

06 May 2009

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FOR IMMEDIATE RELEASE TO THE MARKET

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The Warrant Administration Manager
 ASX Structured Products
 Level 6, 20 Bridge Street
 Sydney NSW 2000

www.ubs.com/instalments

Second Reset of ISI Series of Moderately Geared UBS Instalments

The purpose of this letter is to provide you with certain important information relating to the upcoming annual reset of the ISI Series of UBS Instalments ("ISI Instalments"). The ISI Instalments were issued by UBS AG, Australia Branch ("UBS") pursuant to a Product Disclosure Statement ("PDS") dated 01 May 2008.

- a) The Final Maturity Date for ISI Instalments is 22 May 2012,
- b) At 5:00pm (Sydney time) (the "Closing Time") on the Reset Date, the Loan Amount of the ISI Instalment will be adjusted. The New Loan Amount set out below will take effect from the Closing Time; and
- c) the indicative Interest Amount will apply to the New Loan Amount for the Interest Period from 27 May 2009 to 25 May 2010.

New Loan Amount for ISI Instalments

Instalment	Current Loan Amount	New Loan Amount*	Indicative New Interest Amount**
AGKISI	\$7.50	\$9.25	\$0.975
ANZISI	\$12.50	\$9.00	\$1.259
BHPISI	\$25.00	\$20.00	\$3.385
CBAISI	\$25.00	\$21.00	\$2.647
FXJISI	\$1.8969	(Terminates)	(Terminates)
IAGISI	\$2.50	\$2.00	\$0.242
MQGISI	\$32.50	(Terminates)	(Terminates)
NABISI	\$17.00	\$12.50	\$1.595
NWSISI	\$12.50	(Terminates)	(Terminates)
ORISI	\$17.4018	(Terminates)	(Terminates)
PB1ISI	\$9.00	(Terminates)	(Terminates)
QANISI	\$2.25	(Terminates)	(Terminates)
RIOISI	\$80.00	(Terminates)	(Terminates)

Instalment	Current Loan Amount	New Loan Amount*	Indicative New Interest Amount**
SUNISI	\$7.8921	(Terminates)	(Terminates)
TAHISI	\$7.00	(Terminates)	(Terminates)
TLSISI	\$2.75	\$2.00	\$0.27
WBCISI	\$13.50	\$11.50	\$1.523
WESISI	\$22.7281	(Terminates)	(Terminates)
WPLISI	\$33.00	\$23.00	\$4.093

* The New Loan Amounts will become effective from the Closing Time on the Reset Date, i.e. ISI Instalments will commence trading with the New Loan Amount from 27 May 2009. In adjusting the Loan Amount, UBS has attempted to preserve a loan to share price ratio of over 50%.

** The indicative New Interest Amounts shown above relate to the Interest Period commencing on 27 May 2009 and ending on 25 May 2010. The New Interest Amount is calculated on the Loan Amount Outstanding on 27 May 2009. Holders who sell their ISI Instalments during the Interest Period should seek independent advice about the tax consequences for their investment, including the deductibility of the interest payments.

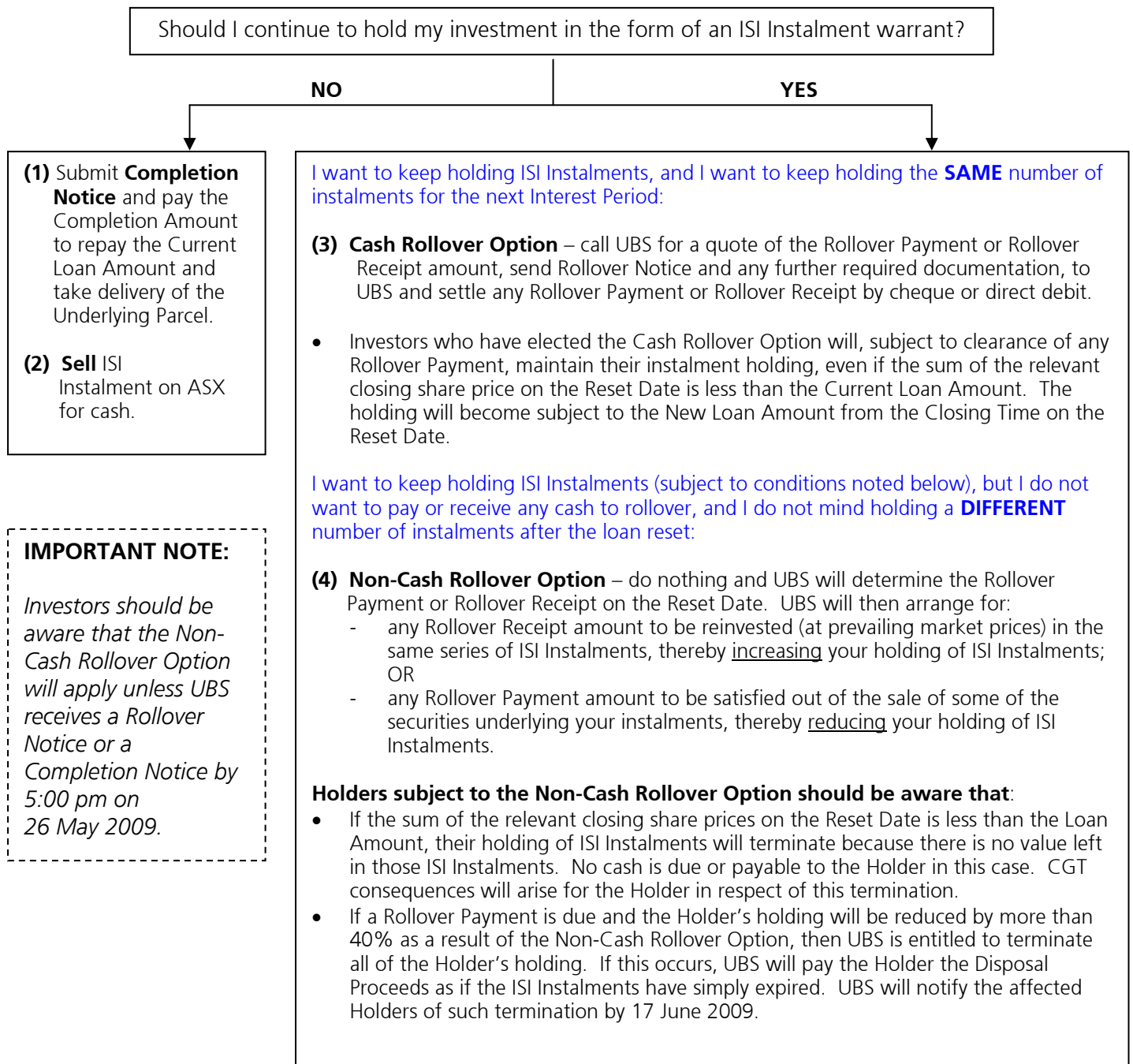
What are my alternative courses of action?

Certain Reset Costs are payable as a result of the Loan reset, namely Interest and Borrow Fees for the next Interest Period. Depending on whether the Loan Amount is to be increased or decreased, and the quantum of the Reset Costs involved, Holders may be required to make a payment (a "Rollover Payment") or they may be entitled to receive cash back (a "Rollover Receipt"). Holders who are registered owners of ISI Instalments as at the close of the Record Date (2 June 2009) will be liable to make the Rollover Payment or be entitled to the Rollover Receipt. If you do not wish:

- to have the Loan Amount on your ISI Instalments adjusted; or
- to become liable for any Reset Costs,

you can sell your ISI Instalments on the ASX at any time prior to close of trading on 26 May 2009.

A summary of the alternatives available to ISI Instalment Holders is set out in the following diagram. For full details, please refer to the PDS.



What do I have to do now?

• **Alternative (1) – Completion**

If you wish to take delivery of the Underlying Parcel, please:

- a) specify the instalments that you wish to exercise in the enclosed personalised Completion Notice;
- b) sign and return the Completion Notice attached, together with a cheque for the Total Completion Amount payable to “UBS AG, Australia Branch” or sign and return the attached Direct Debit Request form which will allow us to debit the Completion Amount due from your specified account; and
- c) ensure that the Completion Notice and payment are **received by UBS by 5:00 pm on 26 May 2009**.

A Completion Notice once given is irrevocable but will only become effective if that person becomes registered as Holder, not later than 5 Business Days after the Completion Notice Date. Clearance of the cheque for the Completion Amount must also occur not later than 5 Business Days after the Completion Notice Date.

• **Alternative (2) – Sale**

To sell your ISI Instalment before becoming liable to make any Rollover Payment, you must execute the sale on ASX before the close of trading on 26 May 2009. ISI Instalments will trade with the Current Loan Amount up to the close of 26 May 2009 and will commence trading with the New Loan Amount from 27 May 2009. Please contact your broker to arrange the sale.

