

NAB Principal Series

ASX 200 Choices

Overview



- Offer Opens 20 August 2009
- Offer Closes 23 October 2009
- Issue Date 5 November 2009
- Maturity Date:
Strategy A – 5 November 2015
Strategy B – 5 May 2015

An investment in ASX 200 Choices provides investors with exposure to the potential for capital growth of Australia's largest listed entities through the S&P ASX 200 index while still providing the safety of an element of capital protection at maturity. The PDS is dated 14 August 2009 and you may only acquire the product on the application form to be included in, or accompanying, the PDS. It is important that you read and understand the PDS before making a decision to invest in ASX 200 Choices.

Key benefits

An investment in ASX 200 Choices has the following significant benefits:

1. A choice of two different index-linked investment strategies, strategy A and strategy B, each having different capital/coupon risk and return profiles;
2. Capital protection through the NAB guarantee amount applicable to the relevant strategy if held to maturity;
3. In the case of strategy A, the potential for up to 5 annual conditional coupons, each equal to 3% of the issue price, depending on the performance of the index during its term;
4. In the case of strategy B, a participation rate of at least 110%; and
5. Certainty of the level of exposure to the index during the term of the investment provided by a fixed participation rate for each strategy.

Investment Options

	STRATEGY A	STRATEGY B
INVESTMENT TERM	6 years	5 ½ years
DISTRIBUTIONS	Up to five annual conditional coupons of 3% of the issue price. If the level of the index on an anniversary of the issue date is more than the level of the index on the issue date then a conditional coupon will be paid.	No coupon or distribution will be paid on strategy B before its maturity.
GROWTH CAP	Set on the issue date and will be no less than 80%. Amounts received in respect of the conditional coupon are not taken into account for the purposes of determining whether the growth cap has been reached.	There is no cap on the maximum potential capital return on strategy B at its maturity.
NAB GUARANTEE AMOUNT	The maturity amount of strategy A will be at least \$1.00.	The maturity amount of strategy B will be: <ul style="list-style-type: none">• \$1.00 (if no trigger event happens); or• \$0.85 (if a trigger event happens).
TRIGGER EVENT	The trigger event does not apply to strategy A.	A trigger event happens for strategy B if, on any date during the term, the level of the index is at or below 65% of its level on its issue date (in other words if there has been a fall in the index of 35% or more since the issue date).
PARTICIPATION RATE	The participation rate for strategy A is 100%.	The participation rate for strategy B will be set by NAB on the issue date and it will be at least 110%.
STARTING INDEX LEVELS	The average of 13 monthly observations of the level of the index, beginning on its issue date and ending on the first anniversary of that date.	The starting index level for strategy B is the level of the index on its issue date.
ENDING INDEX LEVELS	The average of 13 monthly observations beginning on the date that falls one year before its maturity date and ending on its maturity date.	The average of 7 monthly observations beginning on the date that falls 6 months before its maturity date and ending on its maturity date.

