

Thank you for requesting this Product Disclosure Statement from Funds Focus.

Fee Reduction

As highlighted within our offers page, whilst most managed funds typically pay an entry fee of up to 5%. Applications lodged through Wealth Focus will receive a rebate of up to 5% directly into your fund, providing you with more money in your fund.

How to Apply

Please have a read through the PDS and if you would like to invest the application pages can generally be found towards the back of the document. You will only need to send the application section back with a cheque/direct debit payable direct to the investment company (not ourselves). You should take note of any minimum investment amounts that may apply and proof of ID that is now required for the new Anti-Money Laundering regulations.

Then mail the completed application directly to us.

We will then check to ensure your form is completed correctly before forwarding your document on to the investment provider on your behalf.

Wealth Focus Pty Ltd
Reply Paid 760
Manly
NSW 1655

Please note that we are unable to track applications mailed directly to the product provider and therefore cannot guarantee that your discounts have been applied in these instances.

Should you wish to take advantage of our free annual valuation and tax report for all your investments you should complete our broker nomination form for The Wealth Focus Investment Service.

Regards



Sulieman Ravell
Managing Director



Requirements for verifying your identity under the new Anti Money Laundering (AML)/Counter Terrorism Financing (CTF) Act

The new AML/CTF Act came into effect on the 12th December 2007. All financial planning and fund management companies are now required to collect, verify and store specific customer information before arranging certain services such as managed investments for a client. It is designed to prevent, detect and protect Australian business from money laundering and the financing of terrorist activities.

We are currently in a transition phase and as such whilst most companies will not accept any new business without a person identity being verified, there are a number that still do not. To avoid confusion, we request that all new applications are sent with 'certified documentation'.

We've found that the easiest way to provide the required documentation is to have a copy of your driving licence or passport certified by Australia Post or a Justice of the Peace (please see following page for a full list of individuals that can certify documentation).

Once this has been completed, under the current requirements we will not require you to send identification again.

What you need to do

You will need to enclose a certified piece of photographic evidence or one piece of primary non-photographic evidence and one piece of secondary evidence (please refer to the Identification Form for document requirements), with your application form and post to us at the following address

Wealth Focus Pty Ltd

Reply Paid 760

Manly

NSW 1655

Please do not send us original driving licences or passports as these can very easily get lost in the post. Copies of documents can be certified by an authorised individual, they will need to sight and verify that the copy is a 'certified true copy', sign, date, print their name and list their qualification.

ANTI-MONEY LAUNDERING REQUIREMENT FOR NEW APPLICATIONS
IDENTIFICATION FORM
INDIVIDUALS & SOLE TRADERS

GUIDE TO COMPLETING THIS FORM (MUST BE INCLUDED WITH ALL NEW APPLICATIONS)

- Complete one form for each applicant. Complete all applicable sections of this form in **BLOCK LETTERS**.
- Please contact us on 1300 55 98 69 if you have any queries.
- If you wish to apply in the name of a super fund, trust or company, please contact us for an alternative identification form.

SECTION 1A: PERSONAL DETAILS

Surname

Date of Birth dd/mm/yyyy

Full Given Name(s)

Residential Address (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

COMPLETE THIS PART IF INDIVIDUAL IS A SOLE TRADER

Full Business Name (if any)

ABN (if any)

Principal Place of Business (if any) (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

Who can verify customer identity documents?

Please find below a list of all the Approved Individuals that can certify documents:

- **A Justice of the Peace**
- **An agent of the Australian Postal Corporation** who is in charge of an office supplying postal services to the public, or a permanent employee with more than two years continuous service (who is employed in an office supplying postal services to the public)
- A notary public (for the purposes of the Statutory Declaration Regulations 1993)
- A person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described)
- A judge, magistrate, registrar or deputy registrar of a court
- A chief executive officer of a Commonwealth Court
- A police officer
- An Australian consular or diplomatic officer (within the meaning of the Consular Fees Act 1955)
- An officer or finance company officer with two or more continuous years of service with one or more financial institutions (for the purposes of the Statutory Declaration Regulations 1993)
- An officer with, or authorised representative of, a holder of an Australian Financial Services Licence, having two or more continuous years of service with one or more licensees, and
- A member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with more than two years continuous membership.

VERIFICATION PROCEDURE

Attach a certified copy of the ID documentation used as proof of identity. ID enclosed should verify the **applicant's** full name; and **EITHER** their date of birth or residential address.

- Complete Part I (or if the individual does not own a document from Part I, then complete either Part II or III.)
- Contact your licensee if the individual is unable to provide the required documents.

PART I – ACCEPTABLE PRIMARY ID DOCUMENTS

Tick ✓	Select ONE valid option from this section only
<input type="checkbox"/>	Australian State / Territory driver's licence containing a photograph of the person
<input type="checkbox"/>	Australian passport (a passport that has expired within the preceding 2 years is acceptable)
<input type="checkbox"/>	Card issued under a State or Territory for the purpose of proving a person's age containing a photograph of the person
<input type="checkbox"/>	Foreign passport or similar travel document containing a photograph and the signature of the person*

PART II – ACCEPTABLE SECONDARY ID DOCUMENTS – should only be completed if the individual does not own a document from Part I

Tick ✓	Select ONE valid option from this section
<input type="checkbox"/>	Australian birth certificate
<input type="checkbox"/>	Australian citizenship certificate
<input type="checkbox"/>	Pension card issued by Centrelink
<input type="checkbox"/>	Health card issued by Centrelink
Tick ✓	AND ONE valid option from this section
<input type="checkbox"/>	A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address
<input type="checkbox"/>	A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address. <i>Block out the TFN before scanning, copying or storing this document.</i>
<input type="checkbox"/>	A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address)
<input type="checkbox"/>	If under the age of 18, a notice that: was issued to the individual by a school principal within the preceding 3 months; and contains the name and residential address; and records the period of time that the individual attended that school

PART III – ACCEPTABLE FOREIGN ID DOCUMENTS – should only be completed if the individual does not own a document from Part I

Tick ✓	BOTH documents from this section must be presented
<input type="checkbox"/>	Foreign driver's licence that contains a photograph of the person in whose name it issued and the individual's date of birth*
<input type="checkbox"/>	National ID card issued by a foreign government containing a photograph and a signature of the person in whose name the card was issued*

*Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.