• **Alternatives (3) and (4) – Cash Rollover Option and Non-Cash Rollover Option**

If you would like to continue your investment in ISI Instalments, you are not obliged to take any action – if you do nothing (with the exception of FXJISI, MQGISI, NWSISI, ORIISI, PB1ISI, QANISI, RIOISI, SUNISI, TAHISI & WESISI which are terminating and will not be rolled over), the Non-Cash Rollover Option will apply to effect an automatic rollover.

Investors subject to the Non-Cash Rollover Option should note however that their holding in an ISI Instalment Series will be reduced (in some cases down to zero), if a Rollover Payment is due in respect of that Series. As the holding adjustment process is expected to take up to 9 business days, UBS will not be able to inform you of your new holding until the adjustment process has been completed. You should therefore take particular care if you choose to sell any ISI Instalments during this period.

If you do not want the Non-Cash Rollover Option to apply as you wish to retain the same number of ISI Instalments after the reset, you must elect the Cash Rollover Option. To do this, please:

- a) contact UBS (preferably through your adviser) to get a quote of the Rollover Payment or Rollover Receipt Amount;
- b) complete and return the Cash Rollover Application Form “Rollover Notice” found on pages 91, 92 & 93 within the new ISI series PDS enclosed, specifying the ISI Instalments to which the Cash Rollover Option should apply, and any additional required documentation; and
- c) if payment to UBS is required send a cheque payable to “UBS AG, Australia Branch” for any Rollover Payment Amount or sign a Direct Debit Form authorising payment to UBS.

The Rollover Notice will only be effective if it is received, together with any Rollover Payment due, by **5:00 pm on 26 May 2009**.

What are the Rollover Payments or Rollover Receipts applicable to my ISI Instalments?

Reset Costs include prepaid interest for the new Interest Period (calculated at varying interest rates determined by UBS to reflect the capital protected loan in relation to each series and based on the relevant New Loan Amount) and Borrowing Fees (if any). The Rollover Payment / Receipt which you are liable for / entitled to is the sum of the relevant Reset Costs and change in the Loan Amount for the Series. Reset Costs, Rollover Payments and Rollover Receipts will change from day to day, as well as intra-day, as a result of changes in the underlying share prices, interest rates, dividends and underlying share price volatilities.

Since Reset Costs vary constantly, the only way to lock-in the Rollover Payment or Rollover Receipt if you wish to elect the Cash Rollover Option is to contact your adviser who will in turn contact UBS. When contacting UBS, you or your adviser should quote your HIN or SRN, and UBS will provide:

- a) a quote for the Rollover Payment or Rollover Receipt amount applicable to your ISI Instalments, and
- b) a unique Reset Reference Number which must be quoted on your Rollover Notice.

UBS's Warrant Desk contact number is **1800 633 100**.

Please note that you become liable to make the Rollover Payment or become entitled to the Rollover Receipt as soon as UBS provides you or your adviser with your unique Reset Reference Number. This number should be quoted on the Rollover Notice that you will have to return to UBS, together with payment of any Rollover Payment due. The Rollover Notice and any Rollover Payment must be received by the earlier of 5:00 pm on 26 May 2009 or the third business day after the quote is obtained. If these are not received by 5:00 pm on 26 May 2009, your election to participate in the Cash Rollover Option will not be effective and your ISI Instalment holding will be adjusted pursuant to the Non-Cash Rollover Option.

What are the key dates relating to this annual reset?

26 May 2009	Reset Date. Last day of trading with Current Loan Amount. Completion Notice, Rollover Notice and any payments due must be received by 5:00 pm (Sydney time).
27 May 2009	Start of deferred settlement trading and ASX code change. ISI Instalments will commence trading on an ex-reset and deferred settlement basis through to and including 09 June 2009. To indicate this change, your instalments will trade under a different ASX code, with the last three letters of "ISI" replaced with "DSI", during this deferred settlement period. The instalment's ASX code will revert back to "ISI" on re-commencement of normal T+3 trading on 10 June 2009.
2 June 2009	Record Date. Holders who are registered owners of ISI Instalments at the closing time on this date who have not exercised their ISI Instalment nor elected the Cash Rollover Option will become subject to the Non-Cash Rollover Option.

5 June 2009	Expected completion of Non-Cash Rollover Option adjustments. UBS will make an announcement on the ASX Company Announcements Platform of the <u>INDICATIVE</u> percentage adjustments to the ISI Instalment Series for holders subject to the Non-Cash Rollover. Affected holders will receive written notification of their revised holdings when the register has been updated.
10 June 2009	Normal T+3 settlement resumes. The last three letters of the ASX code for your instalments will revert back to "ISI".
15 June 2009	Settlement of all deferred settlement trades.

