped Basket Collar, each Component Security is individually capped and as such, any gain on a Component Security that is available to buffer the loss on another Component Security is limited by the cap. As a result, the value of the Basket will not increase from any growth in value of a Component Security above the Capped Component Price, and your return on investment will also be limited by this feature.

Step Collars

Under a Step Collar, the share price exposure between the Average Cap Level and the Average Strike Price is reduced both on the upside and the downside as compared to a standard Collar with the same Cap Level and Strike Price as the Average Cap Level and Average Strike Price. As such, the Underlying Security Market Price at Maturity will need to increase significantly more under a Step Collar than under a standard Collar transaction to achieve the maximum possible gain.

Section 6

Description of the Issuers and the Guarantor

Description of the Issuers and the Guarantor

The information set out below is intended to be a brief summary only of the Issuers. You must make your own assessment of the ability of the Issuers and the Guarantor (if applicable) to meet their obligations in relation to the Option Facility, Loan Facility or Exercise and Sale Facility. Nothing in this PDS is, or may be relied upon as, a representation as to any future event or a promise as to the future.

The Issuer and Lender under this PDS can be either UBS AG or UBS Investments Australia Limited. Your Quote Sheet and Confirmation will specify who the Issuer and Lender is for your Transaction.

UBS Investments Australia Pty Limited

UBS Investments Australia Pty Limited (ABN 79 002 585 677) ("UBSIA") is an Australian private company and a wholly owned subsidiary of UBS AG. The Issuer is a thinly capitalised entity and it is not an Authorised Deposit-Taking Institution under the Banking Act 1959 (Cth). The obligations of UBSIA are unsecured obligations which rank equally with all of its other unsecured obligations, and in a winding up of UBSIA you may not receive amounts owed under the Facilities. However, UBSIA's obligations in respect of the Facilities are guaranteed by the Guarantor (UBS AG) subject to certain qualifications. The Guarantee is more fully described in Section 7 of this PDS.

UBSIA will provide a copy, free of charge, of the latest available annual financial report for the Guarantor to any person who requests such copies during the life of this PDS, by contacting the Issuer on 1800 633 100.

UBSIA does not have an Australian Financial Services Licence. The issue of this PDS in Australia by UBSIA is arranged by UBS Securities Australia Limited ("Arranger" or "UBSSA") (ABN 62 008 586 481; AFSL 231098) pursuant to an intermediary authorisation for the purposes of section 911A2(b) of the Corporations Act.

The Arranger is an Australian unlisted public company and a wholly owned subsidiary of UBS AG. The Arranger is an Australian Financial Services Licensee under the Corporations Act, a participating organisation of ASX Limited ("ASX"), a participant of ASX Clear Pty Limited (the clearing and settlement facility for the derivatives markets operated by ASX), and a participant of CHESS (the clearing and settlement facility operated by ASX Settlement Pty Limited).

UBS AG

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 AG 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.

UBS AG (the Guarantor) has granted a Guarantee in respect of certain obligations of UBSIA as described in Section 7 of this PDS. UBS will provide a copy, free of charge, of any of the following documents to any person who requests such copies during the life of this PDS, by contacting UBS on 1800 633 100:

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

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

UBS AG's latest available annual and quarterly financial reports can also be downloaded from <http://www.ubs.com/1e/investors.html>.

Section 7

Description of the Guarantee and the Security Trust Deed

Description of the Guarantee and the Security Trust Deed

The information set out below is intended to be a brief summary only of the Guarantee provided by UBS AG in favour of investors. Investors must make their own assessment of the ability of UBS Investments Australia Pty Limited and UBS AG to meet their obligations under the Facilities as Issuer/Lender and Issuer/Lender/Guarantor respectively. 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

What is the Guarantee and what does it cover?

UBS AG (the Guarantor) has provided a Guarantee in favour of any investor (other than a UBS entity) in any financial product issued by UBSIA except where:

- i) the Guarantor provides notice to UBSIA and UBSIA, as agent for the Guarantor, advises the person to whom the obligations will be owed that the Guarantee will not apply and the notice is provided before the obligation is incurred; or
- ii) it relates to an obligation incurred by UBSIA on or after the date on which the Guarantor directly or indirectly ceased to beneficially own all of the shares of the Issuer.

As at the date of this PDS, the Guarantor has not provided notice to UBSIA under (i) above, and the Guarantor continues to beneficially own all of the shares of UBSIA. If UBSIA receives notice from the Guarantor that the Guarantee will no longer apply to the Facilities under this PDS, or if the Guarantor ceases to own all of the shares of UBSIA, then UBSIA will notify investors and withdraw the Facilities and return outstanding application monies without interest within 5 Business Days of that event occurring.

If such events do not occur before you enter into a Transaction, the Guarantee will cover the obligations of the Issuer to investors under the Terms.

Under the terms of the Guarantee, if UBSIA fails to meet a guaranteed obligation, such as an obligation to make a payment or deliver the Underlying Securities, then the Guarantor will pay the amount in AUD, or make the delivery of the Underlying Securities on demand by the investor. If there are amounts owed to UBSIA (for example, under a Loan) then those amounts will be netted off against any amounts owed to the investor by UBSIA, before payment is made by the Guarantor.

It is important to note that the Guarantee operates in respect of UBSIA's net payment and delivery obligations in respect of the Facilities, but that it is not a guarantee of the performance of a Transaction or the performance of the Underlying Securities or Underlying Indices.

How do investors make a claim under the Guarantee?

An investor may make a claim under the Guarantee if UBSIA fails to meet a guaranteed obligation as described above. For example, this may occur if UBSIA fails to make a payment in accordance with the Terms, or fails to deliver the Underlying Securities in accordance with the Terms. To make a claim, the investor must provide notice of the claim in writing to UBS AG, Australia Branch (at the address set out below), which will act as the Guarantor's agent. The notice must:

- Include the investor's full name as set out in the Application Form;
- Indicate that the investor is making a claim under the Guarantee;
- Indicate that the claim is made in respect of a Transaction under the Facilities of this PDS and the details of that Transaction;
- Provide all information relevant to the claim, including:
 - the obligation or obligations which the Issuer has failed to satisfy;
 - the due date for the obligation or obligations the subject of the claim; and
 - the monetary amount or particular assets the subject of the claim.

The investor must also provide any information reasonably required by the Guarantor in order to assess and settle the claim.

Notices to UBS AG in relation to the Guarantee must be sent to:

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

or such other address as notified by the Issuer or UBS AG from time to time.

For valid claims, the Guarantor will then make a payment under the Guarantee either by mailing a cheque to the investor to their address as notified to UBSIA, or paying the money into the account according to the details notified by the investor to UBSIA. For a delivery of the Underlying Securities the Guarantor will make the delivery in the same manner as was originally required of UBSIA. Once the payment or delivery is made, this shall discharge absolutely the obligation of the Guarantor to make that payment or delivery to the investor and the investor will have no further recourse to the Issuer for such payment or delivery.

Other information

The Guarantee is unconditional and irrevocable and the obligations of the Guarantor under the Guarantee (subject to applicable law) will at all times rank at least equally with all its unsecured and unsubordinated indebtedness and monetary obligations, present and future.

The Guarantor is an overseas entity and no assurance can be given in relation to the enforceability in an overseas jurisdiction of any Australian judgment obtained in relation to any default by them. However, the Guarantee is governed by NSW law and the Guarantor submits to the non-exclusive jurisdiction of the NSW courts in respect of the Guarantee.

The Guarantee is not supported by a charge or other form of security over the assets of the Guarantor. The Guarantee represents general and unsecured contractual obligations of the Guarantor and will rank equally with all of its other unsecured and unsubordinated indebtedness and monetary obligations and in a winding up of the Guarantor you may not receive these amounts.

You can obtain a copy of the Guarantee free of charge by contacting the Issuer on 1800 633 100.

Security Trust Deed and Nominee Deed

Each Superannuation Fund has the benefit of, is entitled to enforce and is bound by, the Security Trust Deed.

The Nominee establishes a Separate Trust for each Transaction and grants a Security Interest to UBS in the property to be held for the Superannuation Fund in that Separate Trust (that is, the Underlying Securities and accretions, including distributions) ("Secured Property"), to secure the Secured Obligations of the Superannuation Fund under the Transaction.

The Nominee holds the Secured Property for the Superannuation Fund, subject only to UBS's Security Interest. Accretions will be passed on to the Superannuation Fund as specified in the Confirmation.

The Superannuation Fund is absolutely entitled (as against the Nominee) to the Secured Property. However, the Superannuation Fund shall forebear from requiring the transfer of Secured Property to it or its nominee (other than the Nominee) prior to the release and discharge of UBS's Security Interest. The Superannuation Fund is presently entitled to and has an absolute vested and indefeasible interest in all of the distributions and other income which may be received or derived in respect of property of the Separate Trust in an income year.

Neither UBS or the Nominee (or any associate) incurs any liability in relation to a Separate Trust, except by fraud or wilful misconduct. No-one guarantees that the Nominee will perform or comply with its obligations.

The Superannuation Fund must give information to the UBS or the Nominee (or their associates) as requested, to enable the Nominee to administer the Separate Trust and do everything UBS requires to ensure the Security Interest is effective.

Tax may be deducted and paid from the Separate Trust if the Nominee is liable to pay tax for the Superannuation Fund.

If the Superannuation Fund fails to discharge the Secured Obligations on or before the Maturity Date (or fails to pay Taxes) then UBS is entitled (without any notice to the Superannuation Fund) to exercise a power of sale under its Security Interest (or appoint a receiver to do so) and apply the proceeds in the following Order of Payment:

- i) firstly, to the Nominee, all costs, charges, liabilities and expenses of the Nominee in respect of the Separate Trust;
- ii) secondly, to discharge the Secured Obligations referable to an Option (if any);

- iii) thirdly, to discharge the Secured Obligations referable to a Loan (if any); and
- iv) finally, to the Superannuation Fund, any balance (without interest and in full discharge of all liabilities of the Security Trustee and UBS to the Superannuation Fund).

UBS's rights under the Security Trust Deed are subject always to the limited recourse provisions in clause 11 of the Facility Terms.

UBS's Security Interest continues until all Secured Moneys (in respect of the Separate Trust) are paid and all Secured Obligations (in respect of the Separate Trust) are discharged, unless the relevant Superannuation Fund directs the Nominee to continue to hold the property of the Separate Trust after the discharge of UBS's Security Interest, as bare trustee for the Superannuation Fund.

UBS may direct the Nominee to take whatever action is permitted under the Facility Terms, if there is an Adjustment Event.

UBS (or its receiver) and the Nominee have broad powers of sale, and the Nominee has broad administrative powers and need not consult with the Superannuation Fund before taking action under the Security Trust Deed.

Section 8

Taxation Summary

Taxation Summary

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

UBS has obtained a product ruling (PR 2014/9) from the Australian Taxation Office (ATO) to confirm the tax implications of certain Transactions under the Facility. A product ruling can provide certainty around particular tax consequences for investors who meet its requirements. Investors should seek their own independent advice on the application of PR 2014/9 to their own specific circumstances. PR 2014/9 is available free of charge on the ATO's website at www.ato.gov.au.

All references to legislative provisions are to provisions of the Tax Act unless otherwise indicated.

1) Assumptions

This summary of taxation implications assumes:

- a) you will hold your Underlying Securities and Options on capital account and will not be a person who is carrying on a business of either trading in securities or investing in securities in the course of which you regularly acquire and dispose of securities;
- b) you are an Australian resident for tax purposes;
- c) you are:
 - i) an individual;
 - ii) a superannuation fund with assets of less than \$100 million; or
 - iii) a non-financial entity with an annual turnover of less than \$100 million, financial assets of less than \$100 million and total assets of less than \$300 million;
- d) you do not invest through an IDPS;
- e) at all times the Nominee will be an Australian resident;
- f) the Underlying Securities will at all times be or be comprised of ordinary shares or units quoted on:
 - i) the ASX, the New Zealand Stock Exchange or the National Stock Exchange of Australia; or
 - ii) the official list of an exchange that is both an approved stock exchange for the purposes of the Tax Act and a member of the World Federation of Exchanges;
- g) the Underlying Securities will not be sold or acquired when they are suspended from quotation;
- h) where the Underlying Securities are or include units in a unit trust, at all times the unit trust will:
 - i) be a registered managed investment scheme under the Corporations Act 2001 which has issued units to the public;
 - ii) have at least 300 unitholders; and
 - iii) be a widely held unit trust as defined in Schedule 2F of the Act, including that the trust is a fixed trust and 20 or fewer unitholders (counting related unitholders as a single unitholder) will not hold 75% or more of the units in the unit trust¹⁰;
- i) it is expected that distributions of assessable income will be made in respect of the Underlying Securities;
- j) where you use the Exercise and Sale Facility, no dividends or distributions will be paid in respect of Underlying Securities during the term of the Stock Loan (i.e. between the time the Underlying Security is acquired from UBS and the time Equivalent Shares are redelivered to UBS);

¹⁰ You should note that the test for whether a trust is a "fixed trust" for taxation purposes is currently uncertain and should obtain independent tax advice where the Underlying Securities are or include units in a trust.

- k) dividends included in distributions paid in respect of Underlying Securities that are units in a unit trust will be received by the trustee of the unit trust in respect of ordinary shares;
- l) you will not enter into any positions in relation to the Underlying Securities other than pursuant to the Facility and the net "delta" of your positions in relation to each Underlying Security will be greater than 0.3 at the time of entry into each position;
- m) UBS will take security for a Principal Loan over Underlying Securities or Baskets with a market value at least equal to the Facility Amount;
- n) the Security Interest over the Secured Property will be granted prior to there being any arrangement with UBS in relation to any identified or specifically identified Secured Property;
- o) interest in respect of the whole of a Portfolio Principal Loan or a Principal Loan in respect of a Basket, will be calculated using a single interest rate determined by UBS taking into account, amongst other things, market interest rates, the identity of all of the Approved Securities in the Portfolio or Basket, the size of each parcel of Approved Securities and the Maturity Date. The inclusion in the Portfolio or Basket of units in cash trust will lower the interest rate on the Loan;
- p) each Interest Period will be for less than 12 months; and
- q) all transactions each of you and the Nominee enter into with UBS will be at prevailing market prices and otherwise on arm's length terms.

2) Principal Loan Facility

Deductibility of Interest on the Principal Loan and Supplementary Loan

Interest on a Principal Loan, reduced by the amount reasonably attributable to capital protection, should be deductible to the extent you use the Loan funds for the purpose of gaining or producing assessable income (other than capital gains). This may include using the funds to acquire Underlying Securities, a Portfolio or a Basket, or for other assessable income producing purposes (for example, where you use Underlying Securities as security for a Principal Loan).

The amount reasonably attributable to capital protection will be equal to the Interest Amount for the income year together with any amounts paid that are "in substance" for capital protection, less the amount of interest that would be payable calculated using a "benchmark" rate. If interest on the Principal Loan is fixed for an Interest Period, the benchmark rate is the Reserve Bank of Australia's Indicator Lending Rate for Standard Variable Housing Loans plus 1% at the time when the first amount is incurred in respect of that Interest Period. The benchmark rate will not change throughout the Interest Period.

To the extent a Principal Loan is not applied for assessable income producing purposes (for example, to the extent it is applied to acquire an Option held on capital account), or is applied solely for the purpose of producing capital gains, Interest will not be deductible. Where a Principal Loan is applied for a mixed purpose, interest deductibility must be apportioned. If you use the Principal Loan for a non-assessable income producing purpose you should obtain independent tax advice.

No part of the Interest on an Supplementary Loan should be treated as reasonably attributable to the cost of capital protection. Interest on an Supplementary Loan should be deductible to the extent the Supplementary Loan is applied to pay deductible interest on the Principal Loan or for other non-capital gains assessable income producing purposes. To the extent the Supplementary Loan is applied for a non-assessable income producing purpose, for example, to pay fees, interest on the Supplementary Loan will not be deductible.

Where you expect your total non-capital gains assessable income to exceed deductible expenses, your interest should be deductible as set out above. However, if your deductible expenses exceed the non-capital gains assessable income in fact produced, the ATO may seek to deny your deduction if your purpose in incurring those expenses included a purpose other than the derivation of non-capital gains assessable income.

Any deduction for prepaid interest should be allowable at the time of payment if it is less than \$1,000 or you:

- a) are an individual who does not carry on a business or a small business entity (generally, a business with an annual turnover of less than \$2m) who does not elect to spread deductions;
- b) prepay interest for a period of 12 months or less ending on or before the end of the income year following payment; and
- c) apply the Loan to acquire Underlying Securities or a Basket of Underlying Securities or otherwise to acquire real property, shares listed for quotation on an approved stock exchange (as defined in the Tax Act) or units meeting the requirements in paragraph 1(g)(ii) and (iii) from which you reasonably expect to obtain rent, dividends or trust income and no other income other than capital gains.

In all other circumstances deductions for Interest will be spread on a straight line accruals basis over the relevant Interest Period.

Cost of capital protection

The amount that is reasonably attributable to capital protection will not be deductible. Rather, that amount will be a further cost of the Related Option (if any) and, together with any Facility Adjustment Fee, included in its cost base and reduce cost base as described below. If you do not have a Related Option the amount that is reasonably attributable to capital protection plus any Facility Adjustment Fee will be treated as the cost of a notional put option.

Cost base and acquisition date of Underlying Securities

The Underlying Securities will be capital gains tax (CGT) assets. Your cost base and reduced cost base in the Underlying Securities acquired using a Principal Loan should include the amount paid to acquire the Underlying Securities plus any incidental costs of acquisition. Where you use Underlying Securities already held by you as security for a Principal Loan, you should retain your original cost base and reduced cost base in those Underlying Securities. However, please refer to paragraph 10 below in this regard.

Relying on the Limited recourse feature at maturity

If you rely on the limited recourse feature of the Principal Loan (i.e. where UBS exercises its rights under the Security Interest and disposes of the Underlying Securities for less than the Principal Loan Balance or Allocated Portfolio Loan Amount (as applicable), any notional put option referred to under the heading "Cost of capital protection" above will be treated as having been exercised. Any capital gain or loss on the notional put option will be disregarded. You will make a capital gain or loss on the Underlying Securities equal to the outstanding Principal Loan Balance or Allocated Portfolio Loan Amount (as applicable) less the sum of your cost base or reduced cost base in the Underlying Securities and the cost of acquiring the notional put option (if any).

If you do not rely on the limited recourse feature of the Principal Loan, any notional put option will expire unexercised. On repayment of the Principal Loan you will make a capital loss equal to your reduced cost base in the notional put option (discussed under the heading "Cost of capital protection" above). This capital loss may be offset against your other capital gains.

The consequences of exercising or expiry of any Related Option are addressed below.

Discount CGT treatment

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

3) Option Facility

Purchase of Options

A bought Option will be a CGT asset. Its cost base and reduced cost base should include any First Premium Amount, Second Premium Amount, Early Termination Amount and/or Differential Value, you are required to pay to UBS, any Facility Adjustment Fee and any amount reasonably attributable to the cost of capital protection under a Related Loan (as discussed above). Any non-deductible interest on Principal Loan funds applied to buy an Option should be included in the Option cost base but not its reduced cost base.

On exercise and Physical Settlement of a Put Option, Collar, Step Collar, Put Spread or Put Spread Collar you will make a capital gain or loss on the Underlying Securities equal to the Strike Price (or Aggregate Strike Price) less the cost base or reduced cost base of the Underlying Securities (including the cost of the Option and any transfer costs such as brokerage).

On exercise and Physical Settlement of a Call Option or a Call Spread you will acquire Underlying Securities with a cost base and reduced cost base including all amounts paid to acquire and exercise the Option (including the Strike Price). You may make a capital gain or loss on subsequent disposal of the Underlying Securities.

If an Option that is required to be physically settled is Cash Settled or you close out an Option early, you may make a capital gain or loss equal to the capital proceeds received less the cost base or reduced cost base of the Option.

Cash Settlement of an Option that will always be Cash Settled (for example an Index Option or Quanto Option) may instead give rise to a gain treated as an amount of assessable income (rather than a capital gain).

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

Selling of Options

If you sell a Put Option, you will make a capital gain equal to the First Premium Amount you are entitled to receive from UBS. This amount is included in your net capital gain in the income year you sell the Put Option, even though you may not receive any payment in that year.

Any interest you receive from UBS on the required cash collateral will be included in your assessable income in the income year it is received.

If a sold Put Option is exercised and physically settled:

- a) any capital gain you made on sale of the Put Option will be disregarded (if this occurs after assessment of the capital gain, you will need to amend your assessment);
- b) the Strike Price less the First Premium Amount will be included in the cost base and reduced cost base of the Underlying Securities purchased; and
- c) a capital gain or loss will arise on subsequent disposal of the Underlying Securities.

If you Cash Settle a sold Put Option, you should obtain your own independent tax advice applicable to your own circumstances.

If you sell a Call Option, you will make a capital gain equal to the First Premium Amount.

If a sold Call Option is exercised and physically settled:

- a) any capital gain you made on sale of the Call Option will be disregarded (if this occurs after assessment of the capital gain, you will need to amend your assessment); and
- b) you will make a capital gain or loss on disposal of the Underlying Securities equal to the Strike Price plus the First Premium Amount less the cost base or reduced cost base of the Underlying Securities.

If a sold Call Option, that requires Physical Settlement is terminated for a cash payment, that amount should be included in the cost base and reduced cost base of the Underlying Securities which you are no longer required to transfer as a cost of preserving your title to the Underlying Securities.

Variation of Options

Varying the terms of an Option should not cause the Option to terminate where the intention is merely to vary an ongoing contract without altering its essential terms. Whether or not this is the case will be determined by the particular circumstances and is a question of fact and degree.

An Amendment Amount you pay merely to vary a bought Option should be included in the cost base and reduced cost base of the Option. If you receive an amount, that amount should either reduce the Option's cost base and reduced cost base or be treated as a capital gain depending upon the circumstances. For example, an amount received in consideration for the amendment to the Cap Level of a Collar (after reduction for any incidental costs relating to the amendment) should be treated as a capital gain. Amounts paid or received on variation of a sold Option may impact on the capital gain or loss resulting from the sale.

If the alteration goes beyond a mere variation it may be treated as a termination and the entry into a new Option. In these circumstances a CGT event will occur, giving rise to a capital gain or loss that will take into account the amount paid or received as well as the market value of any new Option treated as having been entered into at that time.

Discount CGT treatment

If you are an individual, trust or complying superannuation fund, you may be entitled to discount CGT treatment on the disposal of Underlying Securities or early termination or Cash Settlement of a bought Option held for at least 12 months (excluding the acquisition and disposal dates). This will reduce your capital gains by 50% if you are an individual or trust, or by 33¹/₃% if you are a complying superannuation fund.

For discount CGT purposes:

- a) your acquisition date for Underlying Securities acquired under a sold Put Option or a bought Call Option or Call Spread; and
- b) your disposal date for Underlying Securities disposed of under a bought Put Option, Collar, Step Collar, Put Spread or Put Spread Collar or a sold Call Option,

should be the date of exercise of the Option.

No discount is available for capital gains made on sale of an Option.

4) Exercise and Sale Facility

You will make a capital gain or loss on the sale of shares borrowed from UBS under the Exercise and Sale Facility. The cost base and reduced cost base of the borrowed shares will include their market value at the time you acquire them from UBS plus incidental acquisition and disposal costs (including the Arrangement Fee and any brokerage). If the shares are immediately sold at the same market value, your capital loss should equal the relevant incidental costs.

Redelivery to UBS of the shares acquired under the Executive Options will be treated as a disposal of the shares for the market value of the Lent Securities at the time of the borrowing under the Stock Loan.

The tax consequences of exercise of Executive Options and disposal of the shares acquired will depend on the terms of the employee share scheme plan and the Tax Act and may be complex. You should obtain your own independent tax advice applicable to your own circumstances.

5) Holding Underlying Securities

Australian Underlying Securities—distributions and franking credits

Your assessable income will include any dividends received in respect of your Underlying Securities including dividends applied to repay your Loan or Interest or paid to UBS under a Distribution Agreement. If you are a "qualified person", you will also include any franking credits attached to those dividends.

If you are a "qualified person" you may be entitled to a tax offset equal to the franking credits. A tax offset exceeding your tax liability is refundable if you are an individual or complying superannuation fund. No refund is available if you are a company, but you may convert any excess into a tax loss and you will also credit your franking account with the franking credit.

You will be a "qualified person" in relation to an ordinary dividend if you have at least 30% of the risk of loss or opportunity for gain from the Underlying Securities. This will be the case if your net position in the Underlying Securities has a delta of at least 0.3 for 45 days or more between:

- a) the date you acquire the Underlying Securities and the 45th day after the dividend ex-date; or
- b) if you are under a related payment obligation (broadly, an obligation to pay away the benefit of the dividend), the 45th day before the dividend ex-date and the 45th day after the dividend ex-date,

(in each case excluding the dates of acquisition and disposal).

Your net position will take into account the delta of all positions you hold in relation to the Underlying Securities. This includes the Principal Loan, the Allocated Portfolio Loan Amount relating to the Underlying Security (if you have a Portfolio Principal Loan), any Option, and any other positions you hold in relation to the Underlying Securities.

The delta of these positions will generally vary over time. However, where you are not under a related payment obligation, the delta of your net position will be taken not to change after the day the last position is entered into. Where you are under a related payment obligation, you will be required to re-calculate the delta of your net position on the 45th day prior to the relevant dividend ex-date as well as any subsequent date other positions are entered into.

The direction to apply dividends in payment of principal or interest on your Principal Loan or Supplementary Loan or in payment of any Aggregate Payment amount should not be treated as a related payment obligation. However, you will be under a related payment obligation if you have entered into a Distribution Agreement or UBS has made certain adjustments to your Transactions. There may also be other circumstances giving rise to a related payment obligation. You should seek independent tax advice applicable to your personal circumstances.

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

Alternatively, if you are:

- a) an individual and are not under a related payment obligation, you will be a "qualified person" where the total franking tax offsets to which you are entitled in any given income year do not exceed \$5,000; or
- b) a complying superannuation fund investor you may elect for a franking credit and rebate ceiling to apply.

The discussion above only applies to ordinary dividends. If a special dividend is received, the rules apply differently, including in respect of time periods. Further, any adjustment of an Option or Loan terms for the special dividend should be treated as a related payment. You should seek independent tax advice regarding how these rules apply.

Trust distributions

The tax implications of holding Underlying Securities that are units in a unit trust will depend on the nature of the particular trust. You should therefore obtain your own independent advice applicable to your personal circumstances.

You should note that the transfer to the Nominee of Underlying Securities that are units in a trust may be treated as a re-acquisition for the purposes of the qualified person rule. This means that any days for which Underlying Securities that are units in a trust were held at risk prior transfer to the Nominee may not be included in determining whether you have satisfied the qualified person test.

Anti-avoidance and franking

Specific anti-avoidance provisions apply to prevent inappropriate streaming and trading of franking credits. The rules may apply to an arrangement, including an Option, if a party to the arrangement has a more than incidental purpose of enabling a taxpayer to obtain franking tax offsets in connection with a distribution.

If applicable, the rules allow the Commissioner of Taxation (Commissioner) to deny the benefit of a franking tax offset.

Whether you or UBS have a more than incidental purpose of ensuring you obtain such benefits will depend upon the terms of your Options and your individual facts and circumstances including, without limitation:

- a) exposure to changes in the market value of the Underlying Securities after entry into the Option (e.g. the difference between the market value of the Underlying Securities at the time of entry into the Option and the Strike Price and/or Cap Levels as applicable) and how this exposure compares with the expected imputation benefits on the Underlying Securities (bearing in mind that these expected imputation benefits need to be able to be regarded as merely "incidental" in comparison to exposure to changes in the market price of the Underlying Securities);
- b) the term of the Option;
- c) the length of time the Underlying Securities have been held; and
- d) whether or not the Underlying Securities are expected to pay franked dividends.

As the potential application of the provisions will depend upon your particular circumstances, you should obtain independent tax advice.

Foreign underlying securities

Tax may be withheld from distributions on foreign Underlying Securities under foreign laws and any applicable tax treaty.

If this occurs, your assessable income will include the amount of the distribution plus any foreign tax properly withheld. A tax offset should generally be available for the foreign tax paid up to the amount of Australian tax payable on all foreign income derived for the income year (or \$1,000 if this is greater). Credit for excess foreign tax paid cannot be refunded or carried forward.

6) Stock Borrow Agreement

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

Disposal of Borrowed Securities under the Stock Borrow Agreement

Provided the Stock Borrow Agreement is a section 26BC-complying securities lending arrangement, you will be taxed as if the Borrowed Securities had not been lent to UBS. There should be no tax consequences of disposal or redelivery of Borrowed Securities nor any change to your acquisition date or cost base and reduced cost base.

Similarly, you will be taxed on distributions in respect of the Borrowed Securities as if you had continued to hold the Borrowed Securities. UBS may provide you with a transfer of distribution statement to allow you to claim any franking credits or alternatively may pay an additional amount to compensate you for any franking credits forgone.

Bonus shares, rights and options

If UBS transfers to you any rights, options or bonus shares issued in relation to the Borrowed Securities you will be treated as if you held the Borrowed Securities at all relevant times. Where UBS instead pays you the value of any bonus share, right or option, you will be treated as if you received and disposed of the bonus share, right or option for an amount equal to the payment.

Takeovers or repurchases

If UBS redelivers Borrowed Securities prior to a corporate action that results in the Borrowed Securities changing in some way or ending (e.g. a takeover or merger), you will hold the Borrowed Securities at the relevant time and will be subject to the resulting tax consequences. If the Borrowed Securities are not redelivered to you prior to such a corporate action occurring, the tax consequences outlined in under the heading "Failure to re-deliver Borrowed Securities" may arise.

Failure to redeliver Borrowed Securities

If UBS fails to redeliver the Borrowed Securities within 12 months of the date of the borrowing, fails to redeliver the Borrowed Securities prior to a corporate action that results in the Borrowed Securities changing in some way or ending or fails to pass on the full value of distributions, the concessional taxation treatment outlined above will not be available. In these circumstances:

- You will have disposed of the Borrowed Securities on the date of the Stock Loan and will realise a capital gain or loss at that time equal to the difference between the market value of the Borrowed Securities at the time of disposal and their cost base or reduced cost base;
- You will not be entitled to any franking tax offset in respect of distributions, however under the Stock Borrow Agreement, UBS may still be required to compensate you for franking credits forgone;
- Your deductions for prepaid Interest may be spread on a daily accruals basis;
- You will acquire redelivered Equivalent Securities on the date of entry into the Stock Loan and discount CGT treatment will be available only if the redelivered securities are held for at least 12 months; and
- None of the days you held the Borrowed Securities at risk prior to entry into the Stock Borrow Agreement will be taken into account when determining whether you are a qualified person in respect of distributions on the redelivered securities.

7) Fees

Any Loan Establishment Fee may be deductible over the lesser of five years and the term of the Principal Loan, to the extent you use the Principal Loan for the purpose of producing assessable income in the income year in which a deduction is sought.

Where you only draw down part of the Facility Amount, your deductions for the Loan Establishment Fee may be limited to the part that is referable to the part of the Facility Amount that is drawn down and used for income producing purposes at that time. You may be entitled to deduct the remainder of the Loan Establishment Fee in the income year in which the remainder of the Facility Amount is drawn down and used for income producing purposes.

Any Facility Adjustment Fee should not be deductible, but should be included in the cost base of any Related Option or notional put option referred to under the heading "Cost of capital Protection" above.

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

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

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

8) Foreign currency Loans and Options

If you acquire foreign Underlying Securities, or enter into an Option or Loan denominated in a foreign currency you will be required to convert all amounts into Australian Dollars (AUD) for tax purposes. In addition, you may be taxed on any exchange gains and losses.

In particular:

- Interest incurred in a foreign currency should be converted to AUD at the earlier of the time it is paid and the time it is deductible;

- Income derived in a foreign currency should be converted to AUD at the earlier of the time it is received and the time it is derived. Any gain or loss arising as a result of a change in the value of the currency between derivation and receipt (where this occurs at a later time) should also be assessable or allowable as a deduction;
- An amount or value included in the cost base of a CGT asset should generally be converted to AUD at the time of payment;
- Disposal proceeds from a CGT event in relation to an Option or Underlying Securities should be converted to AUD at the time of the relevant CGT event. In addition, any gain or loss arising between the time of the CGT event and receipt of the disposal proceeds should be treated as an additional capital gain or loss where this occurs within 12 months and no election is made for the amount to be treated as assessable or deductible;
- Any gain or loss on repayment of a Loan in a foreign currency should be assessable or allowable as a deduction except to the extent it is made in gaining or producing income that is not taxable. The gain or loss should be equal to the value of the Loan principal determined in AUD at the time it is drawn down less the value of the Loan principal determined in AUD at the time it is repaid;
- Any gain or loss on Cash Settlement or early termination of an Option that has a non-AUD Settlement Currency (including an Index Option) may also be assessable or allowable as a deduction to the extent it is attributable to a change in value of the Settlement Currency. To the extent that an amount is assessable or deductible, it should reduce any capital gain or loss arising from the Cash Settlement or early termination of the Option.

As there may be other events resulting in the taxation of foreign exchange gains or losses, you should obtain independent taxation advice applicable to your individual facts and circumstances.

9) Taxation of Financial Arrangements (TOFA)

The TOFA provisions should not apply where the above assumptions are valid. You should obtain your own advice on the application of these provisions in your personal circumstances.

10) Security Interest and Underlying Securities held by the Nominee

There should be no income tax consequences from the grant nor the discharge of the Security Interest.

If you are a Superannuation Fund Investor, or you otherwise use a Principal Loan to acquire, or secure a Principal Loan with, listed shares or units held by the Nominee, the transfer of the Underlying Securities to or from the Nominee should not give rise to any taxation implications, nor should it impact your entitlement to prepaid Interest deductions or franking credits, provided proposed amendments to the Tax Act are enacted as announced.

These proposed amendments are intended to apply to treat a superannuation fund investor with a loan compliant with the SIS Act or an investor under a "traditional instalment warrant" (as appropriate) to be the owner of the relevant underlying asset for tax purposes. A "traditional instalment warrant" is a non-recourse borrowing secured by listed shares or units held in a widely held trust. Details of the proposed announcements are set out in the 10 March 2010 consultation paper "Income Tax Treatment of Instalment Warrants Proposals Paper" and in the Assistant Treasurer's Media Release 8/2011 dated 17 January 2011.

If legislation is not enacted in the terms announced, the taxation implications under a Transaction may be different to those discussed above. For example, a CGT event may occur on transfer of Underlying Securities between the Nominee and you, and you may not be entitled to prepaid Interest deductions or franking credits. However, the ATO has stated that, up until the time of enactment of the proposed changes, it will accept tax returns as lodged and will not take any compliance action. Investors should obtain advice in relation to the proposed changes, and should not rely on UBS to remain informed of any changes to the Tax Act.

The Government is currently considering reform options regarding the taxation of trust income. This includes a consideration of the types of trusts that are subject to taxation under Division 6. In the interim, the ATO has acknowledged that there is a current practice of essentially ignoring bare trust arrangements for most income tax purposes. UBS has received confirmation from the ATO that whilst legislative reform is being considered by the Government, the administrative treatment of not seeking to disturb this current practice will extend to the security trust arrangements under the Structured Option and Loan Facility. Accordingly, the administrative treatment should apply to investors who have provided Underlying Securities to the Nominee to secure their obligations under a Transaction.

11) Part IVA

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

- a) an amount not being included in assessable income where that amount otherwise would have been included or might reasonably be expected to have been included; or
- b) an amount being allowable as a deduction where that amount otherwise would not have been allowable as a deduction or would not reasonably be expected to have been allowable.

The application of Part IVA to a particular taxpayer can only be conclusively determined on an examination of that taxpayer's individual circumstances. You should therefore seek your own independent tax advice in light of your own particular circumstances.

12) Tax File Number (TFN) withholding and closely held trusts

You may provide your TFN or in certain circumstances Australian Business Number (ABN) to the Nominee. If this is not provided, certain payments may be subject to withholding of tax at 47% (from 1 July 2014). There is no need to quote a TFN or ABN in relation to an Option or Loan.

Trustees of closely held trusts are required to make a correct statement (being a "trustee beneficiary statement") in the approved form to the Commissioner which discloses the identity and TFN of any trustee beneficiaries who are presently entitled to a share of the net income of the trust. There are certain exceptions to this rule. If you are a trustee investor and do not provide the Nominee with sufficient information to enable it to make a correct trustee beneficiary statement, the Nominee may withhold tax at 47% (from 1 July 2014) from any income to which you are entitled.

13) Other events

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

14) Stamp Duty

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

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

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

15) GST

The A New Tax System (Goods and Services Tax) Act 1999 and related legislation impose a goods and services tax ("GST") on certain "supplies" that are classified as "taxable supplies". The A New Tax System (Goods and Services Tax) Regulations 1999 identify a range of supplies that are input taxed "financial supplies" and not subject to GST. Supplies by persons that are neither registered nor required to be registered for GST purposes are outside the scope of GST, and are also not subject to GST.

The grant of a Loan, the purchase, exercise and settlement, sale, variation or termination of an Option, the lending and borrowing of shares under a Stock Loan, the purchase, sale or transfer of Underlying or Approved Securities, the grant or discharge of a Security Interest, and the exercise of an Executive Option will generally be input taxed financial supplies (or supplies outside the scope of GST) on which no GST will be payable. As such, most fees and charges payable by you in respect of such supplies (e.g. interest payments, any Loan Establishment Fee, any Facility Adjustment Fee, break costs, Arrangement Fee) should not be subject to GST.

Further, the payment or application by UBS to you of dividends, distributions and associated tax benefits in respect of Underlying or Approved Securities; and the payment by UBS to you of proceeds from settlement of an Option, net proceeds under the Exercise and Sale Facility, the Stock Borrow Fee, and any amount under the Distribution Agreement should not be subject to GST.

However, GST may be applicable on fees and other amounts incurred on your behalf or charged in relation to services supplied directly to you—such as brokerage in relation to the purchase and sale of securities, and fees paid to your financial adviser. Further, if GST becomes payable by UBS in connection with any supply made to you under or in connection with this PDS then UBS can require you to pay an additional amount on account of that GST. For example, if in the circumstances the Arrangement Fee payable by you to UBS under the Exercise and Sale Facility is a fee for services performed by UBS (as distinct from a fee payable for UBS lending securities to you under the Stock Loan), it is expected that GST would apply to the supply of these services and the relevant fee would be

grossed up on account of GST. Fees and charges that are likely to be subject to GST are indicated as such in this PDS.

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

Section 9

Additional Information

Additional Information

Preparation of this PDS

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

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

You should also note that no person is authorised by the Issuer to give any information to investors or to make any representation not contained in this PDS.

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

Obligations of the Issuer

The Options will constitute direct unconditional obligations of UBS. The obligations are unsecured contractual obligations which will rank equally with other unsecured contractual obligations and unsecured debt. Information in relation to each of the Issuers and Guarantor is set out in Section 6 entitled "Description of the Issuers and Guarantor".

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

Complaints

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

We will try to resolve your complaint quickly and fairly.

If the outcome is unsatisfactory, you may refer their complaint to the Financial Ombudsman Service Limited ("FOS") at:

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

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

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

Consents

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

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

Clayton Utz has given, and not withdrawn, its written consent to the inclusion of the "Taxation Summary" in Section 8 of this PDS in the form and context in which it is included. Clayton Utz does not make any statement in, or take responsibility for any part of, this PDS, except for Section 8 entitled "Taxation Summary" in the PDS.

Privacy Statement

Should you apply for the UBS Structured Option and Loan Facility by lodging an Application Form with your Approved Adviser Group, you acknowledge and agree that:

- a) UBS and your Approved Adviser Group collect, hold, use and disclose your Personal Information for the purpose of processing your Application, implementing a Transaction, managing your investment, complying with relevant laws and offering you further services, which may include using your Personal Information for marketing purposes (in which case you will be given the opportunity to request that your Personal Information not be used for future direct marketing);
- b) in addition to paragraph (a), UBS collects, holds, uses and discloses your Personal Information for the purposes set out in paragraph 1 of the Privacy Consent in the Application Form; and
- c) UBS may disclose all or some of your Personal Information to:
 - i) related bodies corporate that might not be governed by Australian laws for the purpose of account maintenance and administration, including related bodies corporate in China, Hong Kong, India, Poland, New Zealand, Singapore, Switzerland, United Kingdom, and United States of America. Such Personal Information will be processed in accordance with applicable data protection law in such jurisdictions;
 - ii) share registries, custodians, external contracts and service providers and certain software providers (in each case both onshore and offshore including China, Hong Kong, India, Poland, New Zealand, Singapore, Switzerland, United Kingdom, and United States of America) related to the operational management and settlement of the Facilities;
 - iii) other third parties for the purpose of account maintenance and administration or marketing research;
 - iv) regulatory authorities such as the ASX; and
 - v) in respect of UBS, such other entities as are set out in paragraph 2 of the Privacy Consent in the Application Form.

If you do not provide the Personal Information UBS or your Approved Adviser Group requires, your Application may not be processed. All Personal Information collected from you will be collected, used and stored by UBS in accordance with the UBS's 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 or refer to UBS's website.

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

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

If you establish with the Issuer that information the Issuer holds about you is not accurate, complete and up-to-date, the Issuer will take reasonable steps to correct it.

Section 10

Facility Terms

Part A—General Terms

1. Preliminary

1.1 Agreement

This Agreement is entered into between the Issuer, the Lender, the Personal Guarantor (if applicable) and the person whose details are set out in the Confirmation as the person who will be entering into Transactions under this Agreement (you). This Agreement governs each Facility provided to you by UBS and each Transaction entered into between you and UBS pursuant to this Agreement.

1.2 Structure

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

Part B sets out the terms which apply to Loans.

Part C sets out the terms which apply to Options over Underlying Securities.

Part D sets out the terms which apply to Options over Underlying Indices.

Part E sets out the terms which apply to the Security Interest and Nominee arrangements.

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

Part G sets out the terms of the Stock Borrow Agreement

Part H sets out the terms of the Distribution Agreement.

1.3 Transactions and Confirmations

- a) Subject to clause 1.3(b) below, UBS will give to you a Confirmation in respect of each Transaction. The terms of this Agreement apply to each Confirmation. This Agreement and each Confirmation constitute the terms of a Transaction.
- b) If you enter into an Option together with a loan and UBS specifies that they are Related Transactions in the Quote Sheet and Confirmation, then the Option will be a Related Option and the Loan will be a Related Loan and the terms of the Related Transactions and any variation or early unwind or termination to them must be consistent across the Related Transactions.
- c) If you are a Superannuation Fund investor you agree and acknowledge that your rights, obligations and interests under Related Transactions are a single arrangement for the purposes of the Agreement, and form a single chose in action which is indivisible, and your rights in respect of an Option or Loan (or Allocated Portfolio Loan Amount) which is a Related Transaction may not be severed from your rights in respect of the corresponding Related Loan or Related Option or separately dealt with in any way.
- d) To the extent of any inconsistency between the terms of this Agreement, the Confirmation, the Quote Sheet, and the PDS in respect of a Transaction, the order in which the documents shall prevail is:
 - i. the Confirmation;
 - ii. the Facility Terms set out in Section 10 of the PDS;
 - iii. the Quote Sheet; and
 - iv. the PDS.

2. Definitions and interpretation

2.1 Definitions

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

2.2 Rules for interpreting this Agreement

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

- a) A reference to:

- (i) legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (ii) the following terms shall be interpreted as though those terms have the meanings given to them in the PPSA:
 - (a) after-acquired property;
 - (b) attach;
 - (c) chattel paper;
 - (d) circulating asset;
 - (e) control;
 - (f) financing change statement;
 - (g) financing statement;
 - (h) intermediated security;
 - (i) investment instrument;
 - (l) registration; and
 - (m) verification statement;
 - (iii) UBS means, where UBS AG is the Issuer and Lender, UBS AG and where UBSIA is the Issuer and Lender, UBSIA.
 - (iv) a document or agreement, or a provision of a document or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
 - (v) a party to this Agreement or to any other document or agreement includes a permitted substitute or a permitted assign of that party;
 - (vi) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
 - (vii) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.
 - (c) A word which suggests one gender includes the other genders.
 - (d) If a word is defined, another part of speech has a corresponding meaning.
 - (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
 - (f) The word "agreement" includes an undertaking or other binding arrangement or understanding, whether or not in writing.
 - (g) Where an expression is defined anywhere in this Agreement, it has the same meaning throughout.
 - (h) A reference to "dollars" or "\$" is to an amount in Australian currency.
 - (i) Words defined in the GST Law have the same meaning in this Agreement.

2.3 Business Days

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

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

3. Conditions precedent

3.1 Conditions precedent

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

- (a) you have completed and returned the Application Form, Quote Sheet, Adviser Fee Acknowledgement Form (if required by UBS) and any additional information requested by UBS in accordance with the directions set out in the PDS, Application Form and Quote Sheet and UBS has accepted your Application;
- (b) if any fees and charges relating to the Transaction are specified in the Quote Sheet as being payable on or before the Trade Date, you have paid to UBS those fees and charges;
- (c) UBS is satisfied that the Security Interest granted under clause 27 will provide effective security and control over the disposal or redemption of the Secured Property;
- (d) UBS is satisfied that all statements made in your Application Form and the representations and warranties set out in this Agreement are correct and will be correct on the Trade Date of the Transaction and on each day during the Term of the Transaction;
- (e) UBS has obtained all other documents, information or opinions relating to you and (if applicable) the Personal Guarantor which it requires in order to enter into the Transaction (including solicitors' certificates or statutory declarations in relation to the Personal Guarantor);
- (f) all of the Approved Securities selected by you are quoted on an Approved Exchange on the Trade Date;
- (g) UBS is satisfied that no Event of Default has occurred or is continuing, and that entry into the Transaction will not result in the occurrence of an Event of Default;
- (h) in relation to a Transaction involving Executive Options (for example, where the Exercise and Sale Facility is used to facilitate the exercise of Executive Options, or the Options Facility is used to hedge shares resulting from the exercise of Executive Options), you have provided all information and directions requested by UBS to enable it to perform due diligence and facilitate the exercise of the relevant Executive Options and the delivery of the resulting Approved Securities as directed by UBS;
- (i) where you hold Approved Securities and UBS requires those Approved Securities to become subject to the Security Interest, you have delivered to the Nominee (as directed by UBS) the number of Approved Securities specified by UBS in the Quote Sheet as Unrestricted Stock (non-Superannuation Fund investors only).

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

3.2 Each of UBS's obligations under this Agreement is subject to the condition precedent that:

- (a) no Event of Default has occurred and is continuing in respect of you; and
- (b) no Early termination Date has occurred or been effectively designated in respect of the relevant Transaction.

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

4.1 Events of Default

- (a) An Event of Default occurs if:
 - (i) you, or the Personal Guarantor, fail to pay on time any amount which is due and payable by you, or the Personal Guarantor, under this Agreement;
 - (ii) you, or the Personal Guarantor, breach or fail to perform any obligation under this Agreement;
 - (iii) any statement made by you in the Application Form, the Quote Sheet or any other document in relation to this Agreement or required by UBS is or becomes incorrect or misleading;
 - (iv) any representation made or repeated by you or any Personal Guarantor under this Agreement is or becomes misleading or incorrect;
 - (v) you are or become Bankrupt or insolvent, or fail or are unable or admit to your inability generally to pay your debts as and when they become due;
 - (vi) provided you are not a Superannuation Fund, the holder of any Security Interest granted by you takes possession of any of your property, or you make a general assignment, arrangement or composition with or for the benefit of your creditors or institute or have instituted against you a proceeding seeking a judgment of insolvency or bankruptcy or other relief under any bankruptcy or insolvency law or other similar law affecting creditor's rights;
 - (vii) you cease to be of full legal capacity or otherwise become incapable of managing your affairs or you die;
 - (viii) where you are a body corporate:

- (A) any application is made for an order, a meeting is convened to consider a resolution, a resolution is passed or an order is made that you be wound up or otherwise dissolved and/or that an administrator, a liquidator or provisional liquidator be appointed; or
- (B) a receiver, receiver and manager, administrator, controller, trustee or similar officer is appointed in respect of all or any part of your business, assets or revenues; or
- (C) you become insolvent or are subject to any arrangement, assignment or composition, or protected from any creditors or otherwise unable to pay your debts when they fall due;
- (ix) UBS receives any notice from a credit reporting agency or any other credit provider to you which indicates that you are in default under any other financial, payment or performance obligation with any other party or that any of the events or circumstances specified in the previous paragraphs of this clause has occurred;
- (x) you cause or are subject to any event which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (v) to (ix);
- (xi) any of the events and circumstances referred to in paragraphs (v) to (x) (inclusive) occur in relation to the Personal Guarantor;
- (xii) in the reasonable opinion of UBS some or all part of the Secured Property is at risk of forfeiture, loss or cancellation for any reason, and in the reasonable opinion of UBS it may become impossible or unlawful for the ownership of the Secured Property to be transferred;
- (xiii) you create or permit to exist any Security Interest over any of the Secured Property, other than a Security Interest permitted by UBS in writing;
- (xiv) all or any material provision of this Agreement becomes wholly or partly void, voidable, or unenforceable, or is claimed to be so by you, any guarantor or Personal Guarantor or anyone on your behalf;
- (xv) any government, governmental agency, department, commission, or other instrumentality seizes, confiscates, or compulsorily acquires (whether permanently or temporarily and whether with payment of compensation or not) any of the Secured Property;
- (xvi) any litigation, administrative proceedings or other procedure for the resolution of disputes is commenced in which your title to any of the Secured Property or UBS's rights under this Agreement, will or might be impeached or adversely affected or any of the Secured Property will or might be restrained or otherwise hindered;
- (xvii) anything else occurs which, in UBS's reasonable opinion, will have (or is likely to have) a material adverse impact on your, or your Personal Guarantor's, ability to meet its obligations under this Agreement;
- (xviii) any other event occurs which, with the giving of notice or the lapse of time or both, would constitute an Event of Default;
- (b) You undertake to UBS that you will immediately notify UBS of any fact or circumstance within your knowledge which has given rise or is likely to give rise to an Event of Default or a breach of any representation, warranty, statement, undertaking or other provision in this Agreement, the Application Form, the Quote Sheet or any other document in connection with this Agreement or required by UBS.

4.2 Consequences of Event of Default

- (a) If an Event of Default occurs, UBS may, without further notice to you and in its absolute discretion, do any one or more of the following:
 - (i) notify you that UBS's obligations under a Transaction are terminated, in which case UBS's obligations under the Transaction will terminate immediately and the date on which a Transaction is terminated is the Early Termination Date in respect of that Transaction;
 - (ii) notify you that all amounts which are, or may in the future become, payable by you to UBS under a Transaction including Break Costs (together, Outstanding Amount) are immediately due and payable, in which case all Outstanding Amounts shall become immediately due and payable by you;
 - (iii) exercise any of UBS's rights, and take any action permitted, under this Agreement, including without limitation, enforcing of UBS's Security Interest over Secured Property;
 - (iv) give any instructions to the Nominee in respect of any Underlying Securities necessary to effect dealings in the Underlying Securities.
 - (v) appoint a receiver in respect of any or all of the Secured Property;

- (vi) apply proceeds from the above towards the Amount Outstanding;
 - (vii) in respect of any or all Terminated Transactions, calculate the Early Termination Amount which will become immediately due and payable.
- (b) If an Event of Default relates to one Transaction only, or relates to one Allocated Portfolio Loan Amount of a Portfolio Principal Loan only, UBS may, in its absolute discretion, exercise its rights under this clause 4.2, in respect of that Transaction only or that Allocated Portfolio Loan Amount only or in respect of that Transaction, Allocated Portfolio Loan Amount and any Related Transaction, and the corresponding Security Interest and Secured Property. .

4.3 Early Termination Date and Consequences of early termination

- (a) If an Early Termination Date occurs in respect of a Transaction, UBS shall calculate the Early Termination Amount in respect of the Transaction and shall, as soon as reasonably practicable, give to you a statement specifying the Early Termination Amount.
- (b) If the Early Termination Amount is a positive number, you must pay to UBS the Early Termination Amount. If the Early Termination Amount is a negative number, UBS must pay the absolute value of the Early Termination Amount to you, subject to its right of set off under clause 8.14.
- (c) The Early Termination Amount shall be payable on the Business Day next following the date that notice of the Early Termination Amount is given to you.
- (d) If an Early Termination Date is specified in respect of a takeover of the issuer, the Early Termination Amount in respect of an Option will be calculated in accordance with the provisions in this Agreement, and without limitation, UBS may also use to calculate this amount the annualised share price volatility of the Underlying Security equal to either, at UBS's election:
 - (A) the average of the rolling 6 month share price volatility over the 20 Trading Days preceding the first announcement of the takeover bid, or
 - (B) if exchange traded options over the Underlying Securities are quoted on the primary securities exchange on which the Underlying Securities are listed, the annualized share price volatility of the Underlying Security implied from the exchange traded option that, in the opinion of UBS, is most appropriate taking into account the Strike Price, Maturity Date, Payment Level and Cap Level (if applicable) of the Option.

4.4 Increased costs

If:

- (a) there is an introduction of, or change in, an applicable law or regulatory requirement or its interpretation or administration by a government agency which:
 - (i) subjects UBS or any of its related bodies corporate to any Tax relating to this Agreement;
 - (ii) changes the basis of taxation of any payment due or to become due to UBS under, or in connection with, this Agreement;
 - (iii) imposes, modifies or deems applicable any capital, liquidity, reserve or prudential requirement or requires the making of any special deposit against or in relation to any assets or liabilities (actual or contingent) of, deposits with or for the account of, or loans by, UBS or any of its related bodies corporate; or
 - (iv) imposes on UBS or any of its related bodies corporate any other condition affecting this Agreement; and
- (b) the result is (directly or indirectly) to:
 - (i) increase the cost to UBS or any of its related bodies corporate of the provision or maintenance by UBS of any Transaction or the performance by UBS or the Nominee of its obligations under this Agreement;
 - (ii) reduce:
 - (A) the effective rate of return (on capital, property, deposits or otherwise) of UBS under this Agreement; or
 - (B) the amount of any payment received by UBS or the Nominee under any Transaction; or
 - (iii) require UBS or the Nominee or any of their related bodies corporate to make a payment or to forgo or suffer a reduction in return on or calculated by reference to any amount payable to UBS under this Agreement,
- (c) then UBS may provide a notice to you stating the nature of the relevant change and:

- (i) require you to indemnify UBS or the Nominee (as appropriate) in relation to, and pay to UBS or the Nominee on demand the amount that UBS claims is necessary to compensate UBS or the Nominee or any of its related bodies corporate, for the additional cost, reduction or payment, calculated from the day on which it was first incurred by UBS or the Nominee or the related body corporate;
- (ii) adjust the terms of any Transaction in order to compensate UBS or the Nominee (as appropriate) for the additional cost, reduction or payment, calculated from the day on which it was first incurred by UBS or the Nominee or the related body corporate; or
- (iii) terminate this Agreement.

4.5 Notice of change of law

If, in the opinion of UBS:

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

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

4.6 Termination

If UBS terminates this Agreement in accordance with clause 4.4(c)(iii) or gives a Change of Law Notice under clause 4.5:

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

5. Independent decisions and advice

5.1 Own judgment and reliance

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

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

5.2 Representation and Warranty

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

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

6. Your representations and warranties

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

- (a) the execution and delivery of this Agreement and entry into any Transaction by you and the performance of your obligations under this Agreement and any Transaction do not and will not violate or conflict with:
 - (i) any law, rule or regulation applicable to you;
 - (ii) any order or judgment of any court or other agent of government applicable to you or any of your assets or any agreement or contractual restriction binding on or affecting you or any of your assets, including without limitation any agreement between you and:
 - (A) the issuer of the Underlying Securities;
 - (B) any underwriter in respect of the Underlying Securities; or
 - (C) security holders of the issuer of the Underlying Securities;
- (b) In respect of any Transaction which requires or may require the transfer of Underlying Securities, you have obtained all consents which may be required by law to enable you to:
 - (i) procure transfer of good title to the Underlying Securities to UBS or as UBS directs; or
 - (ii) accept a transfer of good title to the Underlying Securities from UBS,

in either case as required by the Transaction;

- (c) the transfer of any Underlying Securities:
 - (i) to UBS or as UBS directs; or
 - (ii) to you,

in either case as required in respect of a Transaction, will not result in you contravening any law to which you are subject;

- (d) provided you are not a Superannuation Fund, in relation to any Transaction in respect of which the Security Interest granted or acknowledged under clause 27 applies:
 - (i) at the Trade Date, Drawdown Date, Maturity Date and at all times until the Secured Obligations are discharged, you will have good beneficial title to the Secured Property free from any Security Interest or restriction on transfer, except as may be permitted under the Security Interest granted by you; and
 - (ii) any Secured Property that you are required to deliver to the Secured Party or the Nominee will be Unrestricted Stock;
- (e) you and your associates are not in possession of any material, non-public information regarding the Underlying Securities at the time of entering into the Transactions set out in this Confirmation and at the time of providing any instructions in respect of those Transactions, and that entry into the Transactions will not contravene any applicable law, or any contractual obligations applicable to you or your associates;

- (f) you do not “control” (as defined in section 50AA of the Corporations Act) the issuer of the Underlying Securities;
- (g) if you are an officer or employee of the issuer of the Underlying Securities, by entering into this Agreement or any Transaction or by exercising any right or performing any obligation under this Agreement or any Transaction, you will not contravene the policies of the issuer for dealing in Underlying Securities applicable to you and, if required, you have obtained the written approval of issuer to enter into this Agreement;
- (h) you have complied with and will comply with all applicable disclosure obligations in relation to your holding of Underlying Securities and your entry into the Transactions set out in this Confirmation (including but not limited to any applicable obligations imposed by the issuer of the Underlying Securities, the Australian Securities Exchange or under the Corporations Act 2001 (Cth)).
- (i) you have reviewed this Agreement, the PDS and associated documents to the extent you consider necessary, and you have sought independent advice regarding this Agreement and any Transaction, including advice on financial risk, legal and tax implications, which take into account your specific circumstances;
- (j) you have not relied in any way whatsoever on any statements made by, or purported to be made by, UBS or its related entities or any of their respective servants, agents, employees or representatives in relation to the PDS, this Agreement or any Transaction, other than as set out in this Agreement or the PDS, and acknowledge that UBS has not made any representation to you with regard to the suitability or appropriateness of this investment to your individual circumstances;
- (k) you have full authority, capacity and legal standing to enter into, and perform the obligations set out in this Agreement and any Transaction, and this Agreement constitutes your valid and legally binding obligations, enforceable against you in accordance with its terms;
- (l) no Event of Default has occurred or is continuing;
- (m) all statements, representations and warranties made in this Agreement, the Application Form and Quote Sheet or any other document in relation to this Agreement or required by UBS are true and correct;
- (n) you have disclosed in writing to UBS all facts relating to you, this Agreement, the Secured Property and all things in connection with this which are material to the assessment of the nature and amount of risk undertaken by UBS in entering into any Transaction and doing anything in connection with this Agreement or a transaction contemplated by it;
- (o) in the case of individual or individual trustee applicants—you will apply any credit or financial accommodation provided by UBS wholly or predominantly for business or investment purposes (or for both purposes). NOTE: you should not sign this Agreement unless credit or financial accommodation provided by UBS will be applied wholly or predominantly for business or investment purposes (or for both purposes). By signing this Agreement you may lose your protection under the Consumer Credit Code;
- (p) there are no actions, claims or demands pending the determination of which might reasonably be expected to have a material adverse effect on
 - (i) your ability to perform your obligations under this Agreement or any Transaction; or
 - (ii) the rights of UBS or the Nominee.

7. Personal Guarantee

7.1 Application of clause

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

7.2 Obligations guaranteed

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

7.3 Consequences of your default

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

7.4 Nature of obligations and enforcement

The Personal Guarantor's obligations under this Agreement are principal obligations and may be enforced against the Personal Guarantor without UBS first being required to exhaust any remedy it may have against you or enforce any Security Interest it may hold (including under the Security Interest granted under clause 27).

7.5 Continuity and preservation of Personal Guarantor's obligations

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

7.6 Limitations on Personal Guarantor's rights

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

7.7 Indemnity from Personal Guarantor

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

8. Miscellaneous

8.1 Governing Law

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

8.2 Waiver

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

8.3 Severability

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

8.4 Variation

UBS may vary any term of this Agreement at any time in its discretion by 14 calendar days' written notification to you provided the variation is not unfair (as defined in Section 12BG of the ASIC Act). UBS may however vary any term the Agreement with immediate effect if required to comply with any law, regulation or regulatory policy or requirement. The variation will not take effect until UBS has notified you in writing of the amendment.

8.5 Automatic Extension Clause

- (a) Paragraphs (b), (c) and (d) may apply to you if you are the Holder of a Put Option, a Collar, a Step Collar or Put Spread Collar and the Option is subject to Physical Settlement and:
 - (i) at the Maturity Time of the Option, the Option is In The Money and a valid Exercise Notice has not been provided; or
 - (ii) at the Maturity Time of the Option, you are required to pay UBS a Second Premium Amount; or
 - (iii) paragraph (i) or (ii) is applicable, and you have not provided notice to UBS as required by clause 10.5(b) in respect of a Related Loan and you have not repaid the Related Loan by the Maturity Date.
- (b) If one or more of the situations described in paragraph (a) occur, and you inform UBS that at that time you are subject to trading restrictions such that you cannot deal in Underlying Securities then UBS may, in its absolute

discretion, decide to defer the Maturity Date of the Transaction until a later date (the "Deferred Maturity Date"). If you are still restricted from dealing in Underlying Securities on the Deferred Maturity Date then UBS may, in its absolute discretion, nominate a new Deferred Maturity Date. All settlements that would have occurred on the original Option Settlement Date would be deferred until 5 Business Days after the applicable Deferred Maturity Date (the "Deferred Settlement Date").

- (c) If UBS nominates a Deferred Maturity Date in accordance with paragraph (b) then on the Deferred Settlement Date, one or more of the following obligations will apply:
- (i) to the extent paragraph (a)(i) is applicable:
 - A. you must deliver to UBS the quantity of Underlying Securities that you would have delivered on the original Option Settlement Date and pay to UBS the cash value of dividends or distributions paid on the Underlying Securities which have dividend or distribution ex dates during the period from but excluding the original Maturity Date to and including the Deferred Maturity Date; and
 - B. UBS must pay you interest calculated at the overnight cash deposit rate on the Strike Price for the period from but excluding the original Option Settlement Date to and including the Deferred Settlement Date;
 - (ii) to the extent paragraph (a)(ii) is applicable:
 - A. you must pay the Second Premium Amount to UBS plus interest on that Second Premium Amount calculated at the overnight cash lending rate for the period from but excluding the original Option Settlement Date to and including the Deferred Settlement Date;
 - B. if the Second Premium Amount is payable because the Market Price on the original Maturity Date was greater than the Cap Level then UBS will calculate an amount equal to:
 $(\text{Market Price on Deferred Maturity Date} - \text{Market Price on original Maturity Date}) \times \text{Number of Options} \times (1 - \text{Participation Rate})$
and you must pay this amount to UBS if it is a positive number or if this amount is a negative number then UBS must pay you the absolute value of the amount;
 - (iii) to the extent paragraph (a)(iii) is applicable, then in addition to your obligations under paragraphs (c)(i) and/or (c)(ii), the Maturity Date of the Loan will be deferred to any Deferred Maturity Date for the Related Option and you must repay the Loan Balance that was outstanding as at the original Maturity Date to UBS and pay interest on that Loan Balance for the period from and excluding the original Maturity to and including the Deferred Settlement Date at the same interest rate as the Interest Rate applicable to the Loan on its Drawdown Date.
- (d) If UBS nominates a Deferred Maturity Date in accordance with paragraph (b) then in addition to the consequences described in paragraph (c):
- (i) you must pay to UBS on the Deferred Settlement Date all costs incurred by UBS in deferring the settlement of the Transaction, including for example, the cost of maintaining its hedges, which may include stock borrow cost and the value of franking credit gross up payments; and
 - (ii) you must pay UBS a fee on the Deferred Settlement Date for deferring the settlement of the Transaction(s), equal to 1% of the Transaction Value of the Options as at the original Maturity Date; and
 - (iii) UBS will notify you that it has exercised its discretion to defer the Maturity Date, and will notify you of the Deferred Maturity Date, the amount of any interest payable under clause 8.5(c)(iii), and the fee payable under clause 8.5(d)(ii).
- (e) UBS will in good faith determine the costs, expenses, dividends or distributions, interest rates and other compensatory payments that are to be dealt with under this clause and its determinations will be final and conclusive and UBS shall have no liability to you or to any third party in relation to such determinations.
- (f) For the avoidance of doubt, UBS is not obliged to exercise its discretion to defer the Maturity Date under paragraph (b) nor is it required to seek your agreement to the extension. Furthermore, UBS' rights under this Agreement (such as its rights under the Security Interest granted under clause 27) are not modified or limited in any way by this clause.

8.6 Adjustment Events

Subject to clause 11, if an Adjustment Event occurs or is proposed to occur on or before the Maturity Date in respect of the Underlying Securities in relation to a Transaction, UBS may in its absolute discretion elect to take any one or more Adjustment Event Actions in respect of the Transaction. If, in the reasonable opinion of UBS, it is not possible to deal with the occurrence of the Adjustment Event by taking an Adjustment Event Action, UBS may early

terminate all or a portion of the Transaction and set an Early Termination Date. UBS will notify you of any proposed Adjustment Event Action before it takes the Adjustment Event Action or as soon as reasonably practicable after it takes the Adjustment Event Action and UBS will determine and notify you of the effective date of the Adjustment Event Action.

8.7 Fractional Underlying Securities and aggregation

UBS may, for the purpose of calculating an Adjustment Event Action, a Cash Settlement Amount or the number of Underlying Securities to be Physically Settled under an Option Transaction, determine values to be fractional units of Underlying Securities for each Option and aggregate fractional units of Underlying Securities to the nearest whole number for the purposes of settlement or adjustment of the Option Transaction.

8.8 Duty

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

8.9 Payments and withholding tax

- (a) Unless otherwise provided in this Agreement or your Confirmation, you must make each payment due to UBS under this Agreement by authorising UBS to direct debit your nominated account as specified in your Application Form. UBS may, by exception, agree to accept a cheque or an electronic transfer of cleared funds to an account specified by UBS. All amounts payable on a due date are to be made without set-off, counterclaim or other deduction except as expressly approved by UBS. Time is of the essence in making all payments and failure to pay by the specified time will result in UBS immediately exercising its rights arising on default under this Agreement. UBS may charge a fee of \$100 if a direct debit from your nominated account fails and UBS is required to re-run the direct debit or process payment by some other method.
- (b) All payments by you under this Agreement must be made in full without any deduction or withholding in respect of tax or otherwise unless the deduction or withholding is required by law in which event you must pay such additional amounts as are necessary to ensure that UBS receives and retains the full amount it would have received if no deduction or withholding had been made.

8.10 Limitation of liability

UBS will not be liable to you for any error, omission or delay in carrying out your instructions, including instructions provided by a person acting or purporting to act on your behalf as your agent or IDPS Operator under this Agreement or any Transaction, nor will UBS have any responsibility for any resultant or consequential loss or damage to you or to any other party.

8.11 Indemnity

Subject to clause 11 if you are not a Superannuation Fund, you fully indemnify UBS against, and shall pay UBS on demand:

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

- (vii) any representation or warranty made by you under this Agreement being incorrect or misleading.

8.12 Continuing indemnity

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

8.13 GST

You must in respect of any Taxable Supply made by UBS or any other person under or in connection with this Agreement:

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

8.14 Set off and netting

- (a) UBS may, without notice, set off any amount that is due and payable by UBS or its related entities to you under the Agreement or in relation to any one or more Transactions against any amount due and payable by you to UBS or its related entities under the Agreement or in relation to any one or more Transactions. If required by the LRBA Requirements, UBS' right of set off will be subject to the limited recourse specified in clause 11.
- (b) On each date on which an obligation to make a payment under this Agreement arises, UBS may, at its election, but subject always to clause 11, take an account of what is due between you and UBS on that date in respect of one or more Transactions so that the aggregate of all amounts due by UBS to you on that date is offset against the aggregate of all amounts due by UBS to you under those Transactions on that date. Unless UBS otherwise elects, only the party who is obliged to pay the greater of those aggregate amounts must make a payment on that date, in an amount equal to the difference between the two aggregate amounts.

8.15 Appointment of UBS and Approved Financial Adviser as agent

- (a) You irrevocably appoint UBS and each officer of UBS jointly and each of them severally as your agent to sign any document and do any other thing that UBS or the agent thinks is necessary or desirable to:
 - A. effect a drawdown under a Loan;
 - B. exercise your Executive Options in relation to a Transaction involving the Exercise and Sale Facility or in relation to a Transaction in respect of securities resulting from the exercise of Executive Options;
 - C. ensure that any Approved Securities or Underlying Securities are held by the Nominee as your nominee in accordance with this Agreement;
 - D. ensure that the Security Interest is as effective and enforceable as possible, including, without limitation, making any amendments to the terms of this Agreement or any other document and registering any charges PPS Security Interest on the PPS Register;
 - E. exercise any of UBS's rights under this Agreement, including to transfer any Underlying Securities to UBS (or the Nominee) or to a purchaser or to otherwise convey the Underlying Securities as UBS determines in accordance with the provisions of this Agreement;
 - F. do all things that are necessary or desirable for the conversion of any of your Approved Securities to the CHESS system;
 - G. do anything that the agent thinks ought be done in relation to the Agreement and any related documents, including to perfect any such documents or to make any such documents effective (including stamping and registering any relevant document);
 - H. execute any document which varies or amends the Agreement and any notices, consents and waivers required to be provided under the Agreement; and

- I. sign any document and do any other thing that the agent thinks is necessary or desirable under the Agreement.

In your Application Form, you may nominate your Approved Financial Adviser in which case your Approved Financial Adviser is authorised by you to enter into, vary, close out or otherwise give instructions in relation to any Transactions or any of the Facilities as your agent. If you do so, UBS is entitled to accept and act on the instructions of your Approved Financial Adviser without requiring any further proof, instructions or confirmation from you unless you have notified UBS in writing that you have revoked such authorisation.

You agree to ratify and confirm whatever an agent does under and in accordance with this clause and (subject to clause 11) to indemnify each agent against all liabilities incurred as a result of such action.

8.16 Notices

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

8.17 Entire Agreement

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

8.18 Further acts

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

8.19 Rights

- (a) The rights and remedies in this Agreement are cumulative and do not exclude, and are in addition to, any rights or remedies provided by law.
- (b) UBS may exercise any rights it has under the terms of the Agreement as it sees fit and may vary or waive in the exercise of its rights in full or partially in its absolute discretion. Any determination made by UBS will be made in its sole discretion, acting in good faith and in a commercially reasonable manner and will be conclusive and binding on all parties, except in the case of manifest error.

8.20 Assignment

- (a) UBS may assign, novate or otherwise transfer all or any part of its rights, benefits or obligations under this Agreement (including without limitation, the Security Interest granted under clause 27) without notice to you and for this purpose may disclose information about you and this Agreement to a potential assignee, provided such assignment, novation or transfer is not unfair (as defined in Section 12BG of the ASIC Act).
- (b) You hereby agree that if requested by UBS, you will promptly execute any documentation required to give effect to an assignment, novation or transfer contemplated by clause 8.20(a).
- (c) You may not assign your rights under this Agreement without the prior written consent of UBS.

8.21 Time of essence

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

8.22 Consent to telephone recording

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

8.23 Provisions which apply if you are a trustee (including a Superannuation Fund)

- (a) This clause 8.23 only applies if you enter into this Agreement as a trustee.
- (b) If you enter into the Agreement as a trustee, you acknowledge that this Agreement is binding on you in your capacity as trustee.
- (c) If anyone succeeds you as a trustee of the trust, you remain liable until, and you agree to ensure that, your successor executes whatever documents UBS requires to ensure that this Agreement is binding on your successor.
- (d) You represent and warrant as follows at the date UBS receives your Application Form, and on each day during the Term of any Transaction by reference to the facts subsisting on that date:
 - (i) you are the only trustee of the trust, and no step has been taken to remove you or to appoint another trustee;
 - (ii) you have provided UBS with a copy of the properly executed and stamped trust deed (including all amendments and variations to the trust deed), when requested to do so;
 - (iii) you have the power to sign this Agreement and to perform your obligations under this Agreement as trustee of the trust;
 - (iv) it is proper for you, as trustee, to execute this Agreement, and to do everything this Agreement contemplates that you will do and those things do or will benefit the beneficiaries of the trust;
 - (v) you are entitled to use the assets of the trust to meet all your obligations under this Agreement, ahead of the rights of any of the beneficiaries;
 - (vi) you must make sure that none of these representations is or becomes untrue in any way and you must immediately inform UBS if they do.
- (e) You must, when requested by UBS, immediately provide UBS with a copy of the trust deed (including all amendments to the trust deed).
- (f) You must not, without the prior written consent of UBS:
 - (i) cease to be the only trustee of the trust;
 - (ii) allow the trust to be terminated or wound up in any way;
 - (iii) provided you are not a Superannuation Fund, allow any part of the capital of the trust to be distributed in any way;
 - (iv) allow the terms of the trust to be amended in any way that derogates from the trustee's rights and powers to discharge its obligations under the Transactions;
 - (v) provided you are not a Superannuation Fund, allow any units to be issued, transferred, charged, redeemed or otherwise dealt with.
- (g) Provided you are not a Superannuation Fund, UBS's right to recover from you is not limited to the trust assets.
- (h) You must exercise any rights that you have against the trust assets or the beneficiaries if necessary for the purpose of paying any amount owing to UBS. Provided you are not a Superannuation Fund, UBS may exercise all the rights that you may have against the trust assets or the beneficiaries.
- (i) Provided you are not a Superannuation Fund, UBS may exercise the same rights and remedies against the trust assets as you could exercise against those assets if they were owned by you personally.
- (j) UBS's rights will not be modified or reduced because UBS is aware (or is treated as being aware) of an interest that anyone else has, or claims, under the trust or against any trust assets.

8.24 Acknowledgement of potential Break Costs

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

- (a) an Event of Default occurs and you receive a notice from UBS under clause 10.5(a)(ii) requiring repayment of your Loan Balance before the Maturity Date or of any Drawdown Amount before the relevant Repayment Date or UBS elects to terminate any Transaction;
- (b) a Drawdown Amount is repaid before the relevant Repayment Date; or
- (c) a Transaction is terminated before the Maturity Date.

UBS will provide an indicative quote of the Break Costs if you request an early repayment of a Loan or a Drawdown Amount. If there is an early termination of an Option Transaction the Break Costs will be included in the Early Termination Amount, which the Issuer can provide you an indicative quote for.

Part B—Loan Facility

9. General

9.1 Facility Amount

- (a) If your Application is approved, UBS will, in its absolute discretion, determine the Facility Amount for your Loan.
- (b) You may request an increase in the Facility Amount from time to time and UBS may, in its absolute discretion, agree to such a request, in consideration of you paying the Facility Adjustment Fee to UBS or UBS increasing your Interest Rate requiring payment of an additional Interest Amount and/or (provided you are not a Superannuation Fund) delivering additional Secured Property to UBS. UBS may agree to such a request subject to conditions, including on condition that the Strike Price or Gap Value of relevant Option Transactions is also adjusted or that additional Secured Property is made subject to the Security Interest.
- (c) Any new Facility Amount will take effect from the date specified by UBS in writing.

9.2 Term

- (a) Unless extended or otherwise agreed in writing by UBS, the Term of any Principal Loan commences on the first Drawdown Date, and terminates on the Maturity Date.
- (b) Unless extended or otherwise agreed in writing by UBS, the term of any Supplementary Loan commences on the first Drawdown Date for that Supplementary Loan and terminates on the final Repayment Date for that Supplementary Loan (which may be the Maturity Date for the related Principal Loan).

9.3 Settlement Currency

The Settlement Currency for a Loan will be specified in the Confirmation. The Settlement Currency of the Loan must be the same as the Settlement Currency for any Option Transaction to which the Loan relates.

9.4 Purpose

You must primarily apply your Supplementary Loan (if applicable) to pay all or part of your Interest obligations under a Principal Loan but at UBS's discretion it may also be used to fund all or part of any of the Option Adviser Group Fee, the Adviser Group Fee, the Loan Establishment Fee and any Capital Contribution you need to make. It can be used for no other purpose.

If you are a Superannuation Fund, you must direct the Nominee to apply your Loan exclusively to acquire a single Underlying Security or a group of identical Underlying Securities, and to pay any Interest Amount in relation to the Loan for that Underlying Security or group of Underlying Securities, except under a Portfolio Principal Loan.

9.5 Interest Period

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

9.6 Loan Establishment Fee

The Loan Establishment Fee (if any) is payable by you on the date specified in your Confirmation.

9.7 Loan segmented into tranches

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

9.8 Portfolio Principal Loan

A Principal Loan may further be designated a Portfolio Principal Loan. The Portfolio Principal Loan is a single Loan and the portion of the Portfolio Principal Loan that is applied towards the purchase of each parcel of Approved Securities is referred to as the "Allocated Portfolio Loan Amount" for that parcel of Approved Securities. One Interest Rate will apply to the single Portfolio Principal Loan.

9.9 Adjustment Event

Subject to clause 11, if an Adjustment Event occurs or is proposed to occur on or before the Maturity Date in respect of the Underlying Securities in relation to a Loan (or the parcel of Approved Securities corresponding to an Allocated Portfolio Loan Amount), UBS may in its absolute discretion elect to take any one or more Adjustment Event Actions in respect of the Loan or that Allocated Loan Amount. If, in the reasonable opinion of UBS, it is not possible to deal with the occurrence of the Adjustment Event by taking an Adjustment Event Action, UBS may early terminate all or a portion of the Loan and set an Early Termination Date. UBS will notify you of any proposed Adjustment Event Action before it takes the Adjustment Event Action or as soon as reasonably practicable after it takes the Adjustment Event Action and UBS will determine and notify you of the effective date of the Adjustment Event Action.

9.10 Variations

- (a) Subject to the LRBA Requirements (if applicable), you may request UBS to amend any of the terms of your Loan at any time before the Maturity Date.
- (b) If UBS agrees to your request a new Quote Sheet will need to be signed to implement the amendment and you will be supplied with a new Confirmation.
- (c) If you have a Related Option then any changes to terms of the Related Loan must be consistent with the terms of the Related Option, or corresponding changes will be made to the terms of the Related Option.
- (d) A change to the terms of your Loan may require payment to UBS including payments to reduce the Loan Balance or payment of additional Interest Amounts, or payments in relation to changes to the terms of any Related Option.

10. Drawdown and Interest

10.1 Drawdown Amounts

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

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

UBS may also draw down a Drawdown Amount under clause 10.3(b) for the payment of an Interest Amount on the Loan.

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

10.2 Interest Amounts

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

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

where:

“DA” is the Drawdown Amount;

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

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

10.3 Payment of Interest Amounts

- (a) Each Interest Amount is payable on the Interest Payment Date specified by UBS for the relevant Interest Period.

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

10.4 Payment of Aggregate Payments

- (a) UBS may, in its discretion, combine the Loan Establishment Fee and the Interest Amount due on the Loan into one Aggregate Payment and specify the Aggregate Payment Date on which this Aggregate Payment must be made. The Aggregate Payment Date then becomes the Interest Payment Date for that Interest Amount under clause 10.3 of the Terms. UBS will specify that the Aggregate Payment will apply and the relevant Aggregate Payment Date in the Confirmation.
- (b) UBS may also specify that this Aggregate Payment may be payable in a number of Aggregate Payment Instalments in which case there will be more than one Aggregate Payment Date. UBS will specify the Aggregate Payment Date and the Aggregate Payment Instalment payable on each corresponding Aggregate Payment Date in the Confirmation.
- (c) On each Aggregate Payment Date an Aggregate Payment Instalment will be payable. The portion of the Aggregate Payment that remains unpaid at any point in time is referred to as the Unpaid Aggregate Payment Balance for the Loan. The Unpaid Aggregate Payment Balance will be reduced each time an Aggregate Payment Instalment is made.
- (d) If the investor is not a Superannuation Fund, UBS's recourse to the investor for any Unpaid Aggregate Payment Balance is at all times personal and unlimited and this recourse continues beyond the Maturity Date until the Unpaid Aggregate Payment Balance is reduced to zero.

10.5 Repayment

- (a) Subject to paragraph (b), you must repay each Drawdown Amount to UBS on the earlier of:
 - (i) the relevant Repayment Date(s); or
 - (ii) upon receipt of a notice from UBS requiring repayment following the occurrence of an Event of Default.
- (b) You must, at least five Business Days before the Maturity Date, by irrevocable notice in writing, inform UBS either that:
 - (i) you will repay the Loan Balance and any outstanding Interest to UBS on the Maturity Date; or
 - (ii) you will not repay the Loan Balance and/or any outstanding Interest and UBS may proceed on the Maturity Date to exercise its rights under the Security Interest or otherwise under this Agreement.
- (c) If UBS does not receive such a notice by the time required, UBS may exercise its rights under the Security Interest granted to it under clause 27 and this Agreement immediately.
- (d) Unless otherwise provided in this Agreement or your Confirmation, you must make each payment due to UBS under this Agreement by authorising UBS to direct debit your nominated account as specified in your Application Form. UBS may, by exception, agree to accept a cheque or an electronic transfer of cleared funds to an account specified by UBS. All amounts payable on a due date are to be made without set-off, counterclaim or other deduction except as expressly approved by UBS. Time is of the essence in making all payments and failure to pay by the specified time will result in UBS immediately exercising its rights arising on default under this Agreement. UBS may charge a fee of \$100 if a direct debit from your nominated account fails and UBS is required to re-run the direct debit or process payment by some other method.

10.6 Application of Distributions

- (a) You may specify in your Confirmation that distributions on Underlying Securities be applied to repay Drawdown Amounts, Interest Amounts or Aggregate Payments.
- (b) This election will apply up until the Maturity Date of your Loans and you will receive no distributions while you have an outstanding Drawdown Amount or Interest Amount.
- (c) Distributions applied in this way will cover any ordinary dividends paid on the Underlying Securities and received by the Nominee that have an ex date falling in the period from the Trading Day after the First Drawdown Date up to and including the Maturity Date.

- (d) The ordinary dividend will only be applied against the Drawdown Amount, Interest Amount or Aggregate Payment at or following the time it is received by the Nominee in cleared funds.
- (e) UBS will not refund of any prepaid Interest Amounts following a reduction of the Drawdown Amounts due only to the application of distributions.
- (f) Any Drawdown Amount or Interest Amount remaining after the application of all distributions must still be repaid on the scheduled Repayment Date or Interest Payment Date.
- (g) To the extent the Drawdown Amount, Interest Amount, Aggregate Payment or (where the Aggregate Payment is paid by instalments) the Unpaid Aggregate Payment Balance is reduced to zero after the application of the ordinary dividends, the excess will be paid to the investor within 5 Business Days of receipt by the Nominee.

10.7 Interest on overdue payments

- (a) If you fail to:
 - (i) repay all or part of a Drawdown Amount on the relevant Repayment Date; or
 - (ii) pay Interest as required by this Agreement,
- (b) then in addition to any other rights UBS may have, UBS may calculate interest on such outstanding amount from the respective due date up to the date of actual payment, at the Interest Rate then applicable to that Drawdown Amount plus 4% per annum.
- (c) Interest due under this provision, but unpaid, may be capitalised on the last day of each month, commencing from the first month in which the amount was due, whereupon it shall bear interest in accordance with this clause.

10.8 Early Repayment

- (a) You may, if permitted by your Confirmation and agreed by UBS, by giving at least 5 Business Days' prior written notice to UBS, repay all or part of a Drawdown Amount before the Repayment Date, provided that you pay all other amounts due to UBS under, or in connection with, this Agreement (or, for Superannuation Funds, the relevant Loan), including without limitation any Break Costs, at the time you make such repayment.
- (b) If the Loan is a Related Loan, on repayment of all or part of a Drawdown Amount before the Repayment Date, the Related Option will terminate (in full or in part) pro-rata with the repayment of the Drawdown Amount. If you are not a Superannuation then before the Drawdown Amount is repaid you may request in writing to UBS to keep the Related Options in place after the Drawdown Amount is repaid.

10.9 Draw down at Maturity

Provided that you are not a Superannuation Fund, in the absence of an early repayment or an Early Termination Date, if your Principal Loan Balance immediately prior to Maturity is less than the Facility Amount, you authorise UBS to draw down the Principal Loan to the Facility Amount and to first apply the funds to pay any amount that you owe under this Facility (other than the Principal Loan Balance) and then to advance any remaining amount as a Drawdown Amount to you immediately prior to Maturity.

11. Limited recourse

11.1 Limited recourse against you for repayment of Drawdown Amounts

- (a) If you have a Principal Loan that is not a Portfolio Principal Loan;

Subject to this clause 11, and (unless you are a Superannuation Fund) provided you have complied with your obligations under this Agreement, the recourse of UBS against you in respect of the Principal Loan Balance on the Maturity Date is limited to the amount which UBS can obtain by enforcing its rights in respect of the Secured Property securing the Principal Loan Balance. If you are a Superannuation Fund, the recourse of UBS against you in respect of your obligations under the Principal Loan (including repayment of the Principal Loan Balance on the Maturity Date) is limited to the amount which UBS can obtain by enforcing its rights in respect of the Secured Property securing the Principal Loan.
- (b) If you have a Principal Loan that is a Portfolio Principal Loan;

Subject to this clause 11, and provided you have complied with your obligations under this Agreement, unless you are a Superannuation Fund, the recourse of UBS against you in respect of an Allocated Portfolio Loan Amount on the Maturity Date is limited to the amount which UBS can obtain by enforcing its rights in respect

of the Secured Property securing the Allocated Portfolio Loan Amount. If you are a Superannuation Fund, the recourse of UBS against you in respect of your obligations under the Loan (including repayment of the Allocated Portfolio Loan Amount on the Maturity Date) is limited to the amount which UBS can obtain by enforcing its rights in respect of the Secured Property securing the Allocated Portfolio Loan Amount.

- (c) For the avoidance of doubt, provided you are not a Superannuation Fund, UBS's recourse against you at any other time and for all other amounts due under this Agreement are personal and unlimited.

11.2 Full recourse

Provided you are not a Superannuation Fund, the limitation in this clause 11 does not apply where:

- (a) Your loan is an Supplementary Loan;
- (b) an Early Termination Date occurs;
- (c) you or the Personal Guarantor have breached any provision of this Agreement;
- (d) a representation made or a warranty given by you or the Personal Guarantor under this Agreement was or becomes incorrect or misleading;
- (e) UBS has relied on a statement or some conduct of yours or the Personal Guarantor's which in UBS's opinion was false or misleading;
- (f) you and UBS agree and have stated in the Confirmation that the limitation will apply only in respect of a portion of the Facility Amount, such that if total drawdowns exceed this amount then UBS's recourse against you in respect of the excess is personal and unlimited; or
- (g) You have made an election under clause 12.5 and you have defaulted on any payments due to UBS.

11.3 Winding up

Notwithstanding anything in clauses 11.1 and 11.2, UBS may (provided you are not a Superannuation Fund) prove for the Loan Balance, any Drawdown Amount or any other amount owing to UBS under this Agreement and otherwise participate in your bankruptcy or insolvency if another creditor initiates those proceedings.

11.4 Limitations

Nothing in this clause 11:

- (a) releases you from your obligations under this Agreement;
- (b) provided you are not a Superannuation Fund, affects in any way whatsoever UBS's right to recover personally from you interest, Costs and Taxes under, or in connection with, this Agreement;
- (c) affects in any way whatsoever UBS's right to recover personally from you any Costs and Taxes incurred by UBS in respect of you other than under, or in connection with this Agreement;
- (d) prevents UBS from obtaining equitable relief under, or in connection with, this Agreement; or
- (e) provided you are not Superannuation Fund, affects in any way whatsoever the rights of UBS to apply any proceeds received by UBS on enforcement of the Security Interest granted under clause 27 against any amount payable under, or in connection with, this Agreement or any other agreement, including or interest, Costs and Taxes under, or in connection with, this Agreement.

11.5 LRBA Requirements

- (a) This clause 11.5 applies to Superannuation Funds only.
- (b) Each Loan will be administered in compliance with the LRBA Requirements and any provision of this Agreement which would otherwise cause the Loan to breach the LRBA Requirements may be, to the extent only that it breaches the LRBA Requirements, read down by UBS in its discretion and, if necessary to meet the LRBA Requirements, voided by UBS in its discretion.
- (c) If, after the commencement of a Loan, there is a change in the LRBA Requirements which is adverse to the interests of the Lender, as determined by the Lender in its absolute discretion:
 - (i) the Lender may, by notice to you, immediately terminate the Loan;
 - (ii) you must satisfy your obligations under the Loan as specified by the Lender in the termination notice; and

- (iii) subject to the LRBA Requirements, the Lender may otherwise take any action, and exercise any right, power or remedy under the Agreement as if an Event of Default had occurred, in such manner and order as the Lender may, in its absolute discretion determine.
- (d) Where the LRBA Requirements require the terms of this Agreement, the Security Trust Deed and the Nominee Deed will operate in respect of each Loan (and the corresponding Separate Trust, as that term is defined in the Security Trust Deed) individually, and not on an aggregated basis in respect of your Loans (and corresponding Separate Trusts) as a whole.

Part C—Options over Underlying Securities

12. General

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

12.1 Number of Underlying Securities per Option

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

12.2 Exercise

- (a) An Option can only be exercised by delivery of a valid Exercise Notice by the Holder to the Provider before the Maturity Time. If no date and time is specified by which an Option must be exercised and if Automatic Exercise does not apply, then the Option is exercisable by the Holder only at the Maturity Time by service of a valid Exercise Notice to the Provider.
- (b) An Exercise Notice will be valid if and only if:
 - (i) the Holder has paid the First Premium Amount (if any);
 - (ii) the Holder has paid the Second Premium Amount (if any); and
 - (iii) the Exercise Notice has been received by UBS at least three Business Days before the Maturity Date.
- (c) Despite anything in clause 12.2(b), UBS may determine in its absolute discretion that an Exercise Notice is valid.
- (d) The Exercise Notice must be given in writing in a form acceptable to UBS.
- (e) UBS is not bound to accept an Exercise Notice given at a time when an Event of Default is subsisting.
- (f) Once delivered, an Exercise Notice is irrevocable.
- (g) Automatic Exercise is not applicable unless specified in your Confirmation. If Automatic Exercise is specified in your Confirmation, this election is irrevocable. If Automatic Exercise is specified, the Option will only be exercised if clauses 12.2(b)(i) and 12.2(b)(ii) are satisfied.
- (h) Partial exercise of an Option is not applicable unless specified in your Confirmation.
- (i) If you accept an offer by UBS under clause 12.5 in relation to an Option, then any purported Exercise Notice given after that time in relation to that Option will be void and of no effect.

12.3 Settlement and Transfer

- (a) Excluding Quanto Options and subject to paragraph (d), all Options will be physically settled when exercised, unless cash settlement otherwise applies under clause 12.6. Settlement of the transfer of the Underlying Securities will occur on the Option Settlement Date.
- (b) If and when a contract arises following the exercise of an Option in accordance with this Agreement, on the Option Settlement Date:
 - (i) you must pay all expenses relating to the transfer of the relevant Underlying Securities, including any stamp duty or similar tax or charge associated with the transfer of those securities;
 - (ii) the party acquiring the Underlying Securities must pay the Strike Price per Option exercised to the other party; and
 - (iii) the party disposing of Underlying Securities must transfer full legal and beneficial title to the Underlying Securities as Unrestricted Stock to the other party.
- (c) The transfer of Underlying Securities will be effected by way of a special crossing or an off market transfer at UBS's discretion. If Underlying Securities are to be transferred to UBS then UBS may specify the entity to accept such transfer.
- (d) If for any reason UBS is or reasonably believes it will be unable to freely sell all or any portion of the Underlying Securities to be transferred to it pursuant to the exercise of an Option, UBS has the right to require that an Option be Cash Settled. Such election shall be made by UBS no later than the close of business on the third Business Day prior to the Maturity Date. If UBS elects that an Option be Cash Settled, UBS will calculate the Market Price, any Second Premium Amount and the Cash Settlement Amount under clause 12.6 in a commercially reasonable manner.

12.4 Settlement Currency

- (a) All payments under an Option Transaction will be denominated in the Settlement Currency specified in the Confirmation.
- (b) If the Underlying Securities are denominated in Australian Dollars then this will also be the Settlement Currency.

12.5 Offer by UBS to acquire Underlying Securities

- (a) If the Underlying Securities are subject to the Security Interest granted to it under clause 27, UBS may by no later than 10:00am on the fourth Business Day prior to the Maturity Date offer in writing to acquire from you the Underlying Securities for each Option at the Market Price.
- (b) UBS acknowledges that you are not obliged to accept this offer but if you do accept it in writing by no later than 4:00pm on the third Business Day prior to the Maturity Date, then (subject to clause 11, if applicable) the parties will transact as follows (noting that this agreement to so transact will arise only at that time and not before):
 - (i) UBS will purchase the Underlying Securities from you and pay you the Market Price;
 - (ii) you will transfer full legal and beneficial title to the Underlying Securities to UBS as Unrestricted Stock;
 - (iii) UBS's obligation to pay the Market Price is set off against your obligation to pay any money to UBS under this Agreement (including without limitation any Second Premium Amount and all expenses of transfer, including any stamp duty or similar tax or charge associated with the transfer of the relevant Underlying Securities) such that UBS is obliged to pay to you only the excess (if any) of the Market Price over those amounts); and
 - (iv) the transfer of the Underlying Securities will occur on the Option Settlement Date and will be effected by way of a special crossing or an off-market transfer at UBS's discretion, to the entity specified by UBS as the entity to accept such transfer.

For Superannuation Funds, the transfer of the Underlying Securities under this paragraph (b) will fully discharge the Secured Obligations.

12.6 Cash settlement

- (a) If UBS makes a determination in accordance with clause 12.3(d), or UBS has not received any Exercise Notice from you prior to the Maturity Date and your Option is In-The-Money, Cash Settlement may apply
- (b) If Cash Settlement applies then the Provider must pay the Cash Settlement Amount to the Holder on the Cash Settlement Date, calculated as:
 - (i) For a Put Option, Put Spread Option, Collar and Put Spread Collar;
(Strike Price—Market Price at Maturity) x Number of Underlying Securities
 - (ii) For a Call Option and Call Spread Option;
(Market Price at Maturity—Strike Price) x Number of Underlying Securities
 - (iii) For a Step Collar;

$$\sum_{i=1}^n \text{Component Collar Strike Price}_i \text{ of Exercised Component Collar}_i \text{—Market Price at Maturity) x Number of Underlying Securities of Exercised Component Collar}_i$$

where n is the number of Exercised Component Collars of the Step Collar

- (c) In the case of a Put Spread Option, Call Spread Option, Put Spread Collar and Step Collar, if a Second Premium Amount is payable by you then that will be netted off against any Cash Settlement Amount before the net amount is paid to or by you in accordance with clause 8.14(b).

12.7 Early termination

The parties may by agreement terminate an Option prior to its scheduled Maturity Date. If this occurs, UBS will calculate the Early Termination Amount payable by one party to the other in accordance with clause 4.3, and settlement will occur on the Business Day next following the Early Termination Date. Any Early Termination Amount payable by you to the Provider of an Option will be further consideration for the offer made by the Provider, in accordance with clauses 13.2, 16.2, 17.2, 18.2, 19.2, 20.3 or 21.2, as applicable.

If the Option is a Related Option, on termination of the Option (in full or in part) the Related Loan will terminate on the Early Termination Date of the Option, and become immediately repayable, pro-rata with the termination of the Option.

12.8 Variations

- (a) You may request UBS to amend any of the terms of your Option Transaction at any time before the Maturity Date.
- (b) If UBS agrees to your request then a new Quote Sheet will need to be signed to implement the amendment and you will be supplied with a new Confirmation.
- (c) As a result of the amendment an Amendment Amount may become payable by you to UBS or to you from UBS and this will be notified to you in the Quote Sheet and Confirmation.
- (d) Any changes to the term of an Option may affect the terms of a Related Loan. The terms of a Related Loan must be amended so they are consistent with the new terms of the Related Option.

12.9 Adjustment Events

If an Adjustment Event occurs or is proposed to occur on or before the Maturity Date, UBS may in its absolute discretion elect to take any one or more Adjustment Event Actions. If, in the reasonable opinion of UBS, it is not possible to deal with the occurrence of the Adjustment Event by taking an Adjustment Event Action, UBS may early terminate all or a portion of the Transaction and set an Early Termination Date. UBS will notify you of any proposed Adjustment Event Action before it takes the Adjustment Event Action or as soon as reasonably practicable after it takes the Adjustment Event Action and UBS will determine and notify you of the effective date of the Adjustment Event Action.

12.10 Market Disruption Events

Where a Market Disruption Event has occurred or is continuing in respect of an Underlying Security or, in the case of a Basket Option, a Component Security (each an "Affected Component") on a Valuation Date then UBS may reasonably determine in its discretion either:

- (a) to take action required to reflect any adjustment, change, substitution, delay, suspension, or other action taken in relation to its hedging arrangements; or
- (b) that the date for the determination or calculation in relation to that Affected Component or the Maturity Date is to be the first succeeding Scheduled Trading Day on which there is no Market Disruption Event in respect of the Affected Component, and the relevant date for the making of such calculation or determination for each Underlying Security or Component Security that is not affected by the occurrence of a Market Disruption Event shall be the original scheduled date. However, if there is a Market Disruption Event in respect of an Affected Component on each of the 8 Scheduled Trading Days immediately following the original date that, but for the Market Disruption Event, would have been the date on which the determination or calculation was made or the Maturity Date, then:
 - (i) that 8th Scheduled Trading Day is to be taken to be the Maturity Date or the relevant date for the determination, payment, adjustment, amendment or calculation (as applicable) in respect of the Affected Component, despite the Market Disruption Event; and
 - (ii) UBS must on that 8th Scheduled Trading Day in good faith and in its discretion determine the relevant price of the Affected Component or other observation to be reached for the calculation or determination on that date taking into account such matters as UBS, in its sole discretion, sees fit, including but not limited to the method of determining the price of the Affected Component used in its risk hedges for the Transaction.

UBS must, as soon as is reasonably practicable (and in no event later than 5 Business Days after the original date that, but for the occurrence or existence of a Market Disruption Event, would have been a Valuation Date) notify you of the existence or occurrence of a Market Disruption Event (as applicable). Without limiting the obligation of UBS to notify the parties as set forth in the preceding sentence, failure of UBS to notify you of the occurrence of a Market Disruption Event will not affect the validity of the occurrence and effect of such Market Disruption Event.

If there is a Market Disruption Event affecting an Underlying Security or Component Security, during the term of a Transaction, then UBS may treat the Market Disruption Event as an Adjustment Event under clause 12.9 including to nominate the event as an Event of Default.

If an event is both a Market Disruption Event and an Adjustment Event, UBS may, acting in good faith and a commercially reasonable manner, determine whether to treat the event as either a Market Disruption Event or an Adjustment Event or both (if possible).

12.11 Basket Options

- (a) In a Basket Option, the Underlying Security will be the Basket specified in the Confirmation. Each Basket is treated as one Underlying Security. Each Basket is made up of a fixed number of each Component Security (the "Component Security Quantity") which is set out in the Confirmation.
- (b) The Market Price of the Basket is calculated as the sum of the multiples of the Market Price and the Component Security Quantity of each Component Security in the Basket. The Closing Price of the Basket at Maturity is the sum of the multiples of the Closing Prices on the Maturity Date and the Component Security Quantity of each Component Security in the Basket.
- (c) All provisions on exercise, settlement and transfer apply to the Basket in its entirety as the Underlying Security
- (d) Any early termination of a Basket Option must be in respect of a whole number of Baskets
- (e) In addition to the effect of Adjustment Events specified in clause 12.9, UBS may also take into account the effect of the Adjustment Events on the Basket and make such adjustments to the terms of the transaction as it considers appropriate including without limitation amending the Basket composition (which may involve removal or replacement of the affected Component Security), Component Security Quantity, the number of Underlying Securities, the Strike Price, Cap Level, Payment Level and Maturity Date.

12.12 Quanto Options

- (a) If the Settlement Currency is designated as Australian Dollars and the Underlying Security is denominated in a different currency to Australian Dollars then this will be designated a Quanto Option.
- (b) All Quanto Options will be Cash Settled when exercised.
- (c) The Cash Settlement Amount will be calculated by UBS in accordance with the formulas in clauses 14.2 and 16.2 below (as applicable) and paid on the Option Settlement Date specified in the Confirmation.

13. Put Option

13.1 Nature of Put Option

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

13.2 First Premium Amount

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

13.3 Collateral

- (a) This clause 13.3 applies if you enter into a Put Option as Provider.
- (b) UBS may require you to pay an amount of money in cleared funds to UBS as collateral (Cash Collateral), by specifying that in the Quote Sheet or otherwise giving you notice in writing of that requirement. UBS may at any time following the entry into a Put Option require you to provide further Cash Collateral, by giving you notice in writing. You must comply with such a request within 24 hours of the request being made by UBS.
- (c) Cash Collateral secures the performance of your obligations under the Put Option. Cash Collateral will not fall due for repayment until your obligations under the Put Option are satisfied in full. Until this time, Cash Collateral will not constitute a debt due from UBS to you, nor will you have any right to receive payment of these funds. If there is an Event of Default, UBS may apply the Cash Collateral to discharge or reduce any payment obligations under the Put Option and otherwise exercise its rights of set-off under clause 8.14.
- (d) You will be entitled to interest on any Cash Collateral held by UBS at a cash deposit rate specified by UBS in your Confirmation. Interest will be paid in arrears on the earlier of the Maturity Date or the last day of each 12 month period during the Term of the Option (the first period commencing on, and including, the Trade Date).
- (e) UBS will deposit Cash Collateral received by it under this clause 13.3 in a client segregated account maintained for the purposes of Chapter 7.8 of the Corporations Act. You acknowledge that monies in the

client segregated account are pooled with money of other clients of UBS and that under section 981D of the Corporations Act, UBS may use such monies to meet obligations incurred by UBS in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives by UBS (including dealings on behalf of persons other than you).

14. Quanto Put Option

14.1 Nature of Quanto Put Option

A Quanto Put Option gives the Holder the right to receive from the Provider a Cash Settlement Amount at Maturity if the Market Price of the Underlying Security is below the Strike Price on the Maturity Date.

14.2 First Premium Amount and Cash Settlement Amount

- (a) The Holder must pay the First Premium Amount per Option to the Provider on the Premium Payment Date
- (b) If the Market Price of the Underlying Security is below the Strike Price on the Maturity Date, the Provider must pay the Cash Settlement Amount to the Holder on the Cash Settlement Date calculated as:

Cash Settlement Amount in AUD = (Strike Price—Market Price at Maturity) / Market Price on Trade Date x Transaction Value in AUD as at the Trade Date.

15. Call Option

15.1 Nature of Call Option

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

15.2 First Premium Amount

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

16. Quanto Call Option

16.1 Nature of Quanto Call Option

A Quanto Call Option gives the Holder the right to receive from the Provider a Cash Settlement Amount at Maturity if the Market Price of the Underlying Security is above the Strike Price on the Maturity Date.

16.2 First Premium Amount and Cash Settlement Amount

- (a) The Holder must pay the First Premium Amount per Option to the Provider on the Premium Payment Date
- (b) If the Market Price of the Underlying Security is above the Strike Price on the Maturity Date, the Provider must pay the Cash Settlement Amount to the Holder on the Cash Settlement Date calculated as:

Cash Settlement Amount in AUD = (Market Price at Maturity—Strike Price) / Market Price on Trade Date x Transaction Value in AUD as at the Trade Date.

17. Put Spread

17.1 Nature of Put Spread

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

that time, a contract arises between the Provider and the Holder under which the Holder must sell to the Provider and the Provider must buy from the Holder the Underlying Securities at the Strike Price.

17.2 Premium Amounts

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

17.3 Premium Amounts

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

$\text{Max} [0 , (\text{Payment Level} - \text{MP}) \times (1 - \text{Participation Rate})]$

where:

"MP" means Market Price at Maturity;

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

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

18. Call Spread

18.1 Nature of Call Spread

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

18.2 Premium Amounts

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

18.3 Premium Amounts

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

$\text{Max} [0 , (\text{MP} - \text{Cap Level}) \times (1 - \text{Participation Rate})]$

where:

"MP" means Market Price at Maturity; and

"Cap Level" is the Cap Level per Option specified in the Confirmation; and

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

19. Collar

19.1 Nature of Collar

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

19.2 Premium Amounts other than for an Individually Capped Basket Collar

In consideration of the Holder's agreement to pay the First Premium Amount and the Second Premium Amount (if any) to the Provider on the relevant Premium Payment Dates and any Early Termination Amount payable by the Holder to the Provider on an early termination, the Provider makes the offer described in clause 19.1 and undertakes not to revoke that offer prior to the Maturity Time other than as contemplated by clause 4.2.

19.3 Premium Amounts

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

$$\sum_{i=1}^n \frac{100}{n} \% \times \text{Max} [0, (\text{Market Price at Maturity} - \text{Cap Level}_i)] \times (1 - \text{PR}_i)$$

where:

"Cap Level_i" is the Cap Level per Option specified in the Confirmation; and

"PR_i" is the Participation Rate in respect of Cap Level_i set out in your Confirmation.

"n" is the number of Cap Levels

19.4 Premium Amounts for an Individually Capped Basket Collar

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

Max [0, Market Price of the Basket at Maturity—Max (Individually Capped Basket Cap Level, Strike Price)]

where:

"Market Price of the Basket" is the sum of the multiples of the Market Price of each Component Security_i and the Component Security Quantity for that Component Security_i within the Basket;

"Strike Price" per Option is as specified in the Confirmation;

"Individually Capped Basket Cap Level" on the Maturity Date is calculated as:

$$\sum_{i=1}^n \text{Component Security Quantity}_i \times \text{Min} [\text{Market Price}_i, \text{Capped Component Price}_i]$$

where:

"n" is the number of different Component Securities in the Basket;

"Component Security Quantity_i" is the Component Security Quantity for Component Security_i in the Basket on the Maturity Date;

"Market Price_i" is the Market Price of Component Security_i on the Maturity Date;

"Capped Component Price_i" for each Component Security_i is the Cap Level multiplied by the Execution Price for Component Security_i.

20. Step Collar

20.1 Nature of Step Collar

- (a) A Step Collar is an irrevocable offer made by the Provider to the Holder to purchase a parcel of Underlying Securities (the "Deliverable Parcel") on the Maturity Date for the Aggregate Strike Price.
- (b) The irrevocable offer referred to in paragraph (a) may be accepted by the Holder by service of a valid Exercise Notice or upon Automatic Exercise (if applicable) in accordance with clause 12.2. At that time, but not prior to that time, a contract arises between the Provider and the Holder under which the Holder must sell to the Provider and the Provider must buy from the Holder the Deliverable Parcel for the Aggregate Strike Price.
- (c) Each Step Collar is a single transaction but its relevant terms include references to a series of Component Collars, Component Collar Strike Prices, Component Collar Cap Levels and Component Collar Participation Rates (details of which will be set out in the Confirmation for the Step Collar). Upon valid exercise of a Step Collar, UBS will calculate the number of Underlying Securities making up the Deliverable Parcel and the Aggregate Strike Price by reference to the Closing Price of the Underlying Security at Maturity compared to the Component Collar Strike Prices.
- (d) A Component Collar is a theoretical component of a Step Collar and is not a separate Transaction between the parties.

20.2 Irrevocable Offer

In consideration of the Holder's agreement to pay the First Premium Amount and the Second Premium Amount (if any) on the relevant Premium Payment Dates, and pay any Early Termination Amount payable by the Holder to the Provider upon early termination, the Provider makes the offer described in clause 20.1 and undertakes not to revoke that offer prior to the Maturity Time other than as contemplated by clause 4.

20.3 Premium Amounts

- (a) The First Premium Amount per Step Collar is as specified in the Confirmation.
- (b) A Second Premium Amount is payable if the Closing Price at Maturity is greater than any of the Component Collar Cap Levels. The amount of that Second Premium Amount is calculated as follows:

$$\sum_{i=1}^n \text{Max} [0, (\text{Market Price at Maturity} - \text{Cap Level}_i)] \times (1 - \text{PR}_i)$$

where:

"Cap Level_i" is the Cap Level for Step_i; and

"PR_i" is the Participation Rate in respect of Cap Level_i.

20.4 Deliverable Parcel and Aggregate Strike Price

- (a) The Deliverable Parcel will comprise the Underlying Securities referable to some or all of the Component Collars.
- (b) The Underlying Securities referable to a Component Collar will be included in the Deliverable Parcel if the Closing Price at Maturity is less than or equal to the Component Collar Strike Price. For the purpose of this clause, such Component Collar is referred to as an "Exercised Component Collar".
- (c) The Aggregate Strike Price is the sum of the multiples of the number of Underlying Securities subject to Exercised Component Collars and the corresponding Component Collar Strike Price. Upon exercise of a Step Collar, the Deliverable Parcel will be transferred for the Aggregate Strike Price pursuant to the contract that arises under clause 20.1.

- (d) If an Aggregate Strike Price is payable by UBS and a Second Premium Amount is payable by the Holder then those amounts will be netted and the Provider will only be required to pay the Aggregate Strike Price less the Second Premium Amount upon settlement of the transfer of the Deliverable Parcel.

21. Put Spread Collar

21.1 Nature of Put Spread Collar

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

21.2 Premium Amounts

In consideration of the Holder's agreement to pay the First Premium Amount and the Second Premium Amount (if any) to the Provider on the relevant Premium Payment Dates and any Early Termination Amount payable by the Holder to the Provider on an early termination, the Provider makes the offer described in clause 21.1 and undertakes not to revoke that offer prior to the Maturity Time other than as contemplated by clause 4.2.

21.3 Premium Amounts

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

- (i) if the Closing Price at Maturity is greater than the Cap Level,
 $\text{Max} [0, (\text{MP} - \text{Cap Level}) \times (1 - \text{Participation Rate})]$

where:

"MP" means Market Price at Maturity; and

"Cap Level" is the Cap Level per Option; and

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

- (ii) if the Closing Price at Maturity is less than the Payment Level,
 $\text{Max} [0, (\text{Payment Level} - \text{MP}) \times (1 - \text{Participation Rate})]$

where:

"MP" means Market Price at Maturity; and

"Payment Level" is the Payment Level per Option; and

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

Part D—Options over Underlying Indices

22. General

This clause 22 applies to all Options over Underlying Indices transacted under this Agreement.

22.1 Number of Options

The Confirmation will specify the number of Options and the Underlying Index to which the Transaction relates.

22.2 Exercise

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

22.3 Settlement

- (a) All Options will be Cash Settled when exercised.
- (b) The Cash Settlement Amount will be calculated by UBS based on the Units of Settlement Currency and the Index Multiplier specified in the Confirmation.
- (c) The Cash Settlement Amount will be paid on the Option Settlement Date specified in the Confirmation.

22.4 Settlement Currency

- (a) All payments under an Option Transaction will be denominated in the Settlement Currency specified in the Confirmation.
- (b) If the Underlying Index is denominated in Australian Dollars then this will also be the Settlement Currency.

22.5 Early termination

The parties may by agreement terminate an Option prior to its scheduled Maturity Date. If this occurs, UBS will calculate the Early Termination Amount payable by one party to the other, and settlement will occur on the third Business Day following the Early Termination Date. Any Early Termination Amount payable to the Provider of an Option will be further consideration for the offer made by the Provider, in accordance with clauses 23.2 and 24.2, as applicable.

22.6 Adjustment Events

Subject to clause 11, if an Adjustment Event occurs or is proposed to occur on or before the Maturity Date, UBS may in its absolute discretion elect to take any one or more Adjustment Event Actions in respect of the Option. If, in the reasonable opinion of UBS, it is not possible to deal with the occurrence of the Adjustment Event by taking an Adjustment Event Action, UBS may early terminate all or a portion of the Transaction and set an Early Termination Date. UBS will notify you of any proposed Adjustment Event Action before it takes the Adjustment Event Action or as soon as reasonably practicable after it takes the Adjustment Event Action and UBS will determine and notify you of the effective date of the Adjustment Event Action.

22.7 Market Disruption Events

Where a Market Disruption Event has occurred or is continuing in respect of an Underlying Index or, in the case of a Basket Option, a Component Index or a material number of securities which make up the Underlying Index or Component Index (each an "Affected Component") on a Valuation Date then UBS may reasonably determine in its discretion either:

- (a) to take action required to reflect any adjustment, change, substitution, delay, suspension, or other action taken in relation to its hedging arrangements; or
- (b) that the date for the determination or calculation in relation to that Affected Component or the Maturity Date is to be the first succeeding Scheduled Trading Day on which there is no Market Disruption Event in respect of the Affected Component, and the relevant date for the making of such calculation or determination for each Underlying Index or Component Index that is not affected by the occurrence of a Market Disruption Event shall be the original scheduled date. However, if there is a Market Disruption Event in respect of an Affected Component on each of the 8 Scheduled Trading Days immediately following the original date that, but for the Market Disruption Event, would have been the date on which the determination or calculation was made or the Maturity Date, then:
 - (i) that 8th Scheduled Trading Day is to be taken to be the Maturity Date or the relevant date for the determination, payment, adjustment, amendment or calculation (as applicable) in respect of the Affected Component, despite the Market Disruption Event; and
 - (ii) UBS must on that 8th Scheduled Trading Day in good faith and in its discretion determine the relevant price of the Affected Component or other observation to be reached for the calculation or determination on that date taking into account such matters as UBS, in its sole discretion, sees fit, including but not limited to the method of determining the price of the Affected Component used in its risk hedges for the Transaction.

UBS must, as soon as is reasonably practicable (and in no event later than 5 Business Days after the original date that, but for the occurrence or existence of a Market Disruption Event, would have been a Valuation Date) notify you of the existence or occurrence of a Market Disruption Event (as applicable). Without limiting the obligation of UBS to notify the parties as set forth in the preceding sentence, failure of UBS to notify you of the occurrence of a Market Disruption Event will not affect the validity of the occurrence and effect of such Market Disruption Event.

If there is a Market Disruption Event affecting an Underlying Index, Component Index, or a material number of securities which make up an Underlying Index or Component Index, during the term of a Transaction, then UBS may treat the Market Disruption Event as an Adjustment Event under clause 12.9 including to nominate the event as an Event of Default.

If an event is both a Market Disruption Event and an Adjustment Event, UBS may, acting in good faith and a commercially reasonable manner, determine whether to treat the event as either a Market Disruption Event or an Adjustment Event or both (if possible).

22.8 Basket Options

- (a) In a Basket Option, the Underlying Index will be the Basket specified in the Confirmation. Each Basket is made up of a fixed weight number of each Component Index (the "Component Index Weight") which is set out in this Confirmation.
- (b) The Index Level of the Basket is calculated as the sum of the multiples of the Index Level and the Component Index Weight of each Component Index in the Basket.
- (c) All provisions on exercise and settlement apply to the Basket in its entirety as the Underlying Index.
- (d) Any early termination of a Basket Option must be in respect of a whole number of Baskets.

22.9 Quanto Option

If the Settlement Currency is designated as Australian Dollars and the Underlying Index is denominated in a different currency to Australian Dollars then this will be designated a Quanto Option.

23. Index Put Option

23.1 Nature of Index Put Option

- (a) An Index Put Option gives the Holder the right to receive from the Provider a Cash Settlement Amount at Maturity if the Index Level of the Underlying Index is below the Strike Level on the Maturity Date.
- (b) You may only enter into an Index Put Option as a Holder.

23.2 First Premium Amount

The Holder must pay the First Premium Amount per Option to the Provider on the Premium Payment Date

23.3 Cash Settlement Amount

If the Index Level of the Underlying Index is below the Strike Level on the Maturity Date, the Provider must pay the Cash Settlement Amount to the Holder on the Cash Settlement Date calculated as:

$(\text{Strike Level} - \text{Index Level at Maturity}) \times \text{Number of Options} \times \text{Unit of Settlement Currency} \times \text{Index Multiplier}$

where:

"Strike Level", "Number of Options", "Unit of Currency Settlement" and "Index Multiplier" are as specified in your Confirmation; and

"Index Level at Maturity" is the Index Level on the Maturity Date as published by the Index Provider.

24. Index Call Option

24.1 Nature of Index Call Option

- (a) An Index Call Option gives the Holder the right to receive from the Provider a Cash Settlement Amount at Maturity if the Index Level of the Underlying Index is above the Strike Level on the Maturity Date.
- (b) You may only enter into an Index Call Option as a Holder.

24.2 First Premium Amount

The Holder must pay the First Premium Amount per Option to the Provider on the Premium Payment Date

24.3 Cash Settlement Amount

If the Index Level of the Underlying Index is above the Strike Level on the Maturity Date, the Provider must pay the Cash Settlement Amount to the Holder on the Cash Settlement Date calculated as:

$(\text{Index Level at Maturity} - \text{Strike Level}) \times \text{Number of Options} \times \text{Unit of Settlement Currency} \times \text{Index Multiplier}$

where:

"Strike Level", "Number of Options", "Unit of Currency Settlement" and "Index Multiplier" are as specified in your Confirmation; and

"Index Level at Maturity" is the Index Level on the Maturity Date as published by the Index Provider.

Part E—Security and Nominee arrangement

25. Representations and warranties in respect of Secured Property, Approved Securities and Underlying Securities

- (a) If you are not a Superannuation Fund, you represent and warrant that:
 - (i) you are the legal and beneficial owner of the Secured Property (except to the extent that the legal ownership is held by the Nominee as contemplated by this Agreement) and all Underlying Securities comprising the Secured Property are fully paid up; and
 - (ii) the Secured Property is not and will not be subject in any way to any Security Interest (other than in favour of UBS pursuant to clause 27)
 - (iii) in respect of Non-PPS Property, it is the sole legal and beneficial owner of that property;
 - (iv) in respect of PPS Property, it has sufficient rights to grant a Security Interest in that property to the Secured Party; and
 - (v) the Security Interests granted in clause 27 are an effective security in the Secured Property, except to the extent (if any) set out in this document or that the Secured Party may otherwise agree.
 - (vi) no other person has any interest in or other right over the Secured Property except to the extent (if any) set out in this document.
- (b) All representations and warranties contained in clause are taken to be repeated by you on each date prior to the payment of amounts or performance of obligations under this Agreement.

26. Nominee arrangements

- (a) By way of consideration of UBS's entering into this Agreement and any related Transactions, you agree that:
 - (i) if you are not a Superannuation Fund—you will where requested by UBS, by the date specified by UBS in your Quote Sheet or Confirmation, cause the legal title to the Secured Property specified by UBS to be held by the Nominee as your nominee in accordance with this clause; or
 - (ii) if you are a Superannuation Fund—you acknowledge and agree that where you enter into a Loan, the Underlying Securities will be acquired by the Nominee and held by the Nominee on trust for you in accordance with this clause, the Nominee Deed and the Security Trust Deed; and
- (b) You hereby appoint the Nominee to hold the Secured Property transferred to it or held by it as a bare nominee for you from the day the legal title is first held by Nominee, as contemplated by paragraph (a), until the Security Interest granted in clause 27 or under the Security Trust Deed (as applicable) is released in respect of the Secured Property.
- (c) You hereby direct the Nominee to apply or pay amounts to UBS in accordance the Distribution Agreement (if any).
- (d) You hereby direct the Nominee to pay dividends to UBS in payment of Interest Amounts and/or the Drawdown Amount as specified in the Confirmation (if applicable).
- (e) You have an absolute, vested and indefeasible interest in the Secured Property and you are absolutely entitled to the Secured Property as against the Nominee.
- (f) You are immediately presently entitled to all Distributions and other income received by the Nominee in respect of the Secured Property. The Nominee must immediately pay any such amounts to you or as you direct.
- (g) You agree to:
 - (i) comply with all obligations affecting the Secured Property and pay on time all amounts for which the holder of the Secured Property is liable, including calls, instalments and Taxes;
 - (ii) at UBS's request take up any rights attaching to Secured Property if, in UBS's opinion, failure to do so could mean the Secured Property or the Security Interest (if any) is or is likely to become materially lessened in value or prejudicially affected;
 - (iii) promptly provide to UBS on request any information which UBS reasonably requests about the Secured Property or anything in relation to it; and

- (iv) not provide any instructions to the Nominee relating to the Secured Property that are inconsistent with this Agreement.
- (h) You acknowledge that:
 - (i) you irrevocably authorise and direct the Nominee to obtain the Secured Party's consent before acting on your instructions;
 - (ii) subject to clause 11.5, you irrevocably authorise and direct the Nominee to act in accordance with any directions of the Secured Party without seeking your consent for any purpose under this Agreement, even if the directions contradict instructions that you have given or will give later in relation to the Secured Property;
 - (iii) subject to clause 11.5, you irrevocably authorise and direct the Nominee to use, transfer, sell or convert such of the Secured Property held by the Nominee as is necessary to effect the Physical Settlement of an Option by you in accordance with the terms of this Agreement;
 - (iv) in respect of any Secured Property that is an Option, you acknowledge that the Secured Party is able to initiate sending instructions by which the Option can be transferred or otherwise dealt with;
 - (v) the Nominee is under no duty to enquire whether the Secured Party may validly give any consent or instruction and you may not challenge the validity of those instructions or any action taken by the Nominee in accordance with those instructions;
 - (vi) the appointment of the Nominee under this clause 26 is irrevocable until the release of the Security Interest granted under clause 27 in accordance with this Agreement.
- (i) Subject to clause 11.5 if you do not comply with your obligation to pay any amount of money under paragraph (g)(i), then UBS may pay such amounts and that payment will form part of the Secured Moneys.
- (j) Subject to clause 11.5, you direct the Nominee to apply any Secured Property held by it towards the satisfaction of any amount owing by you to UBS or the Nominee.
- (k) Subject to clause 26(l) below the Nominee shall not cast any vote in respect of financial products comprised in the Secured Property at any meetings of members (or a class of members) of the Issuer of the Underlying Securities.
- (l) The investor may direct the Nominee by notice in writing to cast a vote at any meeting of members (or a class of members) of the relevant Issuer of the Underlying Securities as specified in the Agreement.
- (m) The Nominee has no powers, duties, rights or discretions in relation to the Secured Property except as expressly set out in this Agreement, the Nominee Deed, or the Security Deed.
- (n) You must, when required by UBS or the Nominee, provide all information as may be required for the Nominee to make a "correct TB statement" under section 102UG of the Tax Act.
- (o) You irrevocably direct the Nominee, in the event that the Nominee considers (in its absolute discretion) that you may not be able to comply with paragraph (n), to deduct from any amount of income to which you are presently entitled or in which you have a vested and indefeasible interest (and apply towards any Tax that might be payable by the Nominee pursuant to Division 6D of Part III of the Tax Act) an amount equal to the "untaxed part" of the "net income" (each as defined in the Tax Act) of the Separate Trust multiplied by the rate specified in section 4 of the Taxation (Trustee Beneficiary Non-Disclosure Tax) Act 2007 (Cth).
- (p) UBS and the Nominee agree, the Nominee can continue to hold Underlying Securities as nominee subsequent to the release of the Security Interest. UBS or the Nominee may terminate this nominee arrangement at any time and transfer the Underlying Securities into an account in your name.

27. Security

- (a) If:
 - (i) you are not a Superannuation Fund to secure the due and punctual repayment to UBS of the Secured Moneys and the performance of the Secured Obligations, you hereby grant a Security Interest to UBS in respect of all of your right, title and interest in and to the Secured Property (including any Secured Property acquired in the future) which may, after the date of this Agreement, be held by you and subjected to this agreement or by the Nominee on trust for you under this Agreement; or
 - (ii) if you are a Superannuation Fund—you acknowledge and agree that to secure the due and punctual repayment to UBS of the Secured Moneys and the performance of the Secured Obligations, the Nominee will grant a Security Interest to UBS in respect of all of your right, title and interest in and to the Secured

Property which may, after the date of this Agreement, be held by the Nominee on trust for you under this Agreement, the Security Trust Deed and the Nominee Deed.

- (b) If you are not a Superannuation Fund, the Security Interest you grant to UBS is:
 - (i) a security interest (as defined in the PPSA) over all the Secured Property that is PPS Property; and
 - (ii) a fixed charge over all the Secured Property that are Non-PPS Property.
- (c) The Security Interests granted (or, if you are a Superannuation Fund, acknowledged) in this clause 27 are intended to take effect as a first ranking security except to the extent determined by law.
- (d) Nothing in this Agreement may be taken as an agreement that the PPS Security Interest granted (or, if you are a Superannuation Fund, acknowledged) in this clause 27 attaches later than the time contemplated by section 19(2) of the PPSA.
- (e) For the purposes of section 20(2)(b)(iii) of the PPSA, the PPS Security Interest granted (or, if you are a Superannuation Fund, acknowledged) in this clause 27 is in all of your present and after-acquired property (or, if you are a Superannuation Fund, the after-acquired property acquired by, and held by, the Nominee for you) excluding any property that does not form part of the Secured Property.
- (f) Clause 27(e) does not limit clause 27(a).
- (g) You acknowledge that the Secured Party has not agreed to subordinate its Security Interests in the Secured Property to any other interest in the Secured Property.

28. Possession

If you are not a Superannuation Fund, you must do anything required by the Secured Party to ensure that the Secured Party's Security Interest in any Marketable Security, instrument or security (negotiable or otherwise) is recorded by any relevant clearing house or securities depository and, in the case of a Marketable Security, on the records maintained by or on behalf of the relevant issuer, or on the records of any sponsor, nominee or agent that holds a Marketable Security for the Grantor;

29. Perfection by control

To the extent that any Secured Property is of a type in which a security interest can be perfected by control under the PPSA, you must do anything that the Secured Party may require to enable it to perfect its Security Interest by control;

30. Chattel paper

If the Secured Party requests, you must give the Secured Party possession of any Secured Property that is chattel paper;

31. Circulating assets

To the extent that any Secured Property is of a type referred to in section 340(5) of the PPSA, you must do anything that the Secured Party may require to enable it to control the Secured Property for the purpose of section 340(2)(b) of the PPSA;

32. Change in name or other details

Provided you are not a Superannuation Fund,

- (i) you must provide at least 30 Business Days' prior notice of any change of your name, together with details of the proposed new name; and
- (ii) you must provide at least 30 Business Days' notice before anything happens in respect of you or any Secured Property that would cause any information in a financing statement in relation to PPS Security Interests granted in clause 27 to be different if it were re-registered;

33. Registration details

You must give the Secured Party all information that the Secured Party needs in order to ensure that any registration of the Security Interests granted in clause 27 on the PPS Register or any other register that the Secured Party chooses is, and remains, fully effective or perfected (or both), and that those Security Interests have the priority contemplated by clause 27; and

34. Giving effect to this document

You must do anything (including executing any transfer in blank or any other transfer or other document, and perfecting and protecting any Security Interest intended to be created by or pursuant to this document), and must ensure that your employees and agents do anything, that the Secured Party may reasonably require to:

- (i) give full effect to this document; or
- (ii) more fully secure the rights, remedies and powers of the Secured Party under this document or to enable the Secured Party to exercise those rights, remedies and powers.

The Secured Party may, at your cost, do anything which you should have done under this document if you do not do so promptly or, if in the Secured Party's opinion, you do not do so properly.

35. Restrictions on dealing

- (a) You agree with the Secured Party that you will not, without the consent of the Secured Party:
 - (i) create or purport or attempt to create or suffer to subsist any Security Interest in respect of the Secured Property ranking in priority to, equally with or after the Security Interest granted under clause 27;
 - (ii) sell or otherwise dispose of, create or allow the creation of any interest in, or part with possession of, any of the Secured Property
 - (iii) abandon, settle, compromise or discontinue or become nonsuited in respect of any proceedings against any person (other than the Secured Party) in respect of any right of the Secured Party in connection with the Secured Property;
 - (iv) waive any of your rights or release any person from its obligations in connection with the Secured Property;
 - (v) request or consent to the removal of any of the Secured Property from any register on which it is recorded or registered; or
 - (vi) attempt to change the Nominee arrangements or remove the Secured Property from the holder record established for the Nominee or from the Nominee's registered holding on an issuer sponsored sub-register (as applicable).
- (b) The Security Interest does not merge with or adversely affect, and is not adversely affected by:
 - (i) another Security Interest or right or remedy to which UBS is entitled at any time; or
 - (ii) a judgment or order that UBS obtains against you or any other person (that is, it can still exercise its rights under this Agreement as well as under the judgment or order).
- (c) The Nominee agrees to comply with any instruction given by you in relation to any Secured Property where it has the consent of the Secured Party in accordance with your directions in clause 26(h)(i).
- (d) The Nominee agrees that it must comply with instructions (including instructions to debit the account) given by the Secured Party in relation to the Secured Property without seeking your consent (or any person who has agreed to act on your behalf) in accordance with your directions in clause 26(h)(ii).
- (e) The Security Interest is a continuing security and will remain in full force and effect until all the Secured Obligations have been met and the whole of the Secured Moneys have been paid or satisfied in full notwithstanding any settlement of account, intervening payment or other matter or thing whatsoever until a final discharge of the Security Interest granted in clause 27 is given to you and will apply to the present and future balance of the Secured Money.
- (f) Your obligations under this clause are absolute, unconditional and irrevocable. Your liability under this clause extends to, and is not affected by, any circumstance, act or omission which, but for this clause, might otherwise affect it at law or in equity.

36. Enforcement

- (a) The Security Interests granted under clause 27 shall, at the option of the Secured Party, become enforceable (whether or not the Secured Obligations have become due or the Secured Moneys have become payable) at any time on or after the occurrence of any Event of Default.
- (b) Subject to the express provisions of this Agreement, a Security Interest granted under clause 27 may be enforced notwithstanding acceptance of any payment of Interest or any other payment after any default and

notwithstanding any previous or other default and without the necessity of any notice to or of any consent or concurrence on the part of you or any other person.

- (c) the Secured Party may exercise its rights under the Security Interest granted under clause 27 even if it has not commenced proceedings or enforced any other right against you, or any other entity or person.
- (d) You waive any right you may have to require the Secured Party to commence proceedings or enforce a right against you or any other person.

37. Contracting out of the PPSA

- (a) To the extent that Chapter 4 of the PPSA would otherwise apply to an enforcement by the Secured Party of any Security Interest in the Secured Property, the parties agree that the following provisions of the PPSA do not apply:
 - (a) to the extent that section 115(1) of the PPSA allows them to be excluded: sections 95, 118, 121(4), 125, 130, 132(3)(d), 132(4), 135, 138B(4), 142 and 143; and
 - (b) to the extent that section 115(7) of the PPSA allows them to be excluded: sections 127, 129(2), 129(3), 132, 134(2), 135, 136(5) and 137.

38. Powers of the Secured Party on enforcement

- (a) At any time after a Security Interest granted under clause 27 becomes enforceable and from time to time thereafter while the relevant Event of Default is continuing and has not been waived in writing by the Secured Party, the Secured Party will have full power, without your consent, to do all or any of the following:
 - (i) sell (whether by public auction, private arrangement or both and whether on market or off market or both) or redeem all or part of the Secured Property, and exercise any other right that the law gives to a party in the position of the Secured Party, without giving you prior notice of the sale or other action taken by it;
 - (ii) receive any dividends or other income payable in respect of any of the Secured Property and deal with the Secured Property in the same way as you could do if the Secured Property were not Secured including exercise any option or other right that you have in relation to the Secured Property;
 - (iii) appoint a receiver or receiver and manager to all or part of the Secured Property to do any of the things referred to above;
 - (iv) register all or any part of the Secured Property in the name of the Secured Party; and
 - (v) do anything which the Secured Party considers necessary or desirable for any of these purposes; or
 - (vi) delegate to any person any of the powers conferred upon the Secured Party by this clause.
- (b) Notwithstanding anything in this clause, UBS may be required by law to give notice before exercising some of the rights mentioned in this clause or may have obligations imposed by law about what it must do when doing some of these things. However, to the extent that these requirements and obligations can be excluded or limited by agreement, they are so excluded or limited.
- (c) You irrevocably authorise the Nominee to accept and act in accordance with any instructions or directions from the Secured Party in connection with the exercise of any of its rights under this Agreement.
- (d) The Secured Party need not:
 - (i) enforce, or take steps to enforce, the payment of any dividends or interest in connection with the Secured Property;
 - (ii) vote at any meeting of the holders of the shares or other securities forming part of the Secured Property;
 - (iii) sell the Secured Property, even if there may be reason to believe that it may depreciate in value, or has so depreciated;
 - (iv) be answerable or responsible for any loss occasioned by any delay or omission;
 - (v) marshal or appropriate in favour of you; or
 - (vi) deliver to you any notices or other correspondence (or copies of them) from any company or trust whose shares or other securities are included in the Secured Property.

39. Appointment of receiver

- (a) If the Secured Party appoints a receiver under clause 38(a)(iii), it may also:
 - (i) remove any such receiver and in case of the removal, retirement or death of any such receiver appoint another as a replacement; and
 - (ii) fix the remuneration of any such receiver.
- (b) Subject to paragraph (c), every receiver appointed in exercise of the power conferred by this clause, unless and until the Secured Party by notice to you and to the receiver requires that such receiver acts as agent of the Secured Party, will be your agent and you alone will be responsible for the receiver's acts and defaults and remuneration.
- (c) The power to appoint a receiver under this clause may be exercised notwithstanding that at the time when the Security Interest granted under clause 27 becomes enforceable or at the time when such an appointment is made, an order may have been made or a resolution may have been passed for the winding up of you and notwithstanding that a receiver appointed in those circumstances may not, or may not in some respects, act as your agent.
- (d) The receiver will have full power without any consent on your part to do all or any of the following:
 - (i) perform all or any one or more of the acts and activities described in clause 37; and
 - (ii) delegate to any person, for such time and upon such terms as the Secured Party may approve, any of the powers conferred on it under this Agreement.

40. Application of moneys

- (a) All moneys received by the Secured Party under or by virtue of the Security Interest granted to it under clause 27 may be applied in the following manner and order:
 - (i) first in payment of all costs, charges and expenses of the Secured Party and any receiver incurred in or incidental to the exercise or performance or attempted exercise or performance of any power or otherwise in relation to this Agreement;
 - (ii) secondly in payment of such other outgoings as the Secured Party or any receiver shall think fit to pay;
 - (iii) thirdly in payment to any receiver of any remuneration whether by way of commission or otherwise;
 - (iv) fourthly in payment to the Secured Party and any receiver of all amounts necessary to give effect to any indemnity contained in this Agreement; and
 - (v) fifthly in payment to the Secured Party of the Secured Moneys and in meeting your Secured Obligations.
- (b) and the surplus (if any) will belong to you or other persons entitled to it but:
 - (i) the surplus will not carry interest; and
 - (ii) the Secured Party may pay the surplus to the credit of a bank account in your name or other persons entitled to it and will then be under no further liability in respect of it.
- (c) In applying any moneys towards satisfaction of the Secured Moneys your account will be credited only with so much of the money available for the purpose as is actually received by the Secured Party, such credit to date from the time of such receipt.
- (d) Any compensation which may become payable in respect of the Secured Property will at the option of the Secured Party be applicable in or towards repayment of the Secured Moneys. the Secured Party is empowered to make any claim for such compensation and alone to agree, compromise and settle any such claim and to execute any necessary assurances and releases in your name and the name of the Secured Party. If you receive any compensation before a final discharge of the Security interest granted under clause 27, you shall forthwith pay it to the Secured Party.

41. Power of attorney

- (a) You irrevocably appoint each of the Nominee and UBS severally as your attorney to do any of the following, in its own name or in the name of a receiver upon an Event of Default:
 - (i) do anything which you can do in respect of the Secured Property or which you are obliged to do under this Agreement;

- (ii) do anything which in our opinion or in the opinion of the attorney is necessary or desirable to give full effect to this Agreement or for securing or perfecting UBS's Security Interest;
- (iii) execute in UBS's favour any legal mortgage, transfer, assignment and any other assurance of any of the Secured Property;
- (iv) do all things necessary to enable a transfer to be register in favour of UBS or as directed by UBS and deliver documents of title in respect of the Secured Property to UBS or as directed by UBS; and
- (v) delegate powers (and revoke a delegation) and appoint and remove a sub-attorney.

42. PPSA Confidentiality

- (a) In this clause 42, all references to sections are to sections in the PPSA.
- (b) The parties agree not to disclose information of the kind mentioned in section 275(1), except in the circumstances required by sections 275(7)(b) to (e). The Grantor must obtain the Secured Party's consent before authorising the disclosure of information under section 275(7)(c) or requesting information under section 275(7)(d). Nothing in this paragraph prevents any disclosure by the Secured Party that it believes is necessary to comply with its other obligations under the PPSA.
- (c) To the extent that it is not inconsistent with clause 42(b) constituting a "confidentiality agreement" for the purposes of section 275(6)(a), the Grantor agrees that the Secured Party may disclose information of the kind mentioned in section 275(1) to the extent that the Secured Party is not doing so in response to a request made by an "interested person" (as defined in section 275(9)) pursuant to section 275(1).

43. Authority to register and waiver of right to receive verification statements

You acknowledge that the Secured Party may, at your cost, register one or more financing statements in relation to its Security Interests. If permitted by the PPSA, you waive your right under section 157 of the PPSA to receive notice of any verification statement relating to the registration of any such financing statement or any related financing change statement.

44. Further Assurance

You must, whenever requested by the Secured Party and at your cost and expense, do or cause to be done anything reasonably requested by the Secured Party for more satisfactorily assuring or securing to the Secured Party the Secured Property in a manner not inconsistent with any of the provisions of this Agreement.

Part F—Exercise and Sale Facility

45. Interpretation

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

46. Loan of Securities

- (a) Where UBS accepts an Application by you to use the Exercise and Sale Facility, which acceptance will be at UBS's absolute discretion, UBS will lend to you, and you will borrow from UBS, the number of Underlying Securities specified in the Quote Sheet on the terms of this Agreement (the Lent Securities). If you are an employee or officer of a Company and the Underlying Securities for the Transaction are issued by that Company, then you must give written instructions to proceed (your Financial Adviser and/or IDPS Operator cannot).
- (b) Without limiting the discretion referred to in paragraph (a), UBS may refuse to accept an Application to use the Exercise and Sale Facility where the company issuing the Executive Options has not confirmed the following in writing to UBS (which confirmation may be sought by UBS at any time):
 - (i) that you own the specified number of Executive Options;
 - (ii) that the Executive Options are fully vested and presently exercisable by you;
 - (iii) that the Executive Options and Underlying Securities from their exercise are not subject to security interests or other encumbrances;
 - (iv) that you have all permission required by the company employee trading policy to exercise the Executive Options;
 - (v) that the company employee trading policy permits the use of the Facilities described in this PDS;
 - (vi) that there is no company imposed trading blackout which would restrict you from exercising the Executive Options or using the Facilities described in this PDS at the time you want to use them;
 - (vii) the timetable for exercise of the Executive Options and share allotment; and
 - (viii) the payment instructions for the Executive Option exercise price payment.

47. Delivery, Sale and Exercise

- (a) By agreeing to borrow the Lent Securities, you authorise and instruct UBS to:
 - (i) deliver or procure the delivery of the Lent Securities to you and to execute and deliver all necessary documents and give all necessary instructions to ensure that all right, title and interest in any Lent Securities shall pass from UBS to you; and
 - (ii) sell the Lent Securities on your behalf in accordance with your instructions, the Corporations Act, the ASX Operating Rules and standard market practice.
- (b) From the proceeds of the sale of the Lent Securities made in accordance with clause 47(a)(ii), you authorise UBS to:
 - (i) deduct and retain brokerage on the proceeds of the sale plus any GST payable in connection with that brokerage, calculated at the rate specified by UBS for your Stock Loan;
 - (ii) deduct and retain any outstanding fees or charges payable to it pursuant to clause 51;
 - (iii) in accordance with the exercise instructions for the Executive Options, make a payment for the total exercise price of such number of Executive Options you instruct, or if there are not sufficient funds for such number after deducting the amounts in this clause 47, the maximum number for which there are sufficient funds, and do all other things necessary to exercise the Executive Options; and
 - (iv) pay the balance (if any) to you upon repayment of the Stock Loan under clause 58.
- (c) By giving such instructions, you agree to do all things necessary, including completing any exercise notice in respect of the Executive Options, to facilitate the exercise of the Executive Options, and you authorise UBS to complete any blanks in, or make any amendments to, that exercise notice.

48. Redelivery of Equivalent Securities

- (a) Subject to clause 47(b), on the earlier of:
- (i) the date that the Underlying Securities issued to you pursuant to the exercise of the Executive Options are granted official quotation by ASX;
 - (ii) the date that is 5 Business Days after receipt of written notice from UBS requiring redelivery; and
 - (iii) 360 days after the date of delivery by UBS of the Lent Securities to you,
- you must deliver, or procure the delivery of Equivalent Securities, to UBS or as it directs and execute and deliver all necessary documents and give all necessary instructions to ensure that all right, title and interest in any Equivalent Securities shall pass from you to UBS.
- (b) Notwithstanding paragraph (a), you may deliver or procure the delivery of Equivalent Securities to UBS or as it directs at an earlier time, in which case you will be taken to have satisfied your obligations under paragraph (a), provided that you give UBS 24 hours prior notice of such delivery.

49. Distributions

- (a) Unless otherwise agreed, where any dividend or other distribution (whether in property or money) is made or paid in relation to any Lent Securities and the record date of the dividend or distribution is a date occurring during the term of the Stock Loan, you will, on the date determined by UBS, pay and deliver to UBS the dividend or distribution, or a sum of money equivalent (or property identical) to the same to UBS.
- (b) UBS may, at its discretion, determine that you must pay an additional amount up to the value of any franking credits allocated (or under section 202-65 of the Income Tax Assessment Act 1997, taken to have been allocated) to the dividend or distribution. Without limiting this discretion, UBS may make this determination where UBS incurs equivalent costs in hedging its obligations under the Stock Loan. UBS undertakes to use reasonable endeavours to borrow stock offshore to minimise any such costs.
- (c) Subject to paragraph (d), where in respect of any Lent Securities, any rights relating to the conversion, subdivision, consolidation, pre-emption, rights arising under a takeover offer or other rights, including those requiring election by the holder for the time being of such Lent Securities, become exercisable prior to the redelivery of the Equivalent Securities then you must deliver Equivalent Securities in such form as will arise if the right is exercised as determined by UBS.
- (d) Notwithstanding paragraph (c), where in respect of any Lent Securities the relevant Issuer issues any right or option in respect of the Lent Securities during the term of the Stock Loan, you must deliver or make available to UBS on the date determined by UBS:
- (i) the right, or option; or
 - (ii) an identical right or option; or
 - (iii) a payment equal to the value to UBS of the right or option (as determined by UBS in its discretion),
- together with any such endorsements or assignments as shall be customary and appropriate.
- (e) If you are required to make any payment to acquire or exercise any right or option which you are obliged to acquire or exercise under the provisions of this clause 49, UBS must indemnify you for the amount of any such payment.
- (f) In the case of a conversion, subdivision or consolidation of the Lent Securities, the securities into which the Lent Securities have been converted, subdivided or consolidated will be taken to be Equivalent Securities with respect to the relevant Stock Loan, without prejudice to any other right a party may have under this Agreement.
- (g) If:
- (i) an event of a kind specified in this clause 49 occurs, and UBS considers that any of the provisions of this clause 49 are not appropriate in any particular situation; or
 - (ii) an event occurs which is not dealt with in this clause 49 which UBS considers should have been dealt with,
- UBS may:
- (iii) make, or refrain from making, any adjustment to the Lent Securities as UBS considers appropriate, and determine the effective date of such adjustment; or
 - (iv) require you to re-deliver the Equivalent Securities.

50. Collateral

50.1 UBS (or one of its related bodies corporate) may retain as collateral, the net proceeds of the sale of the Lent Securities made in accordance with clause 47(a)(ii) until Equivalent Securities are redelivered in accordance with clause 48. No interest will be payable on the net proceeds of the sale when they are so retained by UBS (or its related bodies corporate).

51. Arrangement Fee

- (a) The cost of borrowing Underlying Securities under this Agreement is the Arrangement Fee specified by UBS in the Quote Sheet or otherwise notified to you. This cost will usually comprise one or more of the following:
- (i) a fixed fee;
 - (ii) any costs incurred by UBS to unwind your Stock Loan where Executive Options cannot be exercised immediately and unconditionally;
 - (iii) a per annum fee calculated on the Closing Price of the Lent Securities for each day of the Term of the Stock Loan; and/or
 - (iv) a per annum fee calculated on the Closing Price of the Lent Securities on the day they were lent to you.
- (b) For the purposes of section 26BC(3)(d) of the Income Tax Assessment Act (Cth) 1936 the “notifiable consideration” in respect of the Stock Loan under this Part F is dissected as follows:
- (i) a fee—the Arrangement Fee as set out in the Quote Sheet and Confirmation or otherwise notified to you.
 - (ii) an adjustment—if made under clause 49(g) and notified to you; and
 - (iii) other consideration—your obligations to pay the amounts and/or to deliver the property set out in clauses 48 and 49.
- (c) You must pay UBS all GST, or other applicable or similar taxes, that UBS is liable (either directly or indirectly) to pay for any supply under or in connection with a Stock Loan.

52. Assignment

UBS must not dispose of (by transfer, declaration of trust or otherwise), the right to receive any part of the total consideration receivable under the Stock Loan, being the right to redelivery of the Equivalent Securities under clause 48 and the notifiable consideration referred to in clause 51.

53. Executive Share Plans

If, instead of exercising Executive Options, you instruct UBS to apply the sale proceeds under clause 46 towards the making of a payment to the issuer of the Executive Options or a third party that would result in Underlying Securities being issued, transferred or released to you, then references in this Part F to exercising Executive Options will be amended to refer to the making of a cash payment to the issuer or relevant third party, and the references to exercise price and exercise notice for Executive Options will be taken as references to the payment of the requisite funds to the issuer or relevant third party and the notice(s) that need to be provided with the payment in order to procure the issuance, transfer or release of Underlying Securities to you.

Part G—Stock Borrow Agreement

54. Application

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

55. Borrowing Underlying Securities

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

56. Delivery of Underlying Securities

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

57. Distributions and Voting

- (a) Unless otherwise agreed, where any dividend or other distribution (whether in property or money) is made or paid in relation to any Borrowed Securities and the record date of the dividend or distribution is a date on which such Borrowed Securities are on loan to UBS, UBS will, on the date determined by UBS, pay and deliver to you the dividend or distribution, or a sum of money equivalent (or property identical) to the same to you.
- (b) If the record date for the dividend or distribution occurs whilst Underlying Securities are on loan to UBS, and had you been the holder of the Underlying Securities on the relevant record date you would have received a franked distribution (including a franked distribution that flows indirectly to you) in respect of the Underlying Securities, then provided you are an Australian resident as defined in section 6(1) of the Income Tax Assessment Act 1936 and you and UBS have not otherwise agreed that you will not receive any compensation for loss of franking credits, then UBS must either:
 - (i) if section 216-10 of the Income Tax Assessment Act 1997 applies, give you a statement in the form approved by the Commissioner of Taxation for the purposes of section 216-30 of the Income Tax Assessment Act 1997 setting out such information in relation to that distribution as is required by the approved form; or
 - (ii) pay to you an amount equal to the franking credit allocated (or under section 202-65 of the Income Tax Assessment Act 1997, taken to have been allocated) to the dividend or distribution.
- (c) Subject to paragraph (d), where in respect of any Borrowed Securities any rights relating to the conversion, subdivision, consolidation, pre-emption, rights arising under a takeover offer or other rights, including those requiring election by the holder for the time being of such Borrowed Securities, become exercisable prior to the redelivery of the Equivalent Securities then, on redelivery of Equivalent Securities UBS will deliver Equivalent Securities in such form as will arise if the right is exercised or, in the case of a right which may be exercised in more than one manner, is exercised as specified by UBS.
- (d) Notwithstanding paragraph (c), where in respect of any Borrowed Securities the relevant Issuer issues any right or option in respect of the Borrowed Securities, UBS must deliver or make available to you on the date determined by UBS:
 - (i) the right, or option; or
 - (ii) an identical right or option; or

- (iii) a payment equal to the value to you of the right or option (as determined by UBS in its discretion);
- together with any such endorsements or assignments as shall be customary and appropriate.
- (e) If UBS is required to make any payment to acquire or exercise any right or option which it is obliged to acquire or exercise under the provisions of this clause 57 you must indemnify UBS for the amount of any such payment.
 - (f) If a call in respect of Borrowed Securities that are not fully paid is announced to the ASX by the relevant Issuer, then UBS will notify you of the call. On receipt of such notification, you must pay to UBS the amount referred to in such call in respect of the Borrowed Securities no later than 5 Business Days before the date that is the last day that payment for the call can be made, in which case the Borrowed Securities, as adjusted for the call amount having been paid, will be taken to be Equivalent Securities with respect to the relevant Stock Loan, without prejudice to any other right a party may have under this Agreement.
 - (g) In the case of a conversion, subdivision or consolidation of the Borrowed Securities, the securities into which the Borrowed Securities have been converted, subdivided or consolidated will be taken to be Equivalent Securities with respect to the relevant Stock Loan, without prejudice to any other right a party may have under this Agreement.
 - (h) If:
 - (i) an event of a kind specified in this clause 57 occurs, and UBS considers that any of the provisions of this clause 57 are not appropriate in any particular situation; or
 - (ii) an event occurs which is not dealt with in this clause 57 which UBS considers should have been dealt with,
 UBS may:
 - (iii) make, or refrain from making, any adjustment to the Borrowed Securities as UBS considers appropriate, and determine the effective date of such adjustment; or
 - (iv) re-deliver the Equivalent Securities.
 - (i) If, pursuant to this Agreement, UBS may require you to take any action in respect of any Securities (including pay any call, instalments or other monies, acquire or dispose of rights, sell, dispose, redeem, make any adjustment to or otherwise deal with Securities) those rights will apply equally to the manner in which you exercise your rights pursuant to any Stock Loan, with the intent that the Equivalent Securities will be adjusted in an equivalent manner to the way in which the corresponding Securities would have been adjusted in the event that they were not Borrowed Securities.
 - (j) Neither you nor the Nominee may exercise voting rights in respect of the Borrowed Securities.

58. Early termination and Cash Settlement of Stock Loan

Notwithstanding any other provision in these terms, UBS may, if it is not able to access Equivalent Securities or is not able to access Equivalent Securities at a reasonable cost or price (determined by UBS) to meet its redelivery obligation under the Stock Borrow Agreement, nominate an early termination of the Stock Loan. Upon such early termination, UBS may, instead of redelivering Equivalent Securities pay you an amount equal to the number of Borrowed Securities multiplied by the price at which those Underlying Securities are able to be sold at that time (as determined by UBS in its absolute discretion) (the "Stock Loan Cash Settlement Amount").

You agree that upon payment of the Stock Loan Cash Settlement Amount, all of UBS's obligations under the Stock Loan are extinguished and you shall have no further claim against UBS in respect of that Stock Loan.

For the avoidance of doubt, you acknowledge that UBS's election to cash settle the Stock Loan as provided herein does not constitute an Event of Default or a breach of the Facility Terms, and if UBS makes the election to cash settle the Stock Loan in accordance with paragraph (a), you are not entitled to demand specific performance or any other legal or equitable remedy in respect of the redelivery of Equivalent Securities.

59. Redelivery of Equivalent Securities

- (a) UBS undertakes to redeliver Equivalent Securities to you at the time agreed in the notice provided under clause 55(a).
- (b) UBS also undertakes to redeliver Equivalent Securities at such times, in such number and in such manner as to enable you to comply with your obligations and to exercise your rights pursuant to the terms of any other Transaction between you and UBS under the Agreement. For the avoidance of doubt, and without limitation, UBS undertakes to redeliver Equivalent Securities to you:

- (i) where the Borrowed Securities secured your obligations under a Loan—immediately before the Maturity Date for the Loan;
 - (ii) where the Borrowed Securities secured your obligations under an Option—immediately before the Maturity Date for the Option;
 - (iii) where an Early Termination Date (including as a result of an Event of Default occurring) occurs in relation to a Transaction secured by the Borrowed Securities—immediately before the Early Termination Date.
- (c) You may provide notice to UBS on any Business Day that you require any or all of the Equivalent Securities to be redelivered, in which case UBS must redeliver the Equivalent Securities specified in the notice to you in not less than the time in which transactions in the Equivalent Securities are customarily settled in accordance with the ASX Operating Rules.
- (d) UBS may at any time terminate a particular Stock Loan and redeliver the Equivalent Securities due and outstanding to you under the Stock Borrow Agreement.

60. Stock Borrow Fee and Notifiable consideration

- (a) On the drawdown date of each Stock Loan, UBS may pay you a Stock Borrow Fee. Unless otherwise specified, no Stock Borrow Fee is payable.
- (b) UBS may reduce the premium payable by you in respect of an Option or the Interest Amount payable by you under a Loan by an amount equal to any Stock Borrow Fee.
- (c) For the purposes of section 26BC(3)(d) of the Income Tax Assessment Act (Cth) 1936 the “notifiable consideration” in respect of the Stock Borrow Agreement under this Part G is:
- (i) a fee—where applicable, the Stock Borrow Fee
 - (ii) an adjustment—if made under clause 57
 - (iii) other consideration—where applicable, a reduction in the premium payable by you in respect of an Option or the Interest Amount payable by you in respect of the Loan as set out in your Confirmation.
 - (iv) other consideration—UBS's obligations to pay the amounts and/or to deliver the property set out in clauses 57 and 59.

61. Securities Owner Warranty

- (a) You agree that you will not dispose of (by transfer, declaration of trust or otherwise) your right to receive any part of the total consideration to be given by UBS under this Stock Borrow Agreement being the right to redelivery of the Equivalent Securities under clause 59 and the notifiable consideration in clause 60.
- (b) Notwithstanding anything else in this Agreement, UBS indemnifies you for all brokerage, charges and stamp duty incurred by you as a result of UBS borrowing Borrowed Securities under the Stock Borrow Agreement.

62. Observance of procedures

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

63. Security Interest

- (a) The Borrowed Securities are released from the Security Interest granted under clause 27 upon transfer of those Borrowed Securities pursuant to a Stock Borrow Agreement.
- (b) By entering into a Stock Borrow Agreement you do not breach any of your obligations under this Agreement.
- (c) For the avoidance of doubt, any Equivalent Securities redelivered to you pursuant to a Stock Borrow Agreement form part of the Secured Property, in accordance with the terms of this Agreement.
- (d) By entering into a Stock Borrow Agreement you:
- (i) acknowledge that the Nominee will hold your rights under the Stock Borrow Agreement for you and that those rights will form part of the Secured Property;
 - (ii) irrevocably authorise and direct the Nominee to obtain the Secured Party's consent before acting on your instructions under, or in respect of, the Stock Borrow Agreement;

- (ii) irrevocably authorise and direct the Nominee to act in accordance with any directions of the Secured Party, without seeking your consent, for any purpose under, or in respect of, the Stock Borrow Agreement, even if the directions contradict instructions that you have given or will give later in relation to the Stock Borrow Agreement;
- (iii) in respect of any Secured Property that is a right under a Stock Borrow Agreement, you acknowledge that the Secured Party is able to initiate sending instructions by which the right under a Stock Borrow Agreement can be exercised, transferred or otherwise dealt with.

Part H—Distribution Agreement

64. Agreement to adjust

- (a) This agreement will only apply to a Transaction if noted in your Confirmation.
- (b) If this agreement applies to a Transaction, each party agrees to make the payments or adjustments referred to in clause 65 to account for differences between each Actual Distribution Amounts and each Assumed Distribution Amount, in consideration for the other party agreeing the same. The Actual Distribution Amounts and Assumed Distribution Amounts will be specified in your Confirmation.
- (c) UBS will also specify the basis of determining the Actual Distribution Amounts and Assumed Distribution Amounts used in the adjustment calculations in your Confirmation, as either Cash Basis or Gross Basis for each of these amounts.
- (d) If Cash Basis is specified as the basis of calculating an amount then that Actual Distribution Amount or Assumed Distribution Amount will be determined without regard to any franking credits.
- (e) If Gross Basis is specified as the basis of calculating an Actual Distribution Amount then that amount will be calculated as the cash distribution amount per Underlying Security declared by the Company plus the value of any franking credits actually attaching to that distribution. If Gross Basis is specified as the basis of calculating an Assumed Distribution Amount then that amount will be calculated as the Assumed Distribution Amount specified by UBS in your Confirmation plus the value of assumed franking credits potentially attaching to that distribution.

65. Adjustment Payments

- (a) If this agreement applies to a Transaction and UBS has not specified in the Quote Sheet or Confirmation that clause 66 is applicable, then the parties will make the payments set out in either paragraph (i) or (ii) to each other to account for the difference between the Assumed Distribution Amount and the Actual Distribution Amount for each dividend or distribution declared with an ex-date falling within the Term of the Transaction. For the avoidance of doubt, if no dividend or distribution is declared by the Company in respect of an Assumed Ex-Date then the Differential Value will be calculated on the assumption that the Actual Distribution is zero and the Differential Value (if any) will be payable within 5 Business Days of the Assumed Ex-Date.
 - (i) If a dividend or distribution is declared and you have purchased a Put Option, a Put Spread, a Collar, a Step Collar or a Put Spread Collar, or you have sold a Call Option, or you have a limited recourse loan not secured against an Option position, or UBS has specified that this clause 65(a)(i) will apply to your Transaction, then:
 - (A) if the Assumed Distribution Amount is greater than the Actual Distribution Amount, UBS will pay you an amount in cash equal to the Differential Value for that dividend or distribution within 5 Business Days following the distribution payment date declared by the Company; or
 - (B) if the Assumed Distribution Amount is less than the Actual Distribution Amount, you will pay to UBS an amount in cash equal to the Differential Value for that dividend or distribution within 5 Business Days following the distribution payment date declared by the Company; or
 - (ii) If a dividend or distribution is declared and you have purchased a Call Option, a Call Spread or you have sold a Put Option, then:
 - (A) if the Assumed Distribution Amount is less than the Actual Distribution Amount, UBS will pay you an amount in cash equal to the Differential Value for that dividend or distribution within 5 Business Days following the distribution payment date declared by the Company; or
 - (B) if the Assumed Distribution Amount is greater than the Actual Distribution Amount, you will pay to UBS an amount in cash equal to the Differential Value for that dividend or distribution within 5 Business Days following the distribution payment date declared by the Company.

In each case as an adjustment to the purchase price of the Option.

- (b) If the Company declares a cash dividend or distribution with an ex-date that occurs during the Term of the Transaction and it is not an Assumed Distribution, then you will be required to pay a Differential Value to UBS in respect of that dividend or distribution, calculated on the assumption that the Assumed Distribution Amount is zero and the calculation basis for the Actual Distribution Amount is as specified in the Confirmation for other Actual Distribution Amounts as an adjustment to the purchase price of the Option.
- (c) Where Underlying Securities are held by UBS or the Nominee on your behalf, you hereby irrevocably direct UBS or the Nominee to withhold an amount equal to any payment due from you under this clause prior to paying you the balance (if any) of a cash distribution received on the Underlying Securities. You further direct that the amount withheld be paid immediately to UBS to meet your obligations under this clause.

66. UBS adjustment of transaction terms

UBS may specify in a Quote Sheet or Confirmation that this clause 66 will apply instead of clause 65. If that is the case, then UBS may adjust the Strike Price, Cap Level(s), Payment Level(s), the Participation Rates, the number of Underlying Securities per Option, the Facility Amount, the description of Underlying Securities and/or any other term of a Transaction as it reasonably determines appropriate to account for:

- (a) the Company declaring any special dividends or special distributions with ex-dates falling within the Term of the Transaction; or
- (b) any difference between Actual Distribution Amounts and Assumed Distribution Amounts with ex-dates falling within the Term of the Transaction.

Section 11

Glossary

Glossary

Actual Distribution Amount means the amount per Underlying Security declared by the Company as the dividend or distribution on or around the Assumed Ex-Date for the corresponding Assumed Distribution Amount, calculated on either a Cash Basis or Gross Basis per the methodology set out in clause 64(d) or clause 64(e) as applicable. The Actual Distribution Amount will be zero if no dividend or distribution is declared by the Company in respect of an Assumed Ex-Date.

Additional Collateral means shares or cash held in the Nominee to secure any obligation in a Transaction;

Adjustment Event means any of the following events:

- (a) In relation to Underlying Securities (including Component Securities) that are listed on an exchange;
 - (i) the actual or proposed adoption of any procedure, event or action which is or which is likely to result in any cash return of capital, pro-rata cash distribution, capital reduction, any capital raising, liquidator's distributions, share buy-back, bonus issue, discount issue, rights issue, arrangement, scheme of arrangement, compromise, merger, demerger, reconstruction, compulsory acquisition, redemption, cancellation, replacement, modification, subdivision or consolidation, takeover bid, special dividend, non cash dividend, share split or any other similar or like event, which will result in the replacement of the Underlying Security or Component Security with some other property or asset;
 - (ii) any event which is or which results in the actual or proposed administration, liquidation, winding up or termination of the issuer of the Underlying Security or Component Security or other similar or like event (however described); or
 - (iii) any event which is or which results in the actual or proposed de-listing of the Underlying Security or Component Security or the actual or proposed removal from quotation of the Underlying Security or Component Security or the actual or proposed Suspension from trading of the Underlying Security or Component Security;
- (b) in relation to Underlying Indices (including Component Indices):
 - (i) the Underlying Index or Component Index is suspended or ceases to be published for a period of 24 hours or more;
 - (ii) the Underlying Index or Component Index is not calculated and announced by the Index Provider, but is calculated and announced by a successor sponsor or provider;
 - (iii) the Underlying Index or Component Index is replaced by a successor index using the same or a substantially similar formula for and method of calculation;
 - (iv) the Index Provider or any successor makes a material change in the formula for or the method of calculating the Underlying Index or Component Index or the basket of constituents of the Underlying Index or Component Index or in any way materially modifies that Underlying Index or Component Index; or
 - (v) there is a Suspension or material limitation on trading of securities generally on a Relevant Exchange for a period of 24 hours or more;
- (c) in relation to an Underlying Security (including a Component Security) which is an interest in a managed investment scheme, trust or fund;
 - (i) a violation or change of any material terms of the trust's offer documents or other constitutional documents;
 - (ii) the main investment objective of the trust changes to a material extent;
 - (iii) any restriction or limitation or suspension or deferral of, redemptions of or subscription for shares in the trust (including the introduction or increase of any associated fee, cost or expense), or any mandatory redemption of units in the trust;
 - (vi) a material change in the tax or regulatory environment of the trust, or of the manager, investment manager or investment advisor (each a "Manager") of the fund;
 - (vii) a change in asset allocation by the trust, whether in strategy (style drift) or choice of Manager(s);

- (viii) any review or investigation of the activities of the trust or any of its Managers, by a relevant regulator, in connection with suspected or alleged wrongdoing or breach of any rule or regulation, or other similar reason, or any disciplinary action taken by such regulator in consequence thereof; or
 - (xi) any winding-up, liquidation of, or any termination or any loss of regulatory approval, license or registration of, the trust's Manager, or any merger, de-merger, winding-up or liquidation of or affecting the trust;
 - (xii) any change in the currency or denomination of the net asset value of the relevant interest in the fund;
 - (xiii) the net asset value of a relevant interest in the fund not being calculated or announced within the period of time normally and reasonably expected;
 - (xiv) the issuer of the fund is or becomes the owner of 25 percent or more of the interests (or a class of interests) in the fund;
 - (xv) any arrangement between the issuer of the fund and one or more Managers including arrangements relating to subscriptions and redemptions being changed or terminated.
- (e) any actual or proposed event that are similar or analogous to, or may reasonably (in UBS' opinion) be expected to lead to any of the events referred to in paragraphs (a) or (g) above occurring;
 - (f) where any Force Majeure Event occurs, or any other event occurs which UBS determines in good faith results in the performance of its obligations having become or becoming, in circumstances beyond its reasonable control, impossible, unlawful, illegal or otherwise prohibited;
 - (g) Hedging Disruption or Increased Costs of Hedging, Change in Law or any termination, suspension, adjustment, change or delay of UBS or its Affiliate's hedging arrangements, or any suspension, termination, adjustment, change, delay, postponement or close-out of an Underlying Security, Component Security, Underlying Index or Component Index relevant to the hedging arrangements or any suspension, termination, adjustment, change, delay, postponement or close-out of a calculation under the hedging arrangements (or the calculation is brought forward or calculated on a different day) occurs in such a manner that is reasonably impracticable for UBS to adjust or change the terms to reflect the adjustment or change in the hedging arrangements;
 - (h) there is a failure of a party to deliver, when due, any Underlying Securities where such failure is due to illiquidity in the market for those Underlying Securities;
 - (i) UBS is unable to borrow or lend (or maintain a borrowing or lending of) Underlying Securities at a rate equal to or less than a reasonable rate (as determined by UBS in its sole discretion);
 - (j) any difference between Actual Distribution Amounts and Assumed Distribution Amounts; or
 - (k) any other event which the Issuer reasonably declares to be an Adjustment Event.

Adjustment Event Action means any of the following:

- (a) substituting part or all of the affected Underlying Security or Underlying Index with any other asset;
- (b) varying, resetting, reversing, delaying, adjusting, amending or otherwise changing any variable, date, rate, term, formula, amount or calculation as set out or used in the PDS or the Agreement;
- (c) adjusting, amending or substituting the definition of Underlying Security or Underlying Index and/or adjusting, varying, amending or substituting any term of a Loan and/or vary any of the terms referred to in the PDS or the Agreement;
- (d) determining to suspend, deter, delay or bring forward any of the necessary calculations referred to in the Agreement as appropriate until reliable values can be obtained;
- (e) directing you or the Nominee to deal with the Secured Property or respond to the Adjustment Event in a particular way, including but not limited to
 - (i) directing you (or the Nominee on your behalf) to sell, dispose, redeem, exchange or otherwise deal with Approved Securities (whether or not they are affected by the Adjustment Event), including by transferring them to the Nominee and direct you to use the proceeds of any such dealing in any manner UBS determines;
 - (ii) directing you to use the proceeds of any special return of capital, share buy-back, or other distribution in any manner UBS determines;
- (f) taking any other action, making any other amendment, change, or variation UBS reasonably considers necessary;

provided UBS is acting in a manner consistent with any adjustment or change made to UBS' or its Affiliates' hedging arrangement or in a manner consistent with the PDS and Quote Sheet and Confirmation for a Transaction provided that in the reasonable opinion of UBS the adjustment in accordance with the above paragraphs is appropriate to put both UBS and you in as substantially a similar economic position as reasonably possible as you and UBS would have been in had the Adjustment Event not occurred and is not unfair (as defined in Section 12BG of the ASIC Act). UBS may (but need not) determine the adjustment(s) in paragraphs (b) and (c) of this definition by reference to the adjustment(s) in respect of the Adjustment Event made by an options exchange to ETOs over the relevant Underlying Securities traded on that options exchange.

Adviser Group Fee means in respect of the Loan Facility, a fixed fee that you agree to pay to your Approved Adviser Group, as authorised by you in your Application Form.

Adviser Fee Acknowledgement Form means a form supplied by UBS under which you provide details of the fees you have agreed to pay your Approved Adviser Group or under which UBS provides details of the fees it has agreed to pay your Approved Adviser Group for a particular Transaction.

Affiliates means any related bodies corporate of the Issuer that is involved in the hedging of risks taken on by the Issuer under the Facility or involved in the performance by the Issuer of its obligations under the Facility;

Aggregate Payment means the sum of the Loan Establishment Fee and the Interest Amount due on a Loan;

Aggregate Payment Date means the date on which an Aggregate Payment or Aggregate Payment Instalment is payable, as specified in the Confirmation;

Aggregate Payment Instalment means a portion of the Aggregate Payment as specified in the Confirmation;

Aggregate Strike Price means, in relation to a Step Collar, the sum of the multiples of the number of Underlying Securities subject to Exercised Component Collars and the corresponding Component Collar Strike Price.

Agreement means the agreement set out in Section 10 of this PDS, pursuant to which you enter into Transactions with UBS, together with any Quote Sheets, Confirmations or other document between us relating to a Transaction, including without limitation, the terms set out in the PDS, and, if you are a Superannuation Fund, the Nominee Deed and the Security Trust Deed.

Allocated Portfolio Loan Amount means that portion of the Portfolio Principal Loan that is applied towards the purchase or funding of each parcel of Approved Securities, as specified in the relevant Confirmation.

Amendment Amount means an amount which may become payable by you to UBS or to you from UBS upon the variation of an Option Transaction as notified to you in the Quote Sheet and Confirmation for the variation.

American Style means, in relation to the Options, Options that are exercisable at any time up to Maturity.

Applicant means a person or entity who makes an Application.

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

Application Form means the application form attached to this PDS.

Approved Adviser Group means an adviser group holding an Australian financial services licence and approved by UBS and nominated on your Application Form.

Approved Cash Trust means a cash management trust that is a registered managed investment scheme whose units are specified by UBS as eligible to be an Approved Security.

Approved Exchange means a Relevant Exchange that is approved by UBS

Approved IDPS means an investor directed portfolio service which is approved by UBS and nominated by an investor on its Application Form

Approved Index means an index that is approved by UBS

Approved Securities means:

- (a) in relation to an Option, securities that are specified by UBS as eligible to be Underlying Securities for that Option; and
 - (i) if the Option is not a Basket Option, are listed on an Approved Exchange and are not units in an Approved Cash Trust;
 - (ii) if the Option is a Basket Option, are listed on an Approved Exchange or are units in an Approved Cash Trust;

or

- (b) in relation to a Loan, securities that are specified by UBS as eligible to be provided as collateral for that Loan, and;
 - (i) if the Loan is not a Portfolio Loan and it is in relation to a single Underlying Security, are listed on an Approved Exchange and are not units in an Approved Cash Trust;
 - (ii) if the Loan is a Portfolio Loan or is in relation to a Basket, are listed on an Approved Exchange or are units in an Approved Cash Trust;
- (c) in relation to the Exercise and Sale Facility, securities that UBS is prepared to lend to you under that Facility.

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

Arranger means UBS Securities Australia Limited (ABN 62 008 586 481, AFSL 231098)

ASIC Act means the Australian Securities & Investments Commission Act 2001 (Cth) as amended from time to time.

Assumed Distribution Amount means the amount per Underlying Security set out as the Assumed Distribution Amount for an Assumed Ex-Date specified in your Confirmation, adjusted as specified in clause 64(c) and calculated on either a Cash Basis or Gross Basis per the methodology set out in clause 64(d) or clause 64(e) as applicable.

Assumed Ex-Date means the date set out as the Assumed Ex-Date for an Assumed Dividend Amount specified in your Confirmation,

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

ASX Operating Rules means the operating rules of the ASX

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

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

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

and the conditions in clauses 12.2(b)(i) and (ii) are satisfied.

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

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

Average Strike Price means the average of each Component Collar Strike Price applicable to a Step Collar.

Average Cap Level means the average of each Component Collar Strike Price applicable to a Step Collar.

Basket means a basket of Component Securities also referred to as a "Basket of Approved Securities" or a basket of Component Indices also referred to as a "Basket of Approved Indices".

Basket Collar means a Collar over a Basket of Approved Securities.

Basket Cap Level means the Cap Level applicable to a Basket

Basket Market Price is the Market Price of the Basket being the sum of the multiples of the Market Price and the Component Security Quantity of each Component Security in the Basket as follows:

$$\text{Market Price of Basket} = \sum_{i=1}^n \text{Component Security Quantity}_i \times \text{Market Price of Component Security}_i$$

Where n is the number of different Component Securities.

Basket Option means an Option Transaction where the Underlying Security or the Underlying Index is a Basket.

Basket Principal Loan means a Principal Loan used to acquire a Basket.

Break Costs means UBS and its Affiliates' total costs and losses (or gains) in connection with an Early Termination Date in relation to a Transaction (including, without limitation a Loan, Stock Loan or Option Transaction), including losses and costs in respect of any payment or delivery required to have been made but not made and including any loss of bargain, loss of expected profit, cost of funding or loss or cost incurred as a result of UBS or its Affiliates terminating, liquidating, obtaining or re-establishing any hedge or related trading position (or any gain resulting from any of them).

Borrowed Securities means securities borrowed from you by UBS in accordance with clause 55(a) of the Agreement.

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

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

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

Call Spread means an irrevocable offer made by the Provider to the Holder on the terms of clause 18 of the Agreement, which if accepted by the Holder will result in a contract for the Holder to buy the Underlying Securities from the Provider at the Strike Price on the Maturity Date.

Cap Level means a reference level used in the calculation of a Second Premium Amount for a Spread Option, Step Collar or Collar. The Cap Level(s) relevant to a particular Option are as specified in the Confirmation for that Option. Where the context requires, reference to a Cap Level includes a Component Collar Cap Level or an Individually Capped Basket Cap Level.

Capital Contribution means if you purchase Underlying Securities with a Principal Loan and the Drawdown Amount is less than 100% of the total cost of acquiring the Underlying Securities, the amount of your own funds you must put in to make up the balance of the total cost.

Capped Component Price has the meaning given in clause 19.4 of the Agreement.

Cash Basis means a nomination in your Confirmation that an amount is to be calculated on a Cash Basis as described in clause 64(d) and the adjustment calculations for that distribution will be performed based on this calculated amount.

Cash Settlement means at Maturity a Cash Settlement Amount will be payable to the holder of an Option if the Option is In-The-Money.

Cash Settlement Amount means the amount calculated by UBS and payable to the holder of an Option in accordance with the Facility Terms.

Cash Settlement Date means the date on which the Cash Settlement Amount is due, as set out in your Confirmation.

Cash Settled means that Cash Settlement applies to the Option.

CHES means the Clearing House Electronic Subregister System.

Closing Price means

- (i) in relation to an Underlying Security listed on Approved Exchange, the official closing price of the Underlying Security on a particular day, as published by the Approved Exchange; or
- (ii) in relation to an Underlying Security that is an Approved Cash Trust, the redemption price on a particular day as published by the responsible entity.

Collar means an irrevocable offer made by the Provider to the Holder on the terms of clause 19 of the Agreement, which if accepted by the Holder will result in a contract for the Holder to sell the Underlying Securities to the Provider at the Strike Price on the Maturity Date. Collars are subject to one or more Cap Levels above which a Second Premium Amount will be payable.

Company means the issuer of the Underlying Security

Component Collar means a component of a Step Collar and is not a separate Transaction between the parties.

Component Collar Strike Price means the Strike Price applicable to the Component Collar.

Component Indices means Approved Indices included in a Basket.]

Component Security means an Approved Security included in a Basket.

Component Security Quantity means the number of a Component Security in a single Basket.

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

Corporations Act means Corporations Act 2001 (Cth).

Costs and Taxes means any incidental costs or expenses incurred by UBS or its Affiliates in relation to use of the Facility, including, without limitation, the sale or redemption of Underlying Securities and Physical Settlement on exercise of an Option, plus any Taxes. For the avoidance of doubt, this includes, without limitation, any amounts paid or incurred by the Issuer or its nominees on account of stamp duty (including transfer and mortgage duty), brokerage, legal expenses on a full indemnity basis and GST to the extent that input tax credits are not available.

Deliverable Parcel means, in relation to a Step Collar, the parcel of Underlying Securities that may be transferred for the Aggregate Strike Price

Delta means a number between 0 and 1, determined by UBS in good faith on the ex date for the relevant dividend or if the dividend is zero then the date the Company made the announcement.

Difference means the difference between an Assumed Distribution Amount and an Actual Distribution Amount per Underlying Security in relation to a dividend or distribution.

Differential Value means an amount in cash equal to:

Number of Underlying Securities x Difference x Delta

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

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

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

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

Early Termination Amount means the amount UBS calculates as fair economic value of UBS' rights under a Transaction minus the fair economic value of your rights under that Transaction as at the Early Termination Date as determined by UBS in its absolute discretion and, if UBS so determines, taking into account any costs, losses, or expenses which UBS may incur in relation to the termination or closing out of the relevant Transaction, including, without limitation Break Costs including administrative costs and the costs of unwinding any hedge UBS has in place, unless it is not possible to determine the fair economic value of the Transaction at that time, in which case UBS may nominate another time to determine the Early Termination Amount.

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

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

ETO means an exchange traded option.

European Style means, in relation to Options, Options that may only be exercised at Maturity.

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

Execution Price means the price at which UBS executes its hedge for a Component Security.

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

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

Exercised Component Collars means, in relation to a Step Collar, a Component Collar where the Closing Price at Maturity is less than or equal to the Component Collar Strike Price.

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

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

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

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

Financial Adviser means an authorised representative of an Approved Adviser Group as nominated on your Application Form

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

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

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

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

Grantor means the grantor of the Security Interest under clause 27 of the Agreement.

Gross Basis means a nomination in your Confirmation that an amount is to be calculated on a Gross Basis as described in clause 64(e) and the adjustment calculations for that distribution will be performed based on this calculated amount.

GST

This means:

- a) the same as in the GST Law; and
- b) any amount imposed as additional tax, penalty tax, fine, interest or other charge payable in respect of GST as defined in paragraph (a).

GST Law

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

Guarantee means the guarantee deed poll granted by UBS AG on 4 January 2011 in favour of investors whose terms are summarised in Section 7 of this PDS;

Guarantor means, where UBSIA is the counterparty to an Option, UBS AG

Hedging Disruption means a situation where on or prior to the Maturity Date or any other relevant date, UBS, or its Affiliates, is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any trade(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to a Transaction, or (ii) realise, recover or remit the proceeds of any such trade(s) or asset(s);

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

IDPS Operator means an operator of an Approved IDPS.

Increased Costs of Hedging means a situation where on or prior to the Maturity Date or any other relevant date, UBS or its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any trade(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to the Transaction, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging;

Index Call Option means an Option that gives the Holder the right to receive from the Provider a Cash Settlement Amount at Maturity if the Index Level of the Underlying Index is above the Strike Level on the Maturity Date.

Index Level means the closing level of the Underlying Index as published by the Index Provider on the relevant date

Index Multiplier means the index multiplier specified in your Confirmation.

Index Option means either an Index Call Option or an Index Put Option

Index Provider means the index provider specified in your Confirmation

Index Put Option means an Option that gives the Holder the right to receive from the Provider a Cash Settlement Amount at Maturity if the Index Level of the Underlying Index is below the Strike Level on the Maturity Date.

Individually Capped Basket Collar means a Collar over a Basket of Component Securities where each Component Security is individually capped at the Capped Component Price.

Interest means interest accrued or accruing on any Drawdown Amount.

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

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

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

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

In The Money means

- In relation to a Put Option, Put Spread Option, Collar, Put Spread Collar or Step Collar, the Closing Price at Maturity is below the Strike Price of the Option (or the Component Collar in the case of a Step Collar)
- In relation to a Call Option or Call Spread Option the Closing Price at Maturity is above the Strike Price
- In relation to an Index Call Option, the Index Level at Maturity is above the Strike Level; and
- In relation to an Index Put Option, the Index Level at Maturity is below the Strike Level

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

Issuer means, where UBS AG is your counterparty under an Option, UBS AG, and where UBSIA is your counterparty under an Option, UBSIA.

Lender means where UBS AG is your counterparty under a Related Option, UBS AG, and where UBSIA is your counterparty under a Related Option, UBSIA, otherwise UBS AG or UBSIA as specified in your Confirmation.

Lent Securities has the meaning given to it in clause 46(a) of the Agreement.

Loan means a Principal Loan, a Portfolio Principal Loan and/or a Supplementary Loan as the context requires.

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

Loan Currency means the Settlement Currency for the Option Transaction to which a Loan relates. If there is no Option Transaction then the Loan Currency must be the same as the currency of the Underlying Securities.

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

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

LRBA Requirements means, in relation to a Loan to a Superannuation Fund, sections 67A and 67B of SIS.

Market Disruption Event means the occurrence or existence on any Scheduled Trading Day or Business Day (as applicable) of any of the following events, in the determination of UBS:

- (i) the suspension or material limitation of trading in (a) all or any part of the Underlying Securities or Component Securities or a material number of securities that makes up the Underlying Index or a Component index; (b) securities generally on the Relevant Exchange; or (c) applications and redemptions in any part of the Underlying Securities or Component Securities that is an interest in a managed investment scheme, trust or fund; or (d) a market associated with any Underlying Security, Component Security, or a material number of securities which make up the Underlying Index or Component Index during the one hour period that ends at the Scheduled Closing Time;

- (ii) the Relevant Exchange closes prior to its Scheduled Closing Time on a Trading Day and the earlier closing time was not expected or announced with sufficient notice;
- (iii) any component of an Underlying Security or Underlying Index ceases to exist or is materially changed, fails to be calculated and published, or the method of calculation materially changes;
- (iv) any similar event UBS reasonably declares to be a Market Disruption Event, including a Force Majeure Event.

For the purposes of sub-paragraph (a), (1) a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Relevant Exchange; (2) a limitation on trading imposed during the course of a day by reason of movements in price otherwise exceeding levels permitted by the Relevant Exchange will constitute a Market Disruption Event; and (3) issues of materiality are to be determined in the discretion of UBS.

Marketable Security means an intermediated security or an investment instrument.

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

Maturity means the Maturity Time.

Maturity Date means;

- (i) where the reference is to the day on which an Option can be exercised, the date set out in your Confirmation as the Maturity Date for your Transaction; or
- (ii) in the case of any other reference, the date set out in your Confirmation as the Maturity Date for your Transaction or an Early Termination Date, whichever occurs first.

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

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

Non-PPS Property means all present and after-acquired property of the Grantor that is not PPS Property.

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

Notional Value means in the case of an Option over Underlying Securities, the Strike Price multiplied by the number of Underlying Securities

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

Option Adviser Group Fee means in respect of the Option Facility, the percentage amount specified in your Application Form of up to 3.3% of the Transaction Value on Trade Date that you agree to pay to your Approved Adviser Group in respect of the Option Facility, as authorised by you in your Application Form.

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

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

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

Participation Rate, in relation to a relevant Option means the proportion, expressed as a fraction, of participation above or below the relevant Cap Level or Payment Level (as applicable) specified in your Confirmation (and if not specified in your Confirmation is assumed to be zero).

Payment Level means a reference level used in the calculation of a Second Premium Amount for a Spread Option. The Payment Level(s) relevant to a particular Option are as specified in the Confirmation for that Option.

PDS means this product disclosure statement.

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

Personal Information has the meaning given to it in the Privacy Act.

Physical Settlement means the transfer of the Underlying Securities and payment of the Strike Price or Aggregate Strike Price under the Option following exercise at Maturity.

Portfolio means a portfolio comprising a number of parcels, each parcel containing a single type of Underlying Security.

Portfolio Principal Loan means a single Principal Loan used to acquire a Portfolio.

PPSA means the Personal Property Securities Act 2009 (Cth).

PPS Property means all present and after-acquired property in relation to which the investor can be a grantor of a PPS Security Interest, whether or not the investor has title to the property, including all PPS retention of title property (as defined in section 51F of the Corporations Act).

PPS Register means the Personal Property Securities Register established under the PPSA.

PPS Security Interest means a security interest that is subject to the PPSA.

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

Premium Payment Date means:

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

Principal Loan means the principal amount borrowed from UBS under the Loan Facility, and includes any part of such principal amount, and includes a Portfolio Principal Loan and a Basket Principal Loan.

Principal Loan Balance means the amount outstanding on your Principal Loan.

Privacy Act means the Privacy Act 1988 (Cth).

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

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

Put Spread means an irrevocable offer made by the Provider to the Holder on the terms of clause 17 of the Agreement, which if accepted by the Holder will result in a contract for the Holder to sell the Underlying Securities to the Provider at the Strike Price on the Maturity Date.

Put Spread Collar means an irrevocable offer made by the Provider to the Holder on the terms of clause 21 of the Agreement, which if accepted by the Holder will result in a contract for the Holder to sell the Underlying Securities at the Strike Price on the Maturity Date.

Quanto Option means an Option where the Underlying Security or Underlying Index is denominated in a currency different to Australian Dollars and the Settlement Currency is Australian Dollars.

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

Related Loan means, in respect of an Option, the Loan (including a Portfolio Principal Loan, or Allocated Portfolio Loan Amount comprising a portion of the Portfolio Principal Loan, as relevant) specified as a Related Loan, under a Related Transaction.

Related Option means, in respect of a Loan, the Option specified as a related Option, under a Related Transaction.

Related Transaction means a Transaction comprising a Related Loan (including an Allocated Portfolio Loan Amount) and a Related Option, both entered by the same Applicant at the same time and designated as a Related Transaction and/or Related Loan and Related Option on the relevant Confirmation/s.

Relevant Exchange means in the case of:

- (a) Underlying Securities, the primary exchange upon which those Underlying Securities are traded; or
- (b) Underling Indices, the primary exchange upon which the securities which primarily constitute that Underlying Index are traded;

as determined in the absolute discretion of UBS in accordance with the Quote Sheet and Confirmation for a particular Transaction;

Repayment Date means, in relation to a Loan, the date on which all or part of a Drawdown Amount must be repaid, as set out in your Confirmation or if no date is specified, the Maturity Date.

Sale Facility Adviser Group Fee means in respect of the Exercise and Sale Facility, the percentage amount specified in your Application Form of up to 1.10% that you agree to pay to your Approved Adviser Group, as authorised by you in your Application Form.

Scheduled Closing Time means in respect of a Relevant Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Relevant Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

Scheduled Trading Day means any day on which (a) in relation to an Underlying Index, the Index Provider(s) is scheduled to publish the official closing level of the relevant Underlying Index; (b) a Relevant Exchange is scheduled to be open for trading for its regular trading session; and (c) the Issuer is open for business;

Second Premium Amount means a contingent amount payable by the Holder of a Collar, Step Collar or a Spread Option as calculated in accordance with clauses 17.3(c), 18.3(c), 19.3(c), 20.6(b) or 21.3(c) as applicable of the Agreement.

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

Secured Obligations means:

- (a) if you are a Superannuation Fund and you have entered into a Related Option and a Related Loan, your obligations under the Related Loan and any charges related to the borrowing (including, without limitation your obligations under the Related Option);
- (b) if you are a Superannuation Fund with a Loan, your obligations under the Loan Facility; and
- (c) if you are a Superannuation Fund with an Option, your obligations under that Option;
- (d) if you are not a Superannuation Fund, your obligations under the Agreement.

Secured Party means the Issuer and Lender in its personal capacity.

Secured Property means, in respect of a Transaction, subject to the LRBA Requirements (if applicable)

- (a) the Underlying Securities under the Transaction, regardless of whether they have been received by the Nominee of not;
- (b) any distributions paid on the Underlying Securities under the Transaction, if you have agreed they be applied to repay a Loan Balance or fund Interest Amounts;
- (c) any property deemed to be part of the Underlying Securities as a result of an Adjustment Event;
- (d) any property that you or the Nominee receive as a result of an Adjustment Event;
- (e) any Options over the Underlying Securities;
- (f) any cash collateral or additional Share collateral you provide;
- (g) any rights you have in relation to any property set out in paragraph (a) to (e) above;
- (h) any rights you have under any Stock Borrow Agreement;
- (i) any rights you have in respect of the issue of the securities on the exercise of any Executive Options;
- (j) any rights you have under the terms of any Facility;
- (k) any other property or rights acceptable to UBS; and
- (l) any Additional Collateral held in the Nominee

in relation which a Security Interest is granted (or acknowledged as granted) to UBS under clause 27.

Security Interest means:

- (a) a PPS Security Interest;
- (b) any other mortgage, charge, pledge, lien, hypothecation or title retention arrangement;

- (c) a right of set-off or right to withhold payment of a deposit or other money;
- (d) a notice under section 255 of the Income Tax Assessment Act 1936, section 260-5 in schedule 1 to the Taxation Administration Act 1953 or any similar legislation;
- (e) an easement, restrictive covenant, caveat or similar restriction over property, or an agreement to create any of them or to allow any of them to exist; or
- (f) any other interest or arrangement that in substance secures the payment of money or the performance of an obligation, or any other interest or arrangement of any kind that gives a creditor priority over other creditors in relation to any property..

Security Trust Deed means the security trust deed entered into between UBS AG Australia Branch, UBS Investments Australia Pty Limited, and UBS Nominees Pty Ltd.

Security Trustee means UBS Nominees Pty Ltd

Settlement Currency has the meaning given in Section 1—Summary of Key Features and is as specified in the Quote Sheet and Confirmation.

SIS means the Superannuation Industry (Supervision) Act 1993 (Cth) and any regulations made under that Act.

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

Step Collar means an irrevocable offer made by the Provider to the Holder on the terms of clause 20.2 of the Agreement, which if accepted by the Holder will result in a contract for the Holder to sell the Underlying Securities to the Provider at the Aggregate Strike Price on the Maturity Date.

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

Stock Borrow Fee means the fee described as such in clause 60 of the Agreement, the amount of which is set out in your Confirmation.

Stock Loan means:

- (a) in respect of the Exercise and Sale Facility, a loan of securities made to you under that Facility; and
- (b) in respect of the Stock Borrow Agreement, a loan of securities made by you to UBS under the Stock Borrow Agreement.

Strike Price means the price identified as such in the Confirmation for an Option.

Strike Level means the level identified as such in the Confirmation for an Option.

Structured Option and Loan Facility means the Option Facility, Loan Facility and Exercise and Sale Facility made available under this PDS.

Superannuation Fund means a person who enters into a Transaction in the capacity of a trustee of a regulated superannuation fund, as defined in SIS

Supplementary Loan means a full recourse Loan borrowed from UBS under the Loan Facility that is primarily to be used to fund all or part of the Interest cost of the Principal Loan but at UBS's discretion may also be used to fund all or part of any of the Option Adviser Group Fee, the Adviser Group Fee, the Loan Establishment Fee and any Capital Contribution you need to make.

Tax or Taxes includes any tax, levy, duty, charge, deduction or withholding, however it is described, that is imposed by a government agency, together with any related interest, penalty, fine or other charge.

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

Taxable Supply has the same meaning given to this term in the GST Law.

Term means:

- a) in respect of a Loan, the period from and including the first Drawdown Date to and including the Maturity Date;
- b) in respect of an Option, the period from and including the Trade Date to and including the Maturity Date; and
- c) in respect of the Exercise and Sale Facility, the period from and including the date on which UBS lends you Lent Securities pursuant to clause 46 of the Agreement to and including the date on which you redeliver Equivalent Securities to UBS pursuant to clause 48 of the Agreement.

Trade Date means, in relation to a Transaction, the date specified as the Trade Date in your Confirmation.

Trading Day means a day on which the primary securities exchange on which the Underlying Securities are listed is open for normal trading.

Transaction means a transaction entered into between you and UBS pursuant to the terms of the Agreement, which may be for example, a Loan, an Option Transaction, or a Stock Loan, with a specific Trade Date, Maturity Date and key terms as specified in a Confirmation. The parties can enter into more than one Transaction on any day during the term of this Agreement. Transaction also includes, without limitation, any one or more of a Portfolio Principal Loan in its entirety, or an Allocated Portfolio Loan Amount forming a portion of the Portfolio Principal Loan, or an Allocated Portfolio Loan Amount together with any Related Option corresponding to that Allocated Portfolio Loan Amount, or a Portfolio Principal Loan together with any Related Option corresponding to the entirety of the Portfolio Principal Loan.

Transaction Value means in relation to an Option over Underlying Securities, the Market Price multiplied by the number of Underlying Securities the Transaction relates to, in relation to a Quanto Option over Underlying Securities an amount specified by UBS in Australian Dollars and in relation to an Option over an Underlying Index, the number of Options multiplied by the Index Multiplier multiplied by the Unit of Settlement Currency.

UBS means where UBS AG, Australia Branch (ABN 47 088 129 613, AFSL 231087) is the Issuer and Lender, UBS AG, Australia Branch and where UBSIA is the Issuer and Lender, UBSIA, and in relation to the Guarantee means UBS AG.

UBSIA means UBS Investments Australia Pty Limited (ABN 79 002 585 677).

UBS Nominees means UBS Nominees Pty Limited, ABN 32 001 450 522.

UBSSAL means UBS Securities Australia Limited, ABN 62 008 586 481.

Underlying Index means, in relation to an Option, the index specified in the relevant Confirmation.

Underlying Securities means:

- (a) in relation to an Option, the securities which must be delivered on the valid exercise of the Option; or
- (b) in relation to a Loan, the securities (other than Options) which are held by the Nominee as security for the Loan and over which a Security Interest is granted or acknowledged under clause 27; or
- (c) in relation to the Exercise and Sale Facility, the securities which will be issued on exercise of the Executive Options.

Unit of Settlement Currency means the unit of the currency specified in the Confirmation.

Unpaid Aggregate Payment Balance means in respect of a particular Loan, the portion of the Aggregate Payment that remains unpaid at any point in time.

Unrestricted Stock means securities that are free and clear of any Security Interest (except as created pursuant to the Security Interest granted under clause 27 or otherwise authorised in writing by UBS) and which are not subject to any transfer restriction in the hands of a current holder immediately prior to delivery to a purchaser and would not be subject to any transfer restriction in the hands of that purchaser upon delivery to another purchaser.

Valuation Date means any date on which a determination, payment, adjustment, amendment or calculation is to be made in respect of any Transaction (including the Maturity Date and the Trading Day immediately following the Maturity Date or Early Termination Date).

Wholesale Client has the meaning given in the Corporations Act 2001 (Cth).

Wholesale Adviser Group Fee means if you are a Wholesale Client in respect of the Loan Facility, the upfront fee of up to 2.2% (incl. GST) p.a. of the Principal Loan Balance, which UBS will pay to your Approved Adviser Group.

Wholesale Option Adviser Group Fee means if you are a Wholesale Client in respect of the Option Facility, the upfront fee of up to 3.3% (incl. GST) of the Transaction Value on Trade Date which UBS will pay to your Approved Adviser Group.

Wholesale Client means a wholesale client as defined in section 761G of the Corporations Act.

Section 12

Application Form and Attachments

Application Form and Attachments

Instructions for applicants

Please complete the Application Form and relevant attachments in accordance with the following instructions.

Application Form

- A. Enter your details here—note carefully the information required for each particular type of Applicant in parts 1. to 7. Note that UBS reserves the right to request further information if required to process your Application.
- B. Enter your postal address here for all correspondence.
- C. Enter your telephone and email contact details here.
- D. Enter your bank account details here if you wish to have any cash payments deposited directly to your account. If this is left blank, a cheque for any cash payments will be sent to the address provided.
- E. Enter your Tax File Number here.
- F. Enter details of your Approved Adviser Group here.
- G. If you are employed by a company listed on a stock exchange please fill out this section.
- H. ONLY if you are a Trustee applicant, you will need to have your solicitor provide their details and sign the declaration where indicated.

Attachment 1: Information Required from Executives

- You will need to fill out this section if you intend to perform a Transaction under any of the Facilities over Approved Securities you already hold (or will hold through the exercise of Executive Options) and the Approved Securities have been or will be issued by a past or present employer.
- UBS requires this information to determine whether there are any restrictions imposed on the relevant Approved Securities, and to confirm you are free to transact.
- This attachment must be filled out, signed and sent to the Issuer the first time you transact under a Facility. It may also be required for subsequent transactions depending on the timeframe that has elapsed since the attachment was signed and whether the transaction is over the same parcel of Underlying Securities or not.

Note that when you come to trade you will also need to represent to UBS in the Quote Sheet and Confirmation that you have no inside information in respect of the Company.

Section 1: Your relationship with the issuer of the Approved Securities or Executive Options over the Approved Securities

- UBS needs this information to determine the nature of the relationship you have with the Company that is the issuer of the Approved Securities you propose to implement a transaction over.

Section 2: Information on Executive Options you hold and intend to exercise using one of the Facilities

- If you hold Executive Options over Approved Securities, UBS needs specific details of these Executive Options and the administrator of the Executive Option plan.

Attachment 2: Direct Debit Request Form

- This must be completed if you will or may have to make payments to UBS under any of the facilities. Any Interest payments or First Premium Amounts, which are not financed through a Loan to you from UBS, will be direct debited from your nominated bank account on the relevant date.

Attachment 3: Statement of Financial Position

- You will only be required to fill out this section if UBS has agreed to a Transaction structure that involves taking credit risk against you (for example, if you have requested a Supplementary Loan or if UBS has permitted you to pay Interest on a Loan annually in advance from your own funds).

Section 1: Personal Guarantor

- Where you are a company or a corporate trustee Applicant, one of your directors must be a Personal Guarantor. Please fill in the name and contact details for that director.

Section 2: Statement of Financial Position

- If you are applying as an individual or you are a Personal Guarantor for a company or corporate trustee Applicant, fill in the financial details requested as completely as possible.

Signing and lodging the Application:

- You must correctly sign and date the Application form and relevant attachments in the spaces indicated.
- Application forms and any required attachments, together with the supporting documentation specified in the Application form or attachment must be lodged with your financial adviser.

UBS reserves the right to reject any application in whole or in part without giving any reason and is not liable for any losses suffered by you or as a consequence of rejecting the whole or part of your application.

UBS Structured Option and Loan Facility

Financial Adviser Stamp:

Please return the ORIGINAL signed application form to your Approved Adviser

**** By affixing their Adviser Stamp, Financial Advisers verify the acknowledgements and representations listed under the heading "Advisers" in this Application Form and agree to the Terms of the Adviser RCTI Agreement set out in that section.**

This is an Application Form for the UBS Structured Option and Loan Facility issued by UBS AG, Australia Branch ABN 47 088 129 613, AFSL 231087 and UBS Investments Australia Pty Limited ("UBSIA") (ABN 79 002 585 677).

This Application Form accompanies the PDS dated 5 June 2014 and any supplementary PDS issued for the UBS Structured Option and Loan Facility. It is important that investors read the PDS in full and the acknowledgements contained in this Application Form before applying. UBS will provide you with a paper copy of the PDS including any supplemental PDS and the Application Form, on request without charge.

A person who gives another person access to the Application Form must at the same time and by the same means give the other person access to the PDS including any supplemental PDS.

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

I/we hereby apply for the UBS Structured Option and Loan Facility pursuant to the PDS dated 5 June 2014.

EXISTING STRUCTURED OPTION AND LOAN FACILITY ACCOUNT HOLDERS

If you have an existing Structured Option and Loan Facility account where you applied under a previous product disclosure statement, you do not need to fill out sections A through to E. Instead, write the full name of the account holder and Facility account number below and proceed to section F.

Facility account number

Full Name

NEW STRUCTURED OPTION AND LOAN FACILITY ACCOUNT HOLDERS

A. FULL DETAILS OF APPLICANT:

If an individual Applicant, please provide:

- your full name, date of birth, residential address, occupation, nationality, government issued unique identification number (e.g. drivers license or passport number) and source of wealth under 1) below

If a company Applicant, please provide:

- the details of all directors under 1) below
- the name of the company and ABN/ARBN or ACN (if there is no ABN) under 2) below
- the details of the beneficial owners under 4) below

If a super fund Applicant with an individual trustee, please provide:

- the details of the trustees under 1) below
- the name of the super fund and ABN under 3) below
- the source of assets contributed into trust under 7) below

If a super fund Applicant with a corporate trustee, please provide:

- the details of all directors of the trustee under 1) below
- the name of the corporate trustee and ABN/ARBN or ACN (if there is no ABN) under 2) below
- the name of the super fund and ABN under 3) below
- the details of the beneficial owners of the corporate trustee under 4) below
- the source of assets contributed into trust under 7) below

If a trust Applicant with an individual trustee, please provide:

- the details of the trustee under 1) below
- the name of the trust under 3) below
- the details of the trust beneficiaries of the trust under 5) below
- the details of the contributors to trust assets under 6) below
- the source of assets contributed into trust under 7) below

If a trust Applicant with a corporate trustee, please provide

- the details of all directors of the trustee under 1) below
- the name of the corporate trustee and ABN/ARBN or ACN (if there is no ABN) under 2) below
- the name of the trust under 3) below
- the details of the beneficial owners of the corporate trustee under 4) below
- the details of the trust beneficiaries under 5) below
- the details of the contributors to trust assets under 6) below
- the source of assets contributed into trust under 7) below

1) Applicant 1 Individual/Trustee/Director Name

First Name	Middle Name	Last Name	
<input type="text"/>	<input type="text"/>	<input type="text"/>	
Date of Birth	Occupation (if retired, please state occupation before retirement)		
<input type="text"/>	<input type="text"/>		
Residential Address Details—Number and Street (please note that PO Box is not accepted)			
<input type="text"/>			
Suburb, City or Town	State	Postcode	
<input type="text"/>	<input type="text"/>	<input type="text"/>	
Country	Nationality		
<input type="text"/>	<input type="text"/>		
Government issued unique identification # <i>e.g. passport number or drivers licence</i>	Source of wealth <i>e.g. employment, investments, other (please specify)</i>		
<input type="text"/>	<input type="text"/>		

Applicant 2 Individual/Trustee/Director Name

First Name	Middle Name	Last Name
<input type="text"/>	<input type="text"/>	<input type="text"/>
Date of Birth	Occupation (if retired, please state occupation before retirement)	
<input type="text"/>	<input type="text"/>	
Residential Address Details—Number and Street (please note that PO Box is not accepted)		
<input type="text"/>		
Suburb, City or Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>
Country	Nationality	
<input type="text"/>	<input type="text"/>	
Government issued unique identification # <i>e.g. passport number or drivers licence</i>	Source of wealth <i>e.g. employment, investments, other (please specify)</i>	
<input type="text"/>	<input type="text"/>	

Applicant 3 Individual/Trustee/Director Name

First Name	Middle Name	Last Name
<input type="text"/>	<input type="text"/>	<input type="text"/>
Date of Birth	Occupation (if retired, please state occupation before retirement)	
<input type="text"/>	<input type="text"/>	
Residential Address Details—Number and Street (please note that PO Box is not accepted)		
<input type="text"/>		
Suburb, City or Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>
Country	Nationality	
<input type="text"/>	<input type="text"/>	
Government issued unique identification # <i>e.g. passport number or drivers licence</i>	Source of wealth <i>e.g. employment, investments, other (please specify)</i>	
<input type="text"/>	<input type="text"/>	

Applicant 4 Individual/Trustee/Director Name

First Name	Middle Name	Last Name
<input type="text"/>	<input type="text"/>	<input type="text"/>
Date of Birth	Occupation (if retired, please state occupation before retirement)	
<input type="text"/>	<input type="text"/>	
Residential Address Details—Number and Street (please note that PO Box is not accepted)		
<input type="text"/>		
Suburb, City or Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>
Country	Nationality	
<input type="text"/>	<input type="text"/>	
Government issued unique identification # <i>e.g. passport number or drivers licence</i>	Source of wealth <i>e.g. employment, investments, other (please specify)</i>	
<input type="text"/>	<input type="text"/>	

2) Company/Corporate Trustee Name

Name

ABN/ARBN or ACN (if there is no ABN)

3) Trust/Super Fund Name

Name

ABN

4) Details of beneficial owners (who own through one or more Index holdings more than 25% of the issued capital) in the company Company/Corporate Trustee

Full Name

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

Date of Birth

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

Country of Residence

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

5) Details of all Trust beneficiaries (Not required for complying super funds)

Full Name

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

Date of Birth

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

Country of Residence

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

6) Details of all contributors to Trust assets (Not required for complying super funds)

Full Name

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

Date of Birth

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

Country of Residence

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

7) Source of assets contributed into trust

Please include a brief description of the source of assets contributed into the trust

B. POSTAL ADDRESS DETAILS:

Number and Street

Suburb, City or Town

State

Postcode

C. TELEPHONE AND EMAIL DETAILS (Individual/Company/Trustee):

Daytime Number
(include area code)

Contact Name

Email address

D. BANK ACCOUNT DETAILS (FOR DIRECT CREDIT OF FUNDS TO YOUR ACCOUNT):

I/We request that payments due to me/us by UBS be deposited directly into the following accounts for all Transactions under this PDS. I/We acknowledge that these instructions supersede and have priority over all previous instructions. Unless advised in writing or otherwise, I/we acknowledge that all future payments due to me/us will be paid into this nominated account.

Bank/Financial institution name

BSB Number

-

Account number

Account name

Name of Branch/suburb

Type of account (Units: do NOT use your credit card number)

E. TAX FILE NUMBER:

Applicant 1

Applicant 2

Applicant 3

Applicant 4

Please note: You are not obliged to provide either your tax file number ("TFN") or Australian Business Number ("ABN") but if you do not provide either your TFN or ABN, the Nominee 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. Collection of TFN information is authorised and its use and disclosure are strictly regulated by the

tax laws and the Privacy Act 1988 (Cth). This request is made by the Nominee only, and is not a request of UBS. To this extent, UBS acts as a representative of the Nominee.

F. DETAILS OF APPROVED ADVISER GROUP AND FINANCIAL ADVISER AND YOUR AGREEMENT TO PAY THE SPECIFIED OPTION ADVISER GROUP FEE, ADVISER GROUP FEE AND SALE FACILITY ADVISER GROUP FEE:

I/ We specify the following company to be my/our Approved Adviser Group and the following person to be the individual Financial Adviser referred to in the fee arrangements below in this section F and authorised under the Facility Terms to give trading instructions on my/our behalf to UBS as described in the PDS:

Name of Approved Adviser Group (company name)

Name of Financial Adviser (individual)

Address Details—Number and Street

Suburb, City or Town

State

Postcode

By signing below I/we consent to pay the Approved Adviser Group specified above in this section F of this Application Form (and whose stamp appears at the beginning of this Application Form) the Option Adviser Group Fee, Adviser Group Fee or Sale Facility Adviser Group Fee (as applicable) as specified in the Quote Sheet or Adviser Fee Acknowledgement Form. I/we further authorise my/our Approved Adviser Group to hold any Option Adviser Group Fee, Adviser Group Fee or Sale Facility Adviser Group Fee specified in the Quote Sheet or Adviser Fee Acknowledgement Form on trust, and to pay from those amounts the percentage of that fee specified in the Quote Sheet or Adviser Fee Acknowledgement Form to my/our Financial Adviser.

G. EMPLOYMENT DETAILS:

1) Are you employed by a company that is listed on a stock exchange?

Yes No

If you checked "Yes", please specify the company and answer question 2):

2) Do you hold shares or executive options in that company and if so, do you intend to enter into a transaction using any of the Facilities over those share or executive options?

Yes No

If yes, you must provide details in Attachment 1 and return this to UBS, along with your Application Form.

H. TRUSTEE APPLICANTS ONLY—SOLICITORS DECLARATION:

I have examined the following documents:

- this PDS
- the properly executed and stamped (if required) trust deed establishing the Trust including any amendments, variations or alternations to it(the "Trust Deed"); and
- all other documents necessary for me to give the opinion in this Application Form.

Based on my examination of those documents, it is my opinion that the Trustee:

1) has full legal capacity and power under the Trust Deed to:

- (a) enter into the Facilities; and
- (b) carry out the transactions and fulfill the obligations that the Facilities contemplate;

2) has taken all action that is necessary or desirable under the Trust Deed or at law to:

- (a) authorise the entry into and the execution of the Facilities;
- (b) carry out the transactions that the Facilities contemplate; and
- (c) ensure that the Facilities are legal, valid and binding on it; and

3) has the right to be fully indemnified out of the assets of the Trust to satisfy any liability arising under, or in connection with, the transactions that the Facilities contemplate.

I have not advised on the commerciality of the transactions that the Facilities contemplate.

This declaration is for the sole benefit of UBS and UBS may rely on this letter in deciding whether to enter into the Facilities and the transactions that they contemplate and may do so whether or not it has been given or seen a copy of the Trust Deed.

Name of Solicitor Firm

Address—Number and Street / PO Box

Suburb, City or Town

State

Postcode

Name of Solicitor

Signature of Solicitor

Investor acknowledgements and representations

Each Applicant must read and execute where indicated below:

I/We:

1. apply to use the Facilities described in the PDS on the terms of the Agreement which are set out in the PDS;
2. represent that I/we have full legal capacity to complete and lodge this Application Form and be bound by the Agreement and have taken all action that is necessary to authorise this Application and be bound by the Agreement;
3. acknowledge that by signing this Application Form I/we agree to be bound by, and in the case of joint Applicants, agree to be jointly and severally bound by, the Agreement, the terms of which are set out in the PDS and represent that the Agreement will constitute legal, valid and binding obligations on me/us enforceable in accordance with its terms. I/we acknowledge that the Agreement becomes effective as soon as UBS signs the original or a copy of this Application Form which has been signed by me/us;
4. acknowledge and accept the terms of the power of attorney set out in clause 41 of the Agreement;
5. agree to the terms of the Privacy statement in section 2 of this Application Form
6. represent that I/we have reviewed the PDS and Application Form to the extent that I/we consider necessary, and have made my/our own independent investigation and appraisal of the taxation, legal, economic and credit aspects associated with this investment, including obtaining independent advice where I/we deem necessary;
7. represent that I/we have not relied in any way whatsoever on any statements made by, or purported to be made by, UBS or its related entities or any of their respective servants, agents, employees or representatives in relation to this investment, other than as set out in the PDS and Application Form, and acknowledge that UBS has not made any representations to me/us with regard to the suitability or appropriateness of this investment to my/our individual circumstances;
8. represent that I/we have obtained all consents which may be required by law to enable me/us to acquire Approved Securities and to become registered as holder of Approved Securities and to mortgage Approved Securities to UBS and that my/our registration as the holder of Approved Securities, and the granting of a

Security Interest over them, will not contravene any law, regulation or ruling or constitution of any company;

9. represent and warrant that all the information I/we have given in this Application Form (including any Attachments) is correct and is not misleading and I/we have not withheld any relevant information;
10. agree to indemnify UBS against any loss or claim of or against UBS to the extent that the loss or claim arises from or is connected with any breach of any of the representations contained in this Application Form;
11. understand that nothing in the PDS or Application Form can be considered investment advice or a recommendation to invest in any Approved Securities;
12. acknowledge that UBS has an absolute right to reject my/our Application and in such a case will not be liable in relation to any losses suffered by me;
13. acknowledge that I/we received a complete copy/print-out of the PDS accompanied by this Application Form before I/we completed this Application Form;
14. agree to receive the Financial Services Guide of UBS Securities Australia Limited and UBS Nominees Pty Limited in relation to the securities dealing and nominee services provided by those entities in connection with this PDS electronically via the UBS website at www.ubs.com/equitysolutions and represent and warrant that I/we have received a copy of each document in printable form and read and understood it prior to signing this application form; and
15. request and authorise any lender or other person who has a pre-existing mortgage, charge or other security interest over my/our assets to amend or release such security interest to the extent required to enable UBS to take a first ranking registered fixed charge over the Secured Property.
16. Agree that UBS is authorised as a representative of the Nominee to provide my/our TFN/ABN to the Nominee as required
17. **Business Purpose Declaration** (for individual Applicants and individual trustee Applicants only)

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

IMPORTANT

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

Privacy Consent

The Personal Information we ask you to supply in this Application Form (other than your address, date of birth and information required by AML legislation) is not required by law but we may not be able to accept your Application if the information is not supplied. The Personal Information collected from you will be used, held or disclosed for the purposes set out below, or for a purpose related to one of the purposes set out below that you would reasonably expect, or where required or permitted by law. You may have rights to access and correct your Personal Information, and in some circumstances make complaints regarding the use, holding or disclosure of your Personal information by UBS. The privacy policy of UBS contains information regarding the exercise of such rights.

1. I/We acknowledge that the Personal Information about me/us provided to UBS in this Application Form may be used for any of the following purposes:
 - to assess whether to accept my/our Application;
 - to prepare any documentation relevant to, and to maintain, my/our Transactions;
 - to effect Transactions in my/our name(s);
 - to communicate with me/us in relation to the Transactions;
 - to comply with legislative or regulatory requirements;
 - to perform UBS's administrative operations; and
 - for any other purpose identified in the Privacy Statement in Section 9 of this PDS.
2. I/We agree and consent to UBS:

- giving Personal Information about me/us to:
 - a) UBS’s agents, contractors and external advisers;
 - b) regulatory bodies, government agencies, law enforcement bodies and courts; and
 - c) the entities in which investments are made and/or to any agents or contractors, for the purpose of administering my/our investment or administering or enforcing the Guarantee (if applicable);
- collecting Personal Information about me/us from, and giving it to, my/our executor, administrator, trustee, guardian or attorney and my/our agents and representatives (including my finance broker, legal and financial adviser); and
- providing my/our ABN to UBS and its related entities,

even if the disclosure of my/our Personal Information is to an organisation overseas, including any jurisdiction set out in the Privacy Statement in Section 9 of this PDS, regardless of whether or not such entity is subject to privacy obligations equivalent to those which apply to UBS.

- 3) I/We represent and warrant that, if at any time I/we supply UBS with Personal Information about another individual, I /we have obtained, or will at the relevant time will have obtained, the consent of such individual to the collection, use, holding or disclosure of their information in accordance with, and for any the purposes, stated in the Privacy Statement in Section 9 of this PDS and this Privacy Consent, and have made such individual aware of the information set out in such Privacy Statement.

AML/CTF Act and Rules

UBS aims to prevent, detect and not knowingly facilitate money laundering and terrorism financing. UBS does this to comply with the AML/CTF Act and Rules. To meet its regulatory and compliance obligations under the AML/CTF Act, its contractual obligations and its internal due diligence requirements, UBS has in place a number of measures and controls which include 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 Act and Rules;
- 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;
- d) that where any application is refused or 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 Facilities;
- 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.

Advisers

- (a) Financial Advisers adding their Adviser Stamp to this Application Form provide the following acknowledgements and representations:
 - i) I acknowledge that I am either an Australian financial services licensee or an authorised representative of an Australian financial services licensee and that, in relation to this Application, I have only provided financial services that are within the scope of the Australian financial services licence applicable to me;
 - ii) I acknowledge that I have complied with the relevant disclosure requirements, including all relevant requirements in relation to the disclosure of fees, and any requirement to provide Product Disclosure Statements, Financial Services Guides, Statements of Advice or any other disclosures required by the Corporations Act;

- iii) I represent that in compliance with the provisions of the AMP/CTF Act and Rules, I have taken the steps required to identify and verify the Applicant's identity (including the directors, beneficial owners and trustees listed in the Application Form) by checking and verifying the identity, nationality, residential address and signature of the Applicant, and any other relevant details, in compliance with the AML/CTF Act and Rules and any Distribution Agreement entered into for purposes of compliance with the AML/CTF Act and Rules;
 - iv) I represent that I have taken adequate steps to assist in the prevention of money laundering activities which steps may include, without limitation, identifying the Applicant's source of wealth and monitoring of any unusual transactions;
 - v) I represent that I have assessed the suitability of the Facilities and Transactions and other relevant factors for the Applicant and have only recommended or distributed it as I consider it suitable for the Applicant, taking into account the Applicant's investment objectives, financial situation and particular needs; and
- (b) **Adviser RCTI Agreement**—this section relates to supplies made by a Financial Adviser (acting on behalf of the entity ("Supplier") that holds the requisite Australian Financial Services Licence) to UBS in consideration of either the Wholesale Option Adviser Group Fee and the Wholesale Adviser Group Fee. By completing the details below and affixing its stamp to this Application Form, and in consideration of either the Wholesale Option Adviser Group Fee and the Wholesale Adviser Group Fee, the Financial Adviser:
- i) represents and warrants that it is authorised to enter into this agreement on the Supplier's behalf;
 - ii) 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
 - iii) agrees that UBS may, and will issue to the Supplier, self generated 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
 - iv) 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 Financial Adviser if it ceases to be so registered or if it ceases to be entitled to issue RCTIs.

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

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

Dated

SIGNED, SEALED AND DELIVERED by:

(Individual Applicant, Joint Applicants or Individual Trustee Applicant)

First Applicant's Signature

First Applicant's Name

Second Applicant's Signature

Second Applicant's Name

(Company Applicant or Corporate Trustee Applicant) Executed by:

Company Name

Affix Company Seal (if you have one):

Director's Signature

Director's Name

Director/Secretary's Signature

Director/Secretary's Name

(Power of Attorney) Executed by and on behalf of:

Company Name

By its attorney in the presence
of:

Attorney Signature

Witness Signature

Attorney Name

Witness Name

Attachment 1 – Information Required from Executives

ONLY FILL OUT THIS SECTION IF YOU ARE A PAST OR PRESENT EMPLOYEE OF THE COMPANY ISSUING THE APPROVED SECURITIES OVER WHICH YOU INTEND TO TRANSACT.

Applicant:

Approved Security (Full name of Issuer and stock code):

Section 1: Your relationship with the Company issuing the Approved Securities or Executive Options over Approved Securities

1) Are you a past employee or current employee?

Past Current

2) Past or current Title:

3) Are you, or have you ever been a company director of the Company?

No Yes

4) What percentage of the outstanding shares of the Company do you (either alone or with others) beneficially own or control, directly or indirectly?:

Please include any shares that you have the right to acquire within 60 days through the exercise of options, convertible securities or otherwise. Indirect ownership or control could include ownership through a trust, partnership or other entity.

(if less than 1%, just indicate "<1%").

5) Do you presently or have you previously:

a) had a substantial shareholding (5% or more) in the shares of the Company (either alone or with your Affiliates, e.g. family members, trusts or private companies)?

Yes No

b) Either alone or with your Affiliates been subject to any foreign ownership restrictions in respect of shares of the Company?

Yes No

7) Are you required to notify the ASX of information relating your shareholding in the Company under s.205G of the Corporations Law (because you are a company director of a listed public company), or under any other applicable law, rule or regulation?

Note: you should seek professional advice on this matter as you deem necessary before answering this question.

Yes

No

8) Are you a party to any shareholders' agreement, standstill agreement, voting agreement or other contract that gives you the right to appoint a company director of the issuer or otherwise relates to control of the Company or voting or ownership of the Company's shares, or have you agreed to act in concert with any other person or entity with respect to transactions involving the Approved Securities?

Yes

No

If you checked "Yes", please describe:

9) Please describe any other contracts, agreements or relationships with the Company, including any restrictions relating to dealings in Underlying Securities (e.g. underwriter's lock-up, escrow, employee hedging guidelines or employee option and share dealing windows):

In the case of share dealing windows, please specify when the window opens and close.

IF YOU ARE AN EMPLOYEE OF THE COMPANY ISSUING THE APPROVED SECURITIES OR HAVE A RELATIONSHIP WITH THE COMPANY, UBS WILL SEEK VARIOUS CONFIRMATIONS AND/OR AN ACKNOWLEDGEMENT LETTER FROM THE COMPANY PRIOR TO TRANSACTING.

PLEASE PROVIDE A CONTACT NAME AND DETAILS FOR THAT PURPOSE (THIS WILL GENERALLY BE THE COMPANY SECRETARY FOR THE COMPANY):

Name

Title

Organisation

Phone

Fax

Email

Section 2: Information on Executive Options you hold and intend to exercise using one of the Facilities

ONLY FILL OUT THIS SECTION IF YOU INTEND TO ENTER INTO A TRANSACTION OVER APPROVED SECURITIES THAT YOU WILL HOLD THROUGH THE EXERCISE OF EXECUTIVE OPTIONS

1) Number and exercise price of Executive Options:

Please provide a photocopy of your latest holding statement or option certificate.

2) Are the Executive Options fully vested and presently exercisable?

Yes No

If note, please provide further information on when this will occur:

3) Are you aware of any restrictions on the transferability of the underlying Approved Securities? e.g. escrow, or holding period requirements under an employee trading policy or option plans etc.?

Yes No

If yes, please describe restrictions and when they will be satisfied:

Please provide a copy of any escrow agreement, restrictive covenant, etc.

4) Will the Underlying Securities become subject to any mortgage or lien when issued?

Yes No

If yes, please specify nature of mortgage / lien:

Please provide a copy of any relevant mortgage.

5) Please provide contact name and details of Option plan administrator who will be responsible for option exercise and allotment of shares:

Name

Title

Organisation

Phone

Fax

Email

Section 3: Signature

By signing this Attachment you represent and warrant that all the information you have given in this Attachment is correct and is not misleading and you have not withheld any relevant information

Dated

SIGNED, SEALED AND DELIVERED by:

(Individual Applicant, Joint Applicants or Individual Trustee Applicant)

First Applicant's Signature

Second Applicant's Signature

First Applicant's Name

Second Applicant's Name

(Company Applicant or Corporate Trustee Applicant) Executed by:

Company Name

Affix Company Seal (if you have one):

Director's Signature

Director's Name

Director/Secretary's Signature

Director/Secretary's Name

(Power of Attorney) Executed by and on behalf of:

Company Name

By its attorney in the presence of:

Attorney Signature

Witness Signature

Attorney Name

Witness Name

Attachment 2 – Direct Debit Request Form

Direct Debit Request Service Agreement

Definitions

account means the account held at your financial institution from which we are authorised to arrange for funds to be debited.

agreement means this Direct Debit Request Service Agreement between you and us.

banking day means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia.

debit day means the day that payment by you to us is due.

debit payment means a particular transaction where a debit is made.

direct debit request means the Direct Debit Request between us and you.

us or **we** means UBS, the Debit User you have authorised by signing a direct debit request.

you means the customer who signed the direct debit request.

your financial institution is the financial institution where you hold the account that you have authorised us to arrange to debit.

1. Debiting your account

1.1 By signing a direct debit request, you have authorised us to arrange for funds to be debited from your account. You should refer to the direct debit request and this agreement for the terms of the arrangement between us and you.

1.2 We will only arrange for funds to be debited from your account as authorised in the direct debit request.

1.3 If the debit day falls on a day that is not a banking day, we may direct your financial institution to debit your account on the following banking day.

If you are unsure about which day your account has or will be debited you should ask your financial institution.

2. Changes by us

2.1 We may vary any details of this agreement or a direct debit request at any time by giving you at least fourteen (14) days' written notice.

3. Changes by you

3.1 Subject to 3.2 and 3.3, you may change the arrangements under a direct debit request by contacting us on 1800 633 100.

3.2 If you wish to stop or defer a debit payment you must notify us in writing at least fourteen (14) days before the next debit day. This notice should be given to us in the first instance.

3.3 You may also cancel your authority for us to debit your account at any time by giving us fourteen (14) days' notice in writing before the next debit day. This notice should be given to us in the first instance at the following address:

UBS Structured Option and Loan Facility
Equity Operations
GPO Box 4151
Sydney NSW 2001

4. Your obligations

- 4.1** It is your responsibility to ensure that there are sufficient clear funds available in your account to allow a debit payment to be made in accordance with the direct debit request.
- 4.2** If there are insufficient clear funds in your account to meet a debit payment:
- you may be charged a fee and/or interest by your financial institution;
 - you may also incur fees or charges imposed or incurred by us; and
 - you must arrange for the debit payment to be made by another method or arrange for sufficient clear funds to be in your account by an agreed time so that we can process the debit payment.
- 4.3** You should check your account statement to verify that the amounts debited from your account are correct.
- 4.4** Unless indicated otherwise, any fees and charges payable on a supply made under or in connection with this agreement are exclusive of any goods and services tax (GST).
- 4.5** If we are liable to pay GST on a supply made under or in connection with this agreement, then you agree to pay us on demand an additional amount equal to that GST.

5. Dispute

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

6. Accounts

- 6.1** You should check:
- 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;
 - your account details which you have provided to us are correct by checking them against a recent account statement; and
 - with your financial institution before completing the direct debit request if you have any queries about how to complete the direct debit request.

7. Confidentiality

- 7.1** We will keep any information (including your account details) in your direct debit request confidential. We will make reasonable efforts to keep any such information that we have about you secure and to ensure that any of our employees or agents who have access to information about you do not make any unauthorised use, modification, reproduction or disclosure of that information.
- 7.2** We will only disclose information that we have about you within the Direct Debit Request Form:
- to the extent specifically required by law; or
 - for the purposes of this agreement (including disclosing information in connection with any query or claim); or
 - as otherwise agreed by you.

8. Notice

8.1 If you wish to notify us in writing about anything relating to this agreement, you should write to us at the following address:

UBS Structured Option and Loan Facility
Equity Operations
GPO Box 4151
Sydney NSW 2001

8.2 We will notify you by sending a notice in the ordinary post to the address you have given us in the direct debit request.

8.3 Any notice will be deemed to have been received on the third banking day after posting.

Please note: Bank account name(s) must match the Applicant name(s) given in Section A1 of this Application Form and be signed by that person(s). In the case of joint accounts, both signatures are required. If a Company or Corporate Trust is applying, this form must be signed by either the sole director (if there is only one) OR two directors or a director and secretary (if there are two or more).

Request and Authority to debit the account named below to pay UBS	
Request and Authority to debit	<p>Surname / company name _____</p> <p>Given names / ACN / ABN _____ ("you")</p> <p>request and authorise UBS (User ID number 181243) to arrange, through its own financial institution, for any amount UBS 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, subject to the terms and conditions of the Direct Debit Request Service Agreement.</p> <p>UBS will only arrange for funds to be debited from your account if we have sent to the address nominated by you, a billing advice which specifies the amount payable by you to us and when it is due.</p>
Insert details of account to be debited	<p>Please note: The account name below must match the Applicant name(s) given in Section A1 of this Application Form (e.g. same individual name if an individual applicant or same company name if a company applicant)</p> <p>Name of account _____</p> <p>Financial institution name _____</p> <p>BSB number _ _ _ - _ _ _ </p> <p>Account number _ _ _ _ _ _ _ _ _ </p>
Acknowledgment	<p><i>By signing this Direct Debit Request you acknowledge having read and understood and agree to the terms and conditions governing the debit arrangements between you and UBS as set out in this Request and in your Direct Debit Request Service Agreement.</i></p>
<p>Insert your signature and address</p> <p><i>If signing for a company please print full name and capacity for signing (e.g. Director).</i></p> <p><i>In the case of joint accounts, BOTH signatures are required.</i></p>	<p>Signature Applicant 1/(Sole) Director</p> <p>_____</p> <p>Address _____</p> <p> _____</p> <p>Signature Applicant 2/Director/Company Secretary</p> <p>_____</p> <p>Address _____</p> <p> _____</p> <p>Date ___ / ___ / ___</p>

Attachment 3 – Statement of Financial Position

ONLY FILL OUT THIS SECTION IF REQUESTED BY UBS—THIS INFORMATION WILL NOT NORMALLY BE REQUIRED FROM YOU.

Applicant (must be the same as in the Application Form):

Section 1: Personal Guarantor

A. Personal Guarantor Details:

First Name	Middle Name	Last Name
<input type="text"/>	<input type="text"/>	<input type="text"/>
Date of Birth	Occupation (if retired, please state occupation before retirement)	
<input type="text"/>	<input type="text"/>	
Residential Address Details—Number and Street (please note that PO Box is not accepted)		
<input type="text"/>		
Suburb, City or Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>
Country	Nationality	
<input type="text"/>	<input type="text"/>	
Government issued unique identification # e.g. passport number or drivers licence	Source of wealth e.g. employment, investments, other (please specify)	
<input type="text"/>	<input type="text"/>	

B. Postal Address Details (if different from Residential Address):

Number and Street / PO Box

Suburb, City or Town State Postcode

C. Telephone Details:

Daytime Number (include area code) Contact Name

Section 2: Statement of Financial Position

If you are applying for a Supplementary Loan or a Principal Loan where UBS assess there is some credit exposure to you then you must provide the following information to enable UBS to make an assessment of your Loan application:

- (a) a copy of the **most recent payslip or tax return** for the Applicant **and** the Personal Guarantor (if applicable); and
- (b) the following information in respect of the Applicant and the Personal Guarantor (if applicable). Financial data should be provided by reference to the Applicant's current status, without including any Transactions contemplated under the Facilities..

Applicant's asset and income details—In the case of joint applicants, please provide aggregate asset and income information. In the case of a company or trust application, please provide asset and income information for the company or the trust respectively, and provide asset and income information on the Personal Guarantor.

Assets		Liabilities	
Cash	\$	Loans secured against shares and managed funds	\$
Shares	\$	Loans secured against residential property	\$
Managed Funds and other liquid investments	\$	Loans secured against investment property	\$
Residential property	\$	Personal unsecured loans (e.g. leases, credit cards)	\$
Investment Property	\$	Guarantees granted	\$
Other assets (please specify):	\$	Other Liabilities (please specify):	\$
.....		
Total Assets	\$	Total Liabilities	\$
	(A)		(B)
		NET ASSETS (= A - B):	\$

Annual Income		Annual Expenditure	
Salary (gross)	\$	Mortgage and interest payments on secured loans detailed above	\$
Rental and dividend income	\$	Interest payment on unsecured loans detailed above	\$
Other income	\$	Living expenses and school fees	\$
Total Gross Income	\$	Other expenses.....	\$
Tax payable	\$		
Total After Tax Income	\$	Total Expenditure	\$
	(C)		(D)
		NET INCOME AVAILABLE (= C - D):	\$

Personal Guarantor's asset and income details

Assets		Liabilities	
Cash	\$	Loans secured against shares and managed funds	\$
Shares	\$	Loans secured against residential property	\$
Managed Funds and other liquid investments	\$	Loans secured against investment property	\$
Residential property	\$	Personal unsecured loans (e.g. leases, credit cards)	\$
Investment Property	\$	Guarantees granted	\$
Other assets (please specify):	\$	Other Liabilities (please specify):	\$
.....		
Total Assets	\$	Total Liabilities	\$
	(A)		(B)
		NET ASSETS (= A - B):	\$

Annual Income	
Salary (gross)	\$
Rental and dividend income	\$
Other income	\$
Total Gross Income	\$
Tax payable	\$
Total After Tax Income	\$

(C)

Annual Expenditure	
Mortgage and interest payments on secured loans detailed above	\$
Interest payment on unsecured loans detailed above	\$
Living expenses and school fees	\$
Other expenses.....	\$

Total Expenditure	
	\$

(D)

NET INCOME AVAILABLE (= C—D):

Section 3: Signature

By signing this Attachment you represent and warrant that all the information you have given in this Attachment is correct and is not misleading and you have not withheld any relevant information.

Dated

SIGNED, SEALED AND DELIVERED by:

(Individual Applicant, Joint Applicants or Individual Trustee Applicant)

First Applicant's Signature

First Applicant's Name

Second Applicant's Signature

Second Applicant's Name

(Company Applicant or Corporate Trustee Applicant) Executed by:

Company Name

Affix Company Seal (if you have one):

Director's Signature

Director's Name

Director/Secretary's Signature

Director/Secretary's Name

(Power of Attorney) Executed by and on behalf of:

Company Name

By its attorney in the presence of:

Attorney Signature

Witness Signature

Attorney Name

Witness Name

Capitalised terms below have the meaning given to them in the Product Disclosure Statement for the UBS Structured Loan and Option Facility dated 5 June 2014 (the "PDS").

By signing below the Personal Guarantor agrees to be bound by the Agreement as Personal Guarantor and represents and warrants as follows:

- all the information you have given in this Attachment is correct and is not misleading and you have not withheld any relevant information;
- you agree to guarantee all obligations of the Applicant listed above under the Agreement (the "Agreement") contained in the Product Disclosure Statement for the UBS Structured Loan and Option Facility dated 5 June 2014 on the terms of the Agreement and represent and warrant that the Agreement will constitute legal, valid and binding obligations on you enforceable in accordance with its terms. You acknowledge that the Agreement becomes effective as soon as UBS signs the original or a copy of the Application Form which has been signed by the Applicant;

- You have full legal capacity to complete and lodge this Form and be bound by the Agreement and have taken all action that is necessary to authorise this Form and be bound by the Agreement if required;
- You agree to the terms of the Privacy Consent in the Application Form in relation to your personal information;
- You have reviewed the PDS including the Agreement and Application Form to the extent that you consider necessary, and have made your own independent investigation and appraisal of the taxation, legal, economic and credit aspects associated with the Facilities, including obtaining independent advice on your obligations as Guarantor where necessary;
- You have not relied in any way whatsoever on any statements made by, or purported to be made by, UBS or its related entities or any of their respective servants, agents, employees or representatives in relation to the Facilities and the investment in them by the Applicant, other than as set out in the PDS and Application Form, and acknowledge that UBS has not made any representations to me with regard to the suitability or appropriateness of this investment to the Applicant's individual circumstances;
- You agree to fully indemnify UBS on demand against any loss or claim of or against UBS to the extent that the loss or claim arises from or is connected with any breach of any of the representations and warranties contained in this Application Form;
- You understand that nothing in the PDS or Application Form can be considered investment advice or a recommendation for you to invest in any Approved Securities or Facilities;
- You received a complete copy/print-out of the PDS including the Application Form and this Form before you completed this Form; and
- You have received valuable consideration for your accepting obligations under the Agreement.

Dated

(Guarantor for company or corporate trustee Applicant)

Guarantor's Signature

Guarantor's Name

Directory

Issuers

UBS AG, Australia Branch
UBS Investments Australia Pty Limited
Level 16
Chifley Tower
2 Chifley Square
SYDNEY NSW 2000

Level 16
8 Exhibition Street
MELBOURNE VIC 3000

Guarantor

UBS AG, Zurich
C/O General Counsel
UBS AG, Australia Branch
Level 16, Chifley Tower,
2 Chifley Square
Sydney, NSW 2000 Australia

Issuer's Solicitors

Baker & McKenzie
Level 27
AMP Centre
50 Bridge Street
Sydney NSW 2000

Clayton Utz
Level 15
1 Bligh Street
Sydney NSW 2000



UBS AG, Australia Branch

ABN 47 088 129 613 AFSL 231087

UBS Investments Australia Pty Limited

ABN 79 002 585 677

Level 16
Chifley Tower
2 Chifley Square
Sydney NSW 2000

INVESTOR ENQUIRY LINE 1800 633 100

Level 16
8 Exhibition Street
Melbourne VIC 3000

www.ubs.com/equitysolutions



AEI-FATCA Individual & Entity Self-Certification

UBS is required by law to collect AEI-FATCA self-certification statements from all new Applicants during the account opening process. New accounts will not be opened until a valid self-certification is completed and provided to UBS. These forms, one for entity applicants and one for individual applicants, are available on the UBS KeyInvest website. The website includes guidance notes and other material explaining AEI-FATCA. Please refer to the following URL:

<http://investments-au.ubs.com/resources/forms>

Alternatively contact UBS on 1800 633 100 to obtain a copy of the current AEI-FATCA self-certification forms.