Key features

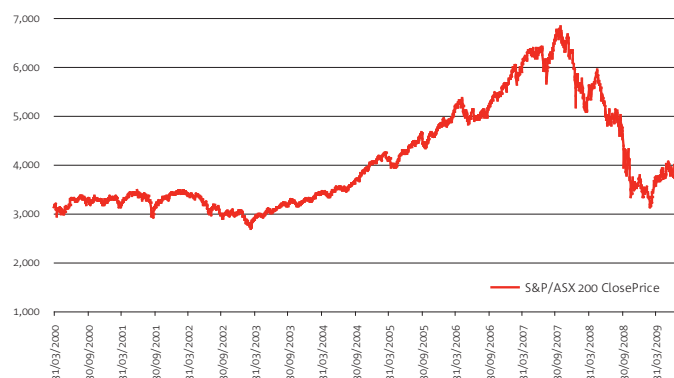
REFERENCE INDEX	S&P/ASX 200 Index
STRUCTURE	Deferred Purchase Agreement
DELIVERY ASSET	For each strategy, units in SPDR S&P/ASX 200 Fund or Shares or units in one or more of the 10 largest ASX listed entities by market capitalisation (at the date of the Product Disclosure Statement).
ISSUE PRICE	\$1.00 per Investment in each Strategy
MINIMUM INVESTMENT	\$10,000 for each Strategy (with minimum additional investment amounts of \$1,000 per strategy).
INVESTMENT PRICING	Monthly performance updates will be provided, setting out NAB's calculation of the fair economic value of each strategy at the relevant time.
EARLY WITHDRAWAL	Solely at NAB's discretion. An early withdrawal fee will apply in the first two years. The NAB Guarantee amount does not apply prior to the maturity date.
RESEARCH	Lonsec has assigned a 'Recommended' rating.
NAB 100% INVESTMENT LOAN	Opportunity for investors to borrow up to 100% of the initial investment through the NAB Investment loan (subject to approval).
NAB LIMITED RECOURSE LOAN	Opportunity for investors to borrow up to 70% of the initial investment through the Superannuation compliant NAB Limited Recourse Loan (subject to approval).

The Lonsec Limited (Lonsec) ABN 56 061 751 102 rating (assigned August 2009) presented in this document is limited to "General Advice" and based solely on consideration of the investment merits of the financial product(s). It is not a recommendation to purchase, sell or hold the relevant product(s), and you should seek independent financial advice before investing in this product(s). The rating is subject to change without notice and Lonsec assumes no obligation to update this document following publication. Lonsec receives a fee from the fund manager for rating the product(s) using comprehensive and objective criteria.

The ASX 200 index?

- The S&P/ASX 200 Index is a capitalisation weighted index measuring the performance of 200 of the largest index eligible stocks listed on the ASX by market capitalisation.
- The index covers approximately 78% of the ASX market capitalisation (as at 4 August 2009).
- The top twenty constituents of the index as at 4 August 2009, which make up approximately 67% of the index and their respective weightings are as follows:

S&P/ASX 200 index performance



source: IRESS

The above graph illustrates the performance of the *index*. S&P officially acquired the licence and maintenance of the calculation methodology of the *index* on 31 March 2000. Past performance of the *index* is not necessarily a guide to the future performance of the *index* or *investments* in ASX 200 Choices.

Security Name Weighting

Security Name	Weighting
BHP Billiton Limited	13.42
Commonwealth Bank	6.96
Westpac Banking Corp	6.72
National Australia Bank	5.23
ANZ Banking Group Limited	4.74
Telstra Corporation	3.80
Woolworths Limited	3.38
Wesfarmers Limited	2.99
Rio Tinto Limited	2.82
Westfield Group	2.57
Woodside Petroleum	2.14
QBE Insurance Group	2.05
CSL Limited	1.88
Newcrest Mining	1.55
Macquarie Group	1.40
Origin Energy	1.32
Santos Limited	1.25
AMP Limited	1.20
Foster's Group	1.06
Suncorp-Metway Limited	0.95

source: IRESS (as at 4 August 2009)

Fees

APPLICATION FEES	Nil
ADVISER DISTRIBUTION FEE	We may pay an upfront fee to your adviser of up to 2.2% of the aggregate amount you invest in ASX 200 Choices. The adviser distribution fee may be rebated. Any rebated adviser distribution fee will take the form of additional investments in ASX 200 Choices. This fee will be funded from our revenue from your investment and is not payable separately by you. It will not reduce or increase the return on your investment.
ONGOING FEE	Nil
EARLY WITHDRAWAL FEE	1.5% of early withdrawal amount for withdrawals in the first year, 1.0% of early withdrawal amount for withdrawals in the second year after the issue date. Also, the proceeds of an early withdrawal, or early termination, will reflect the costs of NAB unwinding or terminating its arrangement in connection with your investment (this can include break costs, administration costs and funding costs).
BROKERAGE FEE	0.55% of the sale proceeds of your delivery parcel if: <ul style="list-style-type: none">• You elect to receive a cash payment at maturity; or• You withdraw your investment before its maturity date (in addition to the applicable early withdrawal fee - see above).

Key risks

It is important that you read section 8 of the PDS dated 14 August 2009.

Three of the key risks of investing in ASX 200 Choices are as follows:

1. Any capital growth on your investment, and the payment of any conditional coupon on strategy A, will depend on the performance of the index during the term. If the index does not perform you might not receive any capital growth. Also, in the case of strategy A you might receive no conditional coupon and, in the case of strategy B, the NAB guarantee amount might be less than the amount you invested. The return on your investment at maturity might still be less than the NAB guarantee amount because of:
 - the difference between any price you receive in selling the shares or units delivered to you and the price at which they were valued at maturity; and
 - brokerage fees if you elect to receive a cash payment at maturity.
2. NAB's undertaking that the value of your investment will at least equal the NAB guarantee amount applies only if you hold your investment until maturity. If you withdraw your investment before maturity, or it is terminated before maturity, you might receive less than the NAB guarantee amount.
3. Your investment relies on NAB's general credit worthiness and ability to meet its contractual obligations. There are also other risks including risks relating to NAB exercising its discretions, inflation risk and the risk that NAB terminates your investment before maturity (which it may do in the limited circumstances set out in the investment conditions).

NAB Investment Loan

- Potential for investors to borrow up to 100% of capital invested through the NAB Investment Loan
- You can invest in the ASX 200 Choices with 0% upfront capital through a NAB Investment Loan.
The Investment Loan offers the following benefits:
 - a range of interest rate options to meet your needs;
 - potential tax efficiency, however investors should obtain their own independent tax advice on this issue;
 - no application or ongoing service fees for individual and joint applications;
 - minimum investment loan amount is \$20,000;
 - Adviser trail fee of 0.50% p.a;
 - NAB 100% Investment Loan Facility Terms are available from NAB on request. NAB recommends investors consider it before making a decision to apply;
 - Application subject to approval.

NAB Limited Recourse Loan

- You can invest in the ASX 200 Choices with 30% upfront capital through a NAB Limited Recourse Loan.
- The Limited Recourse Loan offers the following benefits:
 - Consistent with permitted borrowing requirements under superannuation legislation;
 - Limited recourse;
 - No margin calls;
 - Potential tax efficiency as the loan interest may be tax deductible, however investors should obtain their own independent tax advice on this issue;
 - Minimum Investment Loan amount is \$20,000;
 - Adviser trail Fee of 0.50%;
 - A NAB Limited Recourse Loan Investment Loan booklet is available from NAB on request. NAB recommends investors consider it before making a decision to apply;
 - Application subject to approval.

How to apply

For more information
speak to your banker or
NAB Financial planner, or
contact NAB Private Wealth
on 1800 032 088.

General Advice Warning

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Offers of NAB Principal Series - ASX 200 Choices (ASX 200 Choices) will be made in the Combined Product Disclosure Statement and Financial Services Guide (PDS) for the offer issued by the NAB, which will be available from NAB on or about 14 August 2009. ASX 200 Choices will only be able to be acquired on the application form to be included in, or accompanying, the PDS.

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An investment in ASX 200 Choices is not a deposit with the NAB or any other company in the NAB Group. It is a liability of the NAB on the terms set out in the investment conditions contained in the PDS and is subject to investment risk

including possible delays in repayment and loss of income or principal invested. Neither the NAB nor any other company in the NAB Group guarantees the performance of ASX 200 Choices or any particular rate of return.

NAB voluntarily subscribes to the Code of Banking Practice which lays down standards of good banking practice for dealing with small businesses and individuals. A copy of the Code can be obtained by calling 13 10 12.

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