If you do nothing and your ISI Instalments become subject to the Non-Cash Rollover Option, your holding may be reduced as a result of the adjustment process. You should therefore take particular care when dealing with your instalments during the deferred settlement period as your revised holding will not be notified to you until approximately 2 weeks after the Reset Date.

Unless otherwise stated, all terms used in this letter have the same meaning as in the PDS.

Please refer to the relevant PDS if you require more information relating to the loan reset procedure and contact your adviser if you have any questions relating to the advantages and disadvantages of each alternative leading up to the Reset Date. If you wish to obtain a quote of the Rollover Payment or Rollover Receipt for the purpose of effecting a Cash Rollover, **please contact the UBS Warrants Desk on 1800 633 100**. Lastly, please do not hesitate to contact Sioe The at UBS Warrant Operations on (02) 9324 2606 if you have any questions regarding this letter.

Yours faithfully,

Important Notice

This letter has no regard to the specific investment objectives, financial situation or particular needs of the specific recipient and does not purport to give any financial, taxation or legal advice. UBS makes no representation as to the accuracy or otherwise of any interpretation of law, or any conclusion based on that interpretation, that may be contained in this letter. Recipients of this letter should obtain independent advice on the tax, legal and financial implications of the reset of the ISI Instalments. This letter is published solely for informational purposes and is not to be construed as a solicitation, recommendation or offer to buy or sell any related financial instruments. The contents of this letter should not be regarded by recipients as a substitute for the exercise of their own judgment. UBS accepts no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of the letter.

UBS Instalment Warrants – Completion Notice

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

Dear Sir/Madam,

This is to notify you that I/we, being the Holder/entitled to be registered as Holder of the number of UBS Instalments in the Series specified below and issued on the terms summarised pursuant to a Product Disclosure Statement (“PDS”) dated 01 May 2008 hereby give a Completion Notice in respect of those UBS Instalments. Terms defined in the PDS have the same meaning in this notice.

Name and Address of Holder:

«REG_ADDRESS_LINE_1»
 «REG_ADDRESS_LINE_2»
 «REG_ADDRESS_LINE_3»
 «REG_ADDRESS_LINE_4»
 «REG_ADDRESS_LINE_5»
 «REG_ADDRESS_LINE_6»

HIN/SRN: «HOLDER_IDENTIFIER»

PID: «BROKER_CODE»

Contact Details:

Name:

Telephone No:

Exercise Details:

ASX Code	Number of UBS Instalments to be Exercised	Completion Amount	Total Completion Amount Payable	PID + HIN, or SRN for Instalments to be Exercised*
AGKISI		\$7.5000	\$	
ANZISI		\$12.5000	\$	
BHPISI		\$25.0000	\$	
CBAISI		\$25.0000	\$	
FXJISI		\$1.8969	\$	
IAGISI		\$2.5000	\$	
MOGISI		\$32.5000	\$	
NABISI		\$17.0000	\$	
NWSISI		\$12.5000	\$	
ORIISI		\$17.4018	\$	
PB1ISI		\$9.0000	\$	
QANISI		\$2.2500	\$	
RIOISI		\$80.0000	\$	
SUNISI		\$7.8921	\$	
TAHISI		\$7.0000	\$	
TLSISI		\$2.7500	\$	
WBCISI		\$13.5000	\$	
WESISI		\$22.7281	\$	
WPLISI		\$33.0000	\$	
TOTAL			\$	

*If your existing instalment holding is broker sponsored, please insert your PID and HIN. If your existing instalment holding is issuer sponsored, please insert your SRN.

Cheque Details:

Drawer _____ Bank _____ Branch _____ Amount of Cheque _____

DATED: _____

(Individual Holder or Joint Holders)

First Holder's Signature

Second Holder's Signature (if applicable)

First Holder's Name

Second Holder's Name (if applicable)

(Company Holder)

Executed by [insert name of company] in
accordance with the Corporations Act

Director/Secretary

Director

**This notice together with payment must be received by UBS no later
than 5:00 pm on 26 May 2009**

Completion Notice Instructions:

- **Sign and date where indicated above – where holding is in more than one name, all of the Holders must sign.**
- **Payment in cleared funds for the full completion amount may be made by:**
 - **attaching cheque payable to: "UBS AG, Australia Branch" or,**
 - **to allow UBS to debit the Completion Amount due from your specified account, sign and return the enclosed Direct Debit Request form.**

**For the ISI Series, the Completion Notice together with payment must be received
by UBS no later than 5:00 pm on 26 May 2009**

Mail To:

Sioe The, Equity Operations
UBS AG, Australia Branch
Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000