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**FOR IMMEDIATE RELEASE TO THE MARKET**

[www.ubs.com/instalments](http://www.ubs.com/instalments)

Participating Organisation of the  
Australian Stock Exchange

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

**National Australia Bank Limited Instalments – Loan Amount Adjustments in respect of National Australia Bank Limited Demerger**

UBS AG Australia Branch ("UBS") is the issuer of the below series of instalment warrants and UBS Investment Builders (collectively known as "NAB Instalments" in this announcement) over fully paid ordinary shares of National Australia Bank Limited ("NAB"). Each NAB Instalment has been offered under the corresponding Product Disclosure Statements ("PDS") listed in the table below.

Series	Date of PDS or Master PDS	Date of SPDS or Term Sheet
NABISA	16/02/2011	15/06/2015
NABISB	16/02/2011	29/10/2015
NABISI	17/10/2014	17/10/2014
NABISN	19/05/2011	7/10/2011
NABISQ	19/05/2011	4/06/2014
NABSSA	25/09/2014	17/10/2014
NABSSL	16/10/2015	16/10/2015
NABSSM	23/05/2011	5/06/2015
NABSSN	23/05/2011	4/06/2015
NABSSO	23/05/2011	29/05/2015
NABSSP	23/05/2011	29/04/2015
NABSSQ	23/05/2011	13/03/2015
NABSSS	2/02/2009	9/11/2009
NABSST	2/02/2009	16/05/2011
NABSSW	25/09/2014	11/06/2015

This announcement concerns adjustments which UBS intends to make to the terms of the NAB Instalments as a result of the announcement by NAB of a demerger of CYBG PLC ("CYBG") from NAB ("NAB Demerger") by a scheme of arrangement and a capital reduction. This demerger involves an in-specie distribution of 1 CYBG CHESS Depository Interest (CDI) for every 4 existing NAB shares held on 5 February 2016 (indicatively). Shareholders approved the proposed demerger at a shareholder meeting on Wednesday, 27 January 2016. Full details of the NAB Demerger are set out in the announcement by NAB dated 7 December 2015 (which can be found at [www.asx.com.au](http://www.asx.com.au)).

## **Key details of the NAB Demerger**

The key details of the NAB Demerger are as follows:

- in-specie distribution of one CYBG CDI for every 4 existing NAB ordinary shares
- NAB ordinary shares will commence trading on an ex-demerger basis on 3 February 2016;
- CYBG will commence trading on a deferred settlement basis on 3 February 2016;
- CYBG will commence trading on a normal settlement basis on 17 February 2016

## **Adjustment to NAB Instalments**

Pursuant to clause 20 of the Instalment Deed, with the consent of ASX, and subject to satisfaction of the conditions for the proposed demerger, UBS intends to adjust the terms of the NAB Instalments as follows:

- (a) New CYBG CDIs issued pursuant to the NAB Demerger will not form part of the Underlying Parcel for the NAB Instalments, and will be dealt with by UBS in its absolute discretion; and
- (b) The Loan Amount for the NAB Instalments will be reduced by an amount which reflects the value of the new CYBG CDIs on the first day of deferred settlement trading and an Interest Refund based on the reduction of the Loan Amount for the period until the earlier of the Maturity Date or the next Annual Interest Date (as applicable); and
- (c) The Capped Level (where applicable) will be adjusted accordingly.

The Underlying Parcel for the NAB Instalments will not change: it will continue to be one NAB ordinary share.

UBS expects the 'value' per NAB ordinary share to be calculated by reference to the Volume Weighted Average Price (VWAP) of CYBG CDIs on Wednesday 3 February 2016, being the day NAB trades on an ex-demerger basis and the day new CYBG begins trading on a deferred settlement basis.

$$\text{Value} = 1/4 \times (\text{VWAP of new CYBG CDIs})$$

All amounts are expressed in Australian dollars.

## **Timing of Adjustment, Suspension and Announcement**

Trading in NAB Instalments will be suspended from trading on 3 February 2016 but will recommence on Thursday 4 February 2016 with the new Loan Amounts. To effect the NAB Instalments adjustment, an announcement will be made by UBS after the close of market on the first day NAB trades ex-demerger (being Wednesday 3 February 2016) detailing the value of the reduction of the Loan Amounts and Capped Levels (if any).

## **Alternative adjustments**

UBS reserves the right to implement adjustments to the NAB Instalments on a basis other than those described above. If UBS decides to make other adjustments it will make an announcement to the ASX.

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

UBS AG, Australia Branch

If you have any questions regarding the NAB Demerger, please contact your financial adviser or NAB. If you have any questions regarding this announcement please contact your financial adviser or call the UBS Warrant Sales Desk on 1800 633 100.

Yours sincerely,

**UBS AG, Australia Branch**



**UBS AG, Australia Branch**

Anand Kannan  
Associate Director



**UBS AG, Australia Branch**

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