NAB Principal Series

ASX 200 Index Investment - PDS

Combined financial services guide
and product disclosure statement

8 MAY 2009

Important notices

Issuer and contact details

This combined product disclosure statement (PDS) and financial services guide (FSG) is issued by National Australia Bank Limited (NAB) ABN 12 004 044 937 AFSL 230686.

It provides general information relating to the offer of NAB Principal Series - ASX 200 Index Investments (NAB ASX 200 Investment). You should read this PDS before making a decision to purchase this investment.

This document contains the PDS for NAB ASX 200 Investments (in Part A) and the FSG of National Australia Bank Limited (the *nominee*) in Part B.

The date of this PDS is 8 May 2009.

Investment not a deposit

An investment in NAB ASX 200 Investments is not a deposit with NAB or of any of its related bodies corporate. It is a liability of NAB on the terms set out in the investment conditions and is subject to investment risk including possible delays in repayment and loss of income or principal invested. Neither NAB nor any of its related bodies corporate guarantees the performance of NAB ASX 200 Investments or any particular rate of return. If you hold your NAB ASX 200 Investments until maturity, the maturity amount of your NAB ASX 200 Investments will at least equal the NAB guarantee amount.

Nothing in this PDS is a representation as to the future performance of the index, NAB ASX 200 Investments or any delivery asset.

Updated information

The information in this PDS is subject to change. If the change is materially adverse NAB will provide updated information by issuing a supplementary or replacement PDS which will be made available on our web site nabcapital.com.

If the change is not materially adverse, NAB will publish a notice of the change on the NAB wholesale website. You can also access this updated information by speaking to your advisor or your NAB Global Markets' representative.

You can get a paper copy of any updated information without charge by speaking to your advisor or your NAB Global Markets' representative.

Australian distribution only

This PDS is intended for distribution in Australia only. Receipt of it in jurisdictions outside Australia may be restricted by local law. Anyone who comes into possession of this PDS, who is not in Australia, should seek advice. If you are in Australia and have received it electronically, you can get a paper copy on request, without charge, by calling NAB on 1800 652 669.

General information only

The information set out in this document is general in nature. By providing this PDS, NAB does not intend to provide financial advice or any financial recommendations. It has been prepared without taking into account your objectives, financial situation or needs. Before acting on this information, consider its appropriateness, having regard to

your objectives, financial situation and needs. You should carefully read and consider all of the information in this PDS (including the *investment conditions*) and seek independent financial, legal and tax expert advice before making a decision about whether or not NAB ASX 200 Investments are suitable for you.

Securities

NAB ASX 200 Investments are "securities" within the meaning of section 761A of the Corporations Act.

Privacy policy

NAB collects personal information from its customers in order to better service them. NAB's privacy policy explains the manner in which such personal information is collected and managed. A copy of the policy may be obtained by calling telephone banking on 13 10 12, contacting branches or visiting the website at nab.com.au.

Telephone Recording

Calls to or from your NAB Global Markets' representative are recorded to assist NAB with its dispute resolution process.

Code of Banking Practice

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.

Definitions

Terms used in this PDS are defined in the glossary in section 12 of this PDS.



Contents

Part A - Product Disclosure Statement

1	Summary of terms	2
2	About the investment	5
3	How the return works	7
4	How NAB ASX 200 Investments work	13
5	How do I Invest	16
6	What are the fees?	18
7	What are the risks?	21
8	Information about NAB	25
9	Tax	27
10	Other Information	33
11	Investment conditions	37
12	Glossary	44

Part B - Financial Services Guide

13	Financial services guide	47
14	Application form	50
15	Directory/contact us	inside back cover



1

Summary of terms

1. Summary of terms

This section highlights some of the key information you will find in this PDS. It is not a complete summary. You should read the whole PDS and seek any advice you need before deciding to invest.

What is the investment and who is issuing it?	<p>A NAB Principal Series - ASX 200 Index Investment (NAB ASX 200 Investment) is an investment issued by National Australia Bank Limited (NAB).</p> <p>The investment is a “deferred purchase agreement” which entitles you, at <i>maturity</i>, to be delivered selected shares or units with a value approximately equal to the value of your investment at <i>maturity</i>. Alternatively you may elect to receive cash proceeds of the sale of those shares or units. The terms of the investments are set out in the section of this PDS called “<i>Investment conditions</i>”.</p>
What is the investment and its term?	<p>NAB ASX 200 Investments are 5.5 year investments that seek to provide <i>investors</i> capital growth based on the performance of the S&P/ASX 200 index.</p>
What level of participation in the index will the investment entitle me to?	<p>NAB ASX 200 Investments will entitle you to participate in any increase in the <i>ending average index level</i> over the <i>starting average index level</i>. The actual rate at which you will participate in any such increase will be set on the <i>issue date</i> at between 105% and 120% (the <i>participation rate</i>). Once it has been set, the <i>participation rate</i> will be fixed for the <i>term</i> of your investment, irrespective of the volatility of the <i>index</i> during that period. The <i>participation rate</i> will remain fixed even if a <i>trigger event</i> occurs, although your <i>maturity amount</i> will be reduced in the manner described below.</p>
What is the issue price?	<p>\$1.00 per NAB ASX 200 Investment.</p>
How much can I invest?	<p>The minimum investment is \$10,000 with additional amounts of \$1,000.</p>
When is the issue date and maturity date for the investment?	<p>NAB needs to receive your investment <i>application</i> by 25 June 2009 (the <i>application close date</i>), 5.00pm Sydney time subject to extension of the <i>application period</i> by NAB. The investment will be issued on or about 10 July 2009 (the <i>issue date</i>).</p> <p>Your investment matures 5.5 years after the <i>issue date</i> (i.e. on or about 10 January 2015) (the <i>maturity date</i>).</p>
Can I withdraw before maturity?	<p>If NAB, at its discretion, allows you to withdraw your investment before <i>maturity</i>, the <i>NAB guarantee amount</i> will not apply and based on market circumstances, you may receive less than you invested. Withdrawals within the first 2 years of the <i>issue date</i> will be charged an <i>early withdrawal fee</i>. In addition, all <i>early withdrawals</i> will incur brokerage fees of 0.55% of the <i>sale proceeds</i> of the <i>delivery parcel</i>.</p>
What will be the return at maturity for each \$1 invested?	<p>The return at <i>maturity</i> for each \$1 you invest (your <i>maturity amount</i>) will vary depending upon whether or not a <i>trigger event</i> occurs during the 5.5 year <i>term</i> of your investment.</p> <p>If no <i>trigger event</i> occurs, your <i>maturity amount</i> will be:</p> <ul style="list-style-type: none"> • \$1, adjusted by the percentage change between the <i>starting average index level</i> and the <i>ending average index level</i> and multiplied by the <i>participation rate</i> • subject to NAB’s undertaking to you that the value of your investment at <i>maturity</i> will be not less than \$1. <p>If a <i>trigger event</i> occurs during the <i>term</i>, your <i>maturity amount</i> will be:</p> <ul style="list-style-type: none"> • \$1, adjusted by the percentage change between the <i>starting average index level</i> and the <i>ending average index level</i> and multiplied by the <i>participation rate</i>, minus \$0.15 • subject to NAB’s undertaking to you that the value of your investment at <i>maturity</i> will be not less than \$0.85.
What is a trigger event?	<ul style="list-style-type: none"> • A <i>trigger event</i> occurs if, at the ASX closing time on any date before the <i>maturity date</i>, the level of the <i>index</i> is at or below 65% of its level on the <i>issue date</i> (ie there has been a fall of 35% or more).

How will the starting average index level and the ending average index level be determined?

To smooth the *index* levels used to calculate your return at *maturity*, NAB uses averages of the *index* over the first 12 months of the *term* and the last 12 months of the *term*. This smoothing mechanism is only used to calculate the performance of the *index* during the *term* of your investment. It is not used to calculate the *index* level on the *issue date* in order to determine whether a *trigger event* occurs.

The *starting average index level* will be the average of 13 monthly observations of the *index*, beginning on the *issue date* and ending on the first anniversary of that date.

The *ending average index level* will be the average of 13 monthly observations of the *index*, starting one year before the *maturity date* and ending on the *maturity date*.

What shares or units will be delivered after maturity or early withdrawal?

The shares or units delivered or sold on your behalf after *maturity* (or after an *early withdrawal* of your investment) (the *delivery assets*) will be selected by NAB shortly before the *maturity date* (or *early withdrawal date* if applicable) and will be shares or units in one or more of the 10 largest ASX listed entities by market capitalisation (at the date of this PDS) or units in SPDR S&P/ASX 200 Fund. In certain circumstances described in the *investment conditions* NAB may change the shares or units in this list.

Will I receive any payments over the life of my investment?

No. The returns generated will be realised at *maturity*. No coupon or distribution will be paid before *maturity*.

Will I get regular updates on the value of my investment?

Performance updates will be provided every month setting out NAB's calculation of the fair economic value of *NAB ASX 200 Investments* at the relevant time. Unlike calculations of *early withdrawal amounts* and the *early termination amount*, the monthly performance update calculations will not take into account costs of NAB unwinding or terminating its arrangements in connection with *NAB ASX 200 Investments*. Performance updates will be posted on nabcapital.com

What are the key risks of my investment?

It is important that you read section 7 "Risks" before investing.

Any capital growth on your investment will depend on the performance of the *index*. If the *index* falls to or below 65% of its level at the *issue date*, the *NAB guarantee amount* at *maturity* will be \$0.85 per \$1 invested or your investment return will be reduced by \$0.15 per \$1 invested. The return on your investment at *maturity* could 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*.

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*.

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*).

What are the fees?

You will be charged an *early withdrawal* fee of 1.5% of your *early withdrawal amount* if you withdraw within one year of the *issue date* and 1.0% of the *early withdrawal amount* if you withdraw in the second year.

If you elect to receive a cash payment at *maturity* or withdraw your investment before the *maturity date*, NAB will deduct a brokerage fee of 0.55% of the *sale proceeds* of your *delivery parcel*.

NAB may pay an upfront fee to your adviser of up to 2.2% of the amount you invest. This fee will be funded from NAB's revenue from your investment and is not payable separately by you. It will not reduce the return on your investment.

Do I have a cooling off period?

No, there is no cooling off period.



2 About the investment

2. About the investment

What is the investment objective?

NAB ASX 200 Investments provide exposure to the capital growth of Australia's largest listed entities while still providing the safety of the *NAB guarantee amount at maturity*.

Significant benefits of *NAB ASX 200 Investments*

NAB ASX 200 Investments have the following significant benefits:

- capital security through the *NAB guarantee amount* if held to *maturity*. NAB is one of the largest banks in the world measured by market capitalisation and one of only 13 banks in the world rated AA by Standard & Poor's as at 30 April 2009;
- a return reflecting any increase between the *starting average index level* and the *ending average index level* multiplied by the *participation rate*. The *participation rate* will be set on or about the *issue date* between 105% and 120% and will be fixed throughout the 5.5 year *term* of your investment; and
- capital growth potential through a diversified exposure to Australia's largest companies by market capitalisation.

When would you consider investing in *NAB ASX 200 Investments*?

The following information is general information only. It does not take into account your individual objectives, financial situation or needs.

You might consider an investment in *NAB ASX 200 Investments* if:

- you are attracted by the "Significant benefits of *NAB ASX 200 Investments*" described above;
- you believe that *NAB ASX 200 Investments* will outperform other equivalent investment opportunities;
- you are comfortable with an investment with a 5.5 year *term* and limited liquidity; and
- you understand and are comfortable with the risks associated with *NAB ASX 200 Investments* described in the section headed "What are the risks?" in section 7 of this PDS.

When wouldn't you consider investing in *NAB ASX 200 Investments*?

The following information is general information only. It does not take into account your individual objectives, financial situation or needs.

You probably wouldn't consider an investment in *NAB ASX 200 Investments* if:

- you are not attracted by the "Significant benefits of *NAB ASX 200 Investments*" described above;
- you do not believe that *NAB ASX 200 Investments* will outperform other equivalent investment opportunities;
- you require your investment to generate income;
- your investment horizon is less than 5.5 years; or
- you do not understand or are not comfortable with the risks associated with *NAB ASX 200 Investments* described in the section headed "What are the risks?" in section 7 of this PDS.



3

How the
return works

3. How the return works

What is the participation rate?

NAB ASX 200 Investments will entitle investors to participate in any increase between the *starting average index level* and the *ending average index level*. The rate at which your investment will participate in any increase between the *starting average index level* and the *ending average index level*, is increased by the *participation rate*. The *participation rate* will be set on the *issue date* and will be between 105% and 120%. The *participation rate* will be fixed for the *term* of your investment, irrespective of the volatility of the *index*. Accordingly, the minimum rate at which you will participate in any increase between the *starting average index level* and the *ending average index level* will be 105%.

The *participation rate* will be determined by NAB (within the range of 105%-120%) on the *issue date* and notified to holders of NAB ASX 200 Investments within 10 days of the *issue date*. NAB will determine the *participation rate* by reference to a number of market factors that change constantly. Two of the main factors which will influence NAB's determination of the *participation rate* are:

- 5.5 year Australian interest rates: an increase in the 5.5 year interest rate may result in a higher *participation rate*. Conversely, a fall in the 5.5 year interest rate may result in a lower *participation rate*; and
- volatility of the *index*: An increase in volatility of the *index* may result in a lower level of participation. A fall in volatility may result in a higher *participation rate*.

Your *participation rate* will be fixed for the *term* of your investment even if a *trigger event* occurs, although if a *trigger event* occurs, your *maturity amount* will be reduced by \$0.15 for each \$1 you invest (as described below).

What will the maturity amount of my investment be if no trigger event occurs?

The *maturity amount* for each \$1 you invest will vary depending upon whether or not a *trigger event* occurs during the 5.5 year *term* of your investment.

If no *trigger event* occurs during the *term*, your *maturity amount* will be:

- \$1 adjusted by the percentage change between the *ending average index level* and the *starting average index level* and multiplied by the *participation rate*;
- subject to NAB's undertaking to you that the value of your investment at *maturity* will be not less than \$1.

What will the maturity amount of my investment be if a trigger event occurs?

If a *trigger event* occurs at any time during the *term*, your *maturity amount* will be:

- \$1, adjusted by the percentage change between the *ending average index level* and the *starting average index level* and multiplied by the *participation rate*, minus \$0.15;
- subject to NAB's undertaking to you that the value of your investment at *maturity* will be not less than \$0.85.

What is the NAB guarantee amount?

Irrespective of how the *index* performs over the *term*, the *maturity amount* of each NAB ASX 200 Investment will be not less than:

- \$1.00, if no *trigger event* occurs during the *term*; or
- \$0.85 if a *trigger event* occurs during the *term*.

What is a trigger event?

A *trigger event* occurs if on any date up to and including the *maturity date*, the level of the *index* at the ASX closing time is at or below 65% of the *index* level at the ASX closing time on the *issue date* (ie there has been a fall of 35% or more).

What is the 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* was launched in April 2000.

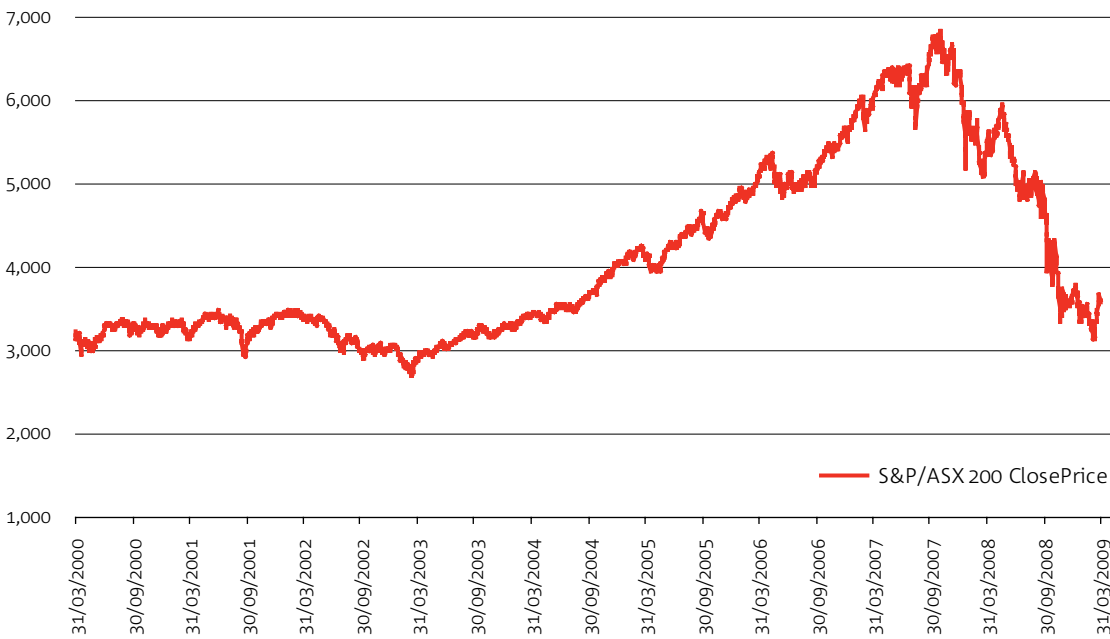
The stocks included in the *index* are selected by a panel that follows transparent guidelines for stock selection. Generally, the *index* covers the majority of the top 200 listed corporations by market capitalisation, however all stocks are evaluated for listing, market capitalisation, public float and liquidity. The *index* covers approximately 78% of the ASX market capitalisation.

The top twenty constituents of the *index* as at 30 April 2009, which make up approximately 67% of the *index*, and their respective weightings as a percentage of the *index* as a whole, were as follows:

Security name	Weighting
BHP Billiton Limited	13.34
Westpac Banking Corp	6.67
Commonwealth Bank	6.23
National Australia Bank	4.72
Telstra Corporation	4.15
ANZ Banking Group Limited	4.10
Woolworths Limited	3.91
Wesfarmers Limited	3.13
Westfield Group	2.68
QBE Insurance Group	2.61
CSL Limited	2.48
RIO Tinto Limited	2.20
Woodside Petroleum	2.14
Newcrest Mining	1.72
Origin Energy	1.70
AMP Limited	1.22
Foster's Group	1.21
Santos Limited	1.16
Macquarie Group Limited	1.12
Brambles Limited	0.98

source: IRESS

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* or NAB ASX 200 Investments is not necessarily a guide to the future performance of the *index* or NAB ASX 200 Investments. The return on NAB ASX 200 Investments may be substantially different from the performance of the *index* over the *term* because of *index* averaging over the first and last year of the *term*, the impact of the *participation rate*, the application of the NAB *guarantee amount*, the occurrence of a *trigger event* and because the return on NAB ASX 200 Investments does not take into account any dividends or distributions paid on the shares and units that make up the *index*.

Can the *index* be changed?

If the *index* materially changes or is not calculated and announced by Standard & Poor's for any reason, but is calculated and announced by a successor sponsor acceptable to NAB, then that successor *index* will be deemed to be the *index* for the rest of the *term*. In connection with a change to the *index*, NAB may adjust the number of your investments or adjust any of the *terms* of your investment in accordance with the *investment conditions* set out in section 11 of this PDS.

Where the *index* is cancelled or is materially changed, and there is no successor *index* acceptable to NAB, NAB will terminate your investment in accordance with the *investment conditions* set out in section 11 of this PDS. The NAB *guarantee amount* does not apply in the event of an early termination which means that you might receive less than the NAB *guarantee amount* in these circumstances.

How will the starting average *index level* and the ending average *index level* be determined?

The *index* values at the start and end of your investment for the purpose of calculating your return at *maturity* are averages (ie smoothed). NAB will calculate averages of the *index* over the first 12 months of the *term* and the last 12 months of

the *term*. This smoothing mechanism is used to calculate the performance of the *index* during the *term* of your investment. It is not used to calculate the *index level* on the *issue date* for the purpose of determining whether a *trigger event* occurs. For the purpose of determining whether a *trigger event* occurs, NAB uses the actual *index level* at the ASX closing time on the *issue date*.

The *starting average index level* will be the average of 13 monthly observations of the *index* beginning on the *issue date* and then on the 10th day of each of the twelve subsequent months. If the 10th day of a month is not a *business day*, the *index* observation for that month will be on the next *business day* on which NAB determines that the *index* can be observed.

The *ending average index level* will be the average of 13 monthly observations of the *index* starting one year before the *maturity date* and continuing on the same day of each of the 12 subsequent months. If for any month, that day is not a *business day*, the *index* observation for that month will be taken on the next *business day* on which NAB determines that the *index* can be observed.

Part A – Product Disclosure Statement

Each observation of the *index* for the purposes of determining the *starting average index level* and the *ending average index level* will be taken at the ASX closing time on the relevant day.

How will the averaging of the starting and ending index levels affect the return on my investment?

Because the return on your investment at *maturity* is calculated using an average of the *index* level over the first year and over the last year of the *term*, your return might not reflect the full difference of the *index* levels from the *issue date* to the *maturity date*.

The return on your investment might be higher than it would have been if it was calculated based on the change between the actual *index* level on the *issue date* and the actual *index* level on the *maturity date*. This could happen if the *starting average index level* is lower than the actual *index* level on the *issue date* and/or if the *ending average index level* is higher than the actual *index* level on the *maturity date*.

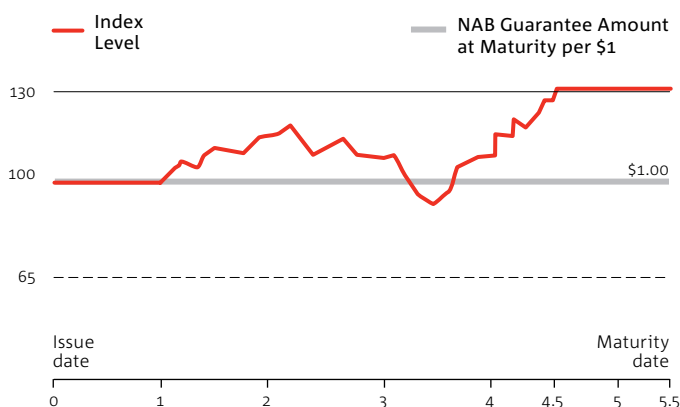
On the other hand, the return on your investment might be lower than it would have been if it was calculated based on the change between the actual *index* level on the *issue date* and the actual *index* level on the *maturity date*. This could happen if the *starting average index level* is higher than the actual *index* level on the *issue date* and/or if the *ending average index level* is lower than the actual *index* level on the *maturity date*.

Hypothetical examples of the return on your investment at maturity

The following hypothetical examples are used to explain how the return on the investment is calculated. They are not intended to be indicative of the past or future performance of the index or the investment.

For the purposes of each of the following four examples, the minimum possible participation rate of 105% has been assumed.

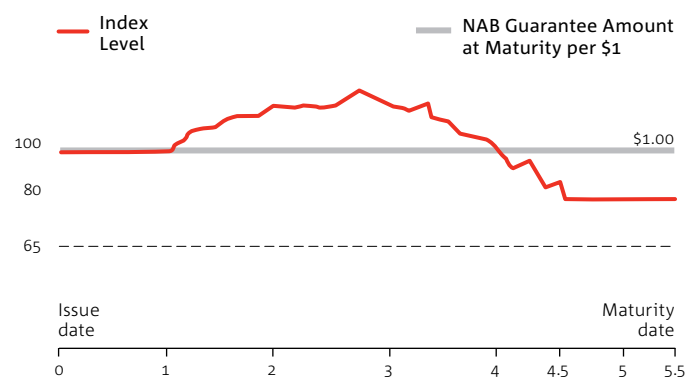
Example 1: Index increases over the term, no trigger event



In example 1 the actual *index* level on the *issue date* is 100. The *starting average index level* (the average of 13 monthly *index* observations over the first year of the *term*) is 100. The *ending average index level* (the average of 13 monthly *index* observations over the last year of the *term*) is 130. No *trigger event* occurs during the *term*.

The *ending average index level* is 30% higher than the *starting average index level*. With a *participation rate* of 105%, the value at *maturity* of each \$1 invested is \$1.315.

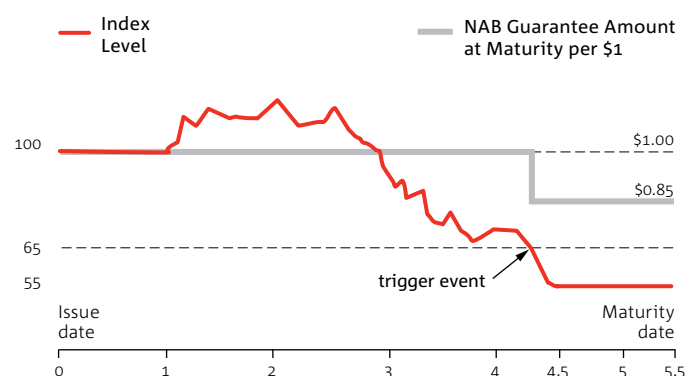
Example 2: Index decreases over the term, no trigger event



In example 2 the actual *index* level on the *issue date* is 100, the *starting average index level* is 100 and the *ending average index level* is 80. No *trigger event* occurs during the *term*.

The *ending average index level* is 20% lower than the *starting average index level*, which means that the *NAB guarantee amount* will apply at *maturity* and the *participation rate* is not relevant. Therefore, the value of each \$1 invested at *maturity* is \$1.00.

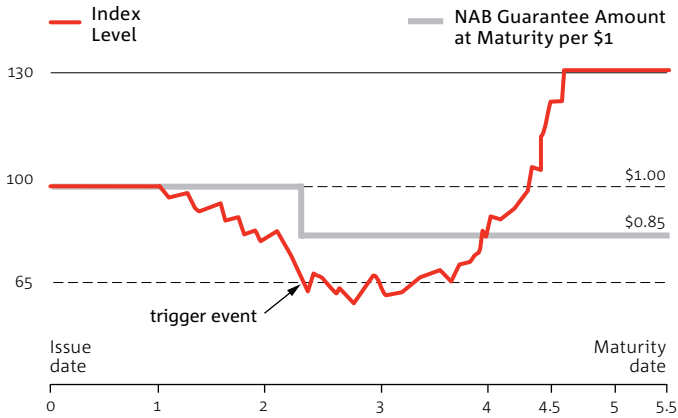
Example 3: Index decreases over the term, a trigger event occurs



In example 3 the actual *index* level on the *issue date* is 100, the *starting average index level* is 100 and the *ending average index level* is 55. A *trigger event* occurs in the fifth year of the *term* when the *index* drops to 65 (65% of the actual *index* level on the *issue date*).

The ending average index level is 45% lower than the starting average index level, which means that the NAB guarantee amount will apply at maturity and the participation rate is not relevant. Because the trigger event occurred, the NAB guarantee amount at maturity reduces from \$1.00 to \$0.85. Therefore value at maturity of each \$1 invested is \$0.85.

**Example 4:
Index increases over the term, a trigger event occurs**



In example 4 the actual index level on the issue date is 100, the starting average index level is 100 and the ending average index level is 130. A trigger event occurs in the third year of the term when the index first drops to 65 (65% of the actual index level on the issue date).

The ending average index level is 30% higher than the starting average index level which means that the participation rate is relevant. Because the trigger event occurred, the return at maturity per \$1 invested reduces by \$0.15. Therefore, with a participation rate of 105%, the value at maturity of each \$1 invested will be \$1.165 (being \$1.315 minus \$0.15).

The following hypothetical examples are used to explain how the return on the investment is calculated and how the starting average index level and the ending average index level will be calculated. They are not intended to be indicative of the past or future performance of the index or the investment.

These examples show how the maturity amount will be calculated using 13 hypothetical index observations to calculate the starting average index level and 13 hypothetical monthly index observations to calculate the ending average index level.

Hypothetical index averaging example

This example assumes an issue date of 10 July 2009 a maturity date of 10 January 2015 and 26 hypothetical observations of the index in the first and last years of the term as set out in the table below.

Date	Index level	Date	Index level
10 July 2009	100	10 January 2014	130
10 August 2009	99	10 February 2014	132
10 September 2009	100	10 March 2014	134
10 October 2009	101	10 April 2014	125
10 November 2009	100	10 May 2014	128
10 December 2009	99	10 June 2014	132
10 January 2010	106	10 July 2014	134
10 February 2010	104	10 August 2014	141
10 March 2010	107	10 September 2014	143
10 April 2010	109	10 October 2014	143
10 May 2010	105	10 November 2014	143
10 June 2010	105	10 December 2014	147
10 July 2010	103	10 January 2015	150
Starting average index level	102.9231	Ending average index level	137.0769

Based on these 26 hypothetical index observations, the starting average index level would be 102.9231 and the ending average index level would be 137.0769.

Hypothetical maturity amount examples

Example A: no trigger event

If:

- you invest \$10,000;
- the starting average index level is 102.9231;
- the ending average index level is 137.0769;
- the participation rate is 105%; and
- no trigger event occurs during the term,

the maturity amount of your investment would be calculated as follows:

maturity amount per NAB ASX 200 Investment

$$\$1 + (\$1 \times ((137.0769 - 102.9231) / 102.9231) \times 1.05) = \$1.3484 \text{ per NAB ASX 200 Investment}$$

maturity amount of your total investment

$$\$13,484 (\$1.3484 \times 10,000)$$

The following hypothetical examples are used to explain how the return on the investment is calculated and how the *starting average index level* and the *ending average index level* will be calculated. They are not intended to be indicative of the past or future performance of the *index* or the investment.

Example B: a trigger event occurs

If:

- you invest \$10,000;
- the *starting average index level* is 102.9231;
- the *ending average index level* is 137.0769;
- the *participation rate* is 105%; and
- a *trigger event* occurs during the *term*, i.e. the *index* falls to or below 65% of the actual *index* level at the ASX closing time on the *issue date*,

the *maturity amount* of your investment would be calculated as follows:

maturity amount per NAB ASX 200 Investment

$$\begin{aligned} & \$1 + (\$1 \times ((137.0769 - 102.9231) / 102.9231) \times 1.05) - \$0.15 \\ & = \$1.1984 \text{ per NAB ASX 200 Investment} \end{aligned}$$

maturity amount of your total investment

$$\$11,984 (\$1.1984 \times 10,000)$$



4

How NAB ASX 200
investments works

4. How NAB ASX 200 Investments work

What is a deferred purchase agreement?

NAB ASX 200 Investments are deferred purchase agreements. A deferred purchase agreement is an agreement where assets having an approximately equivalent value to the investment are delivered to the investor at maturity. These assets are referred to as *delivery assets*.

What will I receive at maturity?

Prior to maturity you may elect to either receive the *delivery parcel* or for NAB to sell the *delivery parcel* on your behalf and pay to you the *sale proceeds* in cash. NAB will deduct a brokerage fee of 0.55% of the *sale proceeds* if you elect to receive the proceeds in cash.

Your *delivery parcel* will be calculated on the basis of the applicable *maturity amount* of each investment (which varies depending upon whether or not a *trigger event* has occurred during the *term*).

What are the delivery assets?

The shares or units delivered at maturity will be selected by NAB shortly before the *maturity date* (or *early withdrawal date* if applicable) and will be shares or units in one of the 10 largest ASX listed entities by market capitalisation (at the date of this PDS) or units in SPDR S&P/ASX 200 Fund.

In certain circumstances described in the *investment conditions* in section 11 of this PDS, NAB may change the shares or units in this list.

What will be the delivery parcel?

If you elect to receive *delivery assets* you will receive a number of *delivery assets* (rounded down to the nearest whole number) equal to:

- your *maturity amount* multiplied by the number of investments you hold at *maturity*

divided by

- the weighted average price of the *delivery assets* acquired by NAB on or after the *maturity date*.

Can I elect to receive cash instead of delivery assets?

Yes. Before the *maturity date* you will be sent a settlement election form on which you can elect to receive the *delivery parcel* or for the *delivery parcel* to be sold on your behalf and the *sale proceeds* paid to you.

If you do not make an election you will be deemed to have chosen to receive the *delivery parcel* and NAB will transfer the *delivery parcel* to you after *maturity*. However, if you have not provided information to enable NAB to transfer the *delivery parcel* to you, you will be deemed to have elected that the *delivery parcel* be sold on your behalf and the *sale proceeds*, less brokerage fees, will be paid to you.

Early withdrawal

NAB ASX 200 Investments are designed to be held until *maturity*. However, up until the date which is 20 *business days* before the *maturity date*, you may request withdrawal of all

or some of your investment by giving NAB written notice. A withdrawal request is irrevocable.

NAB reserves the right to accept or reject any withdrawal request in its discretion.

If you withdraw your investment before the *maturity date* the *NAB guarantee amount* will not apply. Depending on the performance of the *index*, the time to *maturity* and other market conditions, you may receive more than or less than the amount you invested.

If NAB elects to accept your request to withdraw your investment before *maturity* you will receive the *sale proceeds* of your *delivery parcel*, you will not receive the actual *delivery assets*. Your *delivery parcel* in respect of an *early withdrawal* will be a number of *delivery assets* equal to:

- the *early withdrawal amount* of your investment, which is NAB's calculation of the fair economic value of your investment at close of business on a day selected by NAB, reduced by an *early withdrawal* fee of 1.5% for withdrawals in the first year after the *issue date*, or 1% for withdrawals in the second year after the *issue date*. The calculation of the fair economic value of your investment may take into account costs of NAB unwinding or terminating its arrangements in connection with your investment (these can include break costs, administrative costs and funding costs)
- divided by
- the weighted average price of the *delivery assets* acquired by NAB on or after the *early withdrawal date* for the purpose of settling your investment.

NAB will arrange for the sale of your *delivery parcel* and the payment to you of the *sale proceeds* within 10 *business days* of the date on which your investment is terminated.

It is not possible to estimate the amount of break costs, administrative costs, funding costs and any other costs of NAB unwinding or terminating its arrangements in connection with an early termination of your investment. You should only invest in NAB ASX 200 Investments if you are prepared to hold them until *maturity*.

You will be charged an *early withdrawal* fee of 1.5% of your *early withdrawal amount* if you withdraw within one year of the *issue date* and 1.0% of the *early withdrawal amount* if you withdraw in the second year. In addition, NAB will deduct a brokerage fee of 0.55% of the *sale proceeds* of your *delivery parcel*.

For example, if you withdraw 10,000 NAB ASX 200 Investments in year 2 and:

- NAB determines that the fair economic value of each investment is \$1.10;
- the weighted average price of the *delivery assets* acquired by NAB is \$2.30 per *delivery asset*; and
- your *delivery parcel* is sold on your behalf at a sale price of \$2.25 per *delivery asset*.

Your *early withdrawal amount*, taking into account the 1% *early withdrawal fee*, would be \$10,890 (10,000 multiplied by \$1.10 multiplied by 99%).

Your *delivery parcel* would be 4,734 *delivery assets* (\$10,890 divided by \$2.30).

The *sale proceeds* of your *delivery parcel* would be \$10,651.50 (4,734 multiplied by \$2.25).

The brokerage fee would be approximately \$58.58 (\$10,651.50 multiplied by 0.55%).

Therefore you would receive \$10,592.92 (\$10,651.50 minus \$58.58).

In this example, the difference between the price paid to acquire the *delivery assets* (\$2.30 per *delivery asset*) and the price received on disposal of the *delivery assets* (\$2.25 per *delivery asset*) reflects the risk that there may be a decrease in the *delivery asset* price between the time of acquisition and the time of disposal.

The above example is used to explain how the proceeds of an *early withdrawal* are determined. It is not intended to be indicative of the future performance of NAB ASX 200 Investments.

Early termination

If anything happens which NAB determines makes it illegal, impossible or impracticable for NAB to perform its obligations in connection with your investment (eg if the *index* is cancelled and no successor *index* is acceptable to NAB) NAB may, in its discretion, terminate your investment. If NAB terminates your investment before *maturity* you will receive cash rather than *delivery assets*. The value of your investment on termination will be NAB's calculation of the fair economic value of your investment at the time the investment is terminated. The calculation may take into account costs of NAB unwinding or terminating its arrangements in connection with all NAB ASX 200 Investments (these can include break costs, administrative costs and funding costs). You will not be charged any early termination fee or any brokerage fee.

The *NAB guarantee amount* does not apply in the event of an early termination which means that you might receive less than the *NAB guarantee amount* in these circumstances. Depending on the performance of the *index*, the time to *maturity* and other market conditions, you may receive more than or less than the amount you invested on an early termination.

Can I transfer my investment?

You can request the transfer of some or all of your investments at any time until 20 *business days* before the *maturity date* by sending to the *registrar* a completed and valid transfer form.



5 How do I invest?

5. How do I invest?

Who can apply?

Application for NAB ASX 200 Investments is open to:

- Australian resident individuals;
- Australian trust entities, including Australian superannuation funds; and
- companies registered in Australia.

How to apply

You can apply to invest by completing the *application form* attached to this PDS. Your completed *application form* must be received by NAB no later than 25 June 2009, 5.00pm Sydney time.

Completed *application forms* must be mailed, either directly or through your financial adviser, to:

Registry Services
GPO Box 1406
Melbourne VIC 3001

You can pay your *application amount* by cheque or direct debit. Cheques will not be banked and direct debit amounts will not be debited from your account earlier than 1 week before the *application close date*.

How will applications be accepted?

NAB has the discretion to reject any *application* without giving a reason in which case NAB will return your *application amount* without interest.

If NAB decides to accept your *application*, it will do so on or before the *issue date*. A confirmation that your *application* has been accepted will be sent to you within 10 *business days* of the *issue date*.

Application money and interest

Application money received from you will be held in a trust account until the investments are issued to you. NAB will keep any interest earned in the trust account.

What are the terms of my investment?

NAB issues the investments on the terms set out in the *investment conditions* in section 11 in this PDS. You should ensure that you read and understand the *investment conditions*. Signing and lodging an *application form* will bind you to the *investment conditions*.



6 What are the fees?

6. What are the fees?

The fees (inclusive of any applicable stamp duty and GST less any reduced input tax credits) are set out in the table below.

TYPE OF FEE	AMOUNT	HOW AND WHEN PAID
Fees when your money moves into the investment		
application fee	nil	There is no application fee.
adviser distribution fee	up to 2.2% of the amount you invest	NAB may pay an upfront fee to your adviser of up to 2.2% of the amount you invest. This fee will be funded from NAB's revenue from your investment and is not payable separately by you. It will not reduce the return on your investment.
Ongoing fee		
ongoing fee	nil	There is no ongoing fee.
Early withdrawal fee		
<i>early withdrawal fee</i>	1.5% of <i>early withdrawal amount</i> for withdrawals in the first year, 1.0% of <i>early withdrawal amount</i> for withdrawals in the second year	You will be charged an <i>early withdrawal</i> fee of 1.5% of your <i>early withdrawal amount</i> if you withdraw within one year of the <i>issue date</i> and 1.0% of your <i>early withdrawal amount</i> if you withdraw in the second year after the <i>issue date</i> . The <i>early withdrawal</i> fee will be deducted from your <i>early withdrawal amount</i> which is used to calculate your <i>delivery parcel</i> . Also, the proceeds of an <i>early withdrawal</i> of your investment will reflect NAB's calculation of the costs of NAB unwinding or terminating its arrangements in connection with your investment (these can include break costs, administrative costs and funding costs).
Early termination fee		
early termination fee	nil	There is no fee where NAB terminates your investment before the <i>maturity date</i> in accordance with the <i>investment conditions</i> . However, the amount you receive will take into account NAB's calculation of the costs of NAB unwinding or terminating its arrangements in connection with all <i>NAB ASX 200 Investments</i> (these can include break costs, administrative costs and funding costs).
Brokerage fee		
brokerage fee	0.55% of the <i>sale proceeds</i> of your <i>delivery parcel</i>	If: <ul style="list-style-type: none"> • you elect to receive a cash payment at <i>maturity</i>; or • you withdraw your investment before the <i>maturity date</i>, NAB will deduct a brokerage fee of 0.55% of the <i>sale proceeds</i> of your <i>delivery parcel</i> .

Part A – Product Disclosure Statement

Worked examples of fees

Adviser distribution fee

If you invest \$10,000, the amount of the up-front adviser fee NAB may pay to your adviser is up to \$220.

Your adviser may choose to rebate to you all of their adviser distribution fee (excluding the portion of the adviser distribution fee attributable to *GST* on the fee) by checking the rebate box in the *application form*. The rebate will take the form of additional *NAB ASX 200 Investments*. For example, if you invest \$10,000 and your adviser checks the rebate box in the *application form*, you will receive a rebate of \$200 of the \$220 adviser distribution fee (\$20 of the adviser distribution fee will not be rebated to you, this is the *GST* amount in respect of the adviser distribution fee) in the form of an additional 200 *NAB ASX 200 Investments*.

In addition to the adviser distribution fee, NAB may provide financial assistance out of its own resources (eg for seminars, client mailings, cooperative advertising etc) to licensed financial intermediaries. This is not an additional cost to you. Please refer to the financial services guide or statement of advice your financial adviser gives you for more information on commissions payable to them.

Early withdrawal fee

If NAB elects to accept a request by you to withdraw your investment less than 1 year after the *issue date* and the *early withdrawal amount* of your investment is \$10,000 (before deduction of the *early withdrawal fee*), NAB will deduct an *early withdrawal fee* of \$150 from your *early withdrawal amount*. If NAB elects to accept a request by you to withdraw your investment in the second year after the *issue date*, the *early withdrawal fee* will be \$100 on an *early withdrawal amount* of \$10,000. In addition, the proceeds of an *early withdrawal* of your investment will reflect NAB's calculation of the fair economic value of your investment at the *early withdrawal date*. The calculation may take into account costs of NAB unwinding or terminating its arrangements in connection with your investment (these can include break costs, administrative costs and funding costs).

Brokerage fee

If, at *maturity* or an *early withdrawal date*, you receive the *sale proceeds* of the *delivery parcel* for your investment, and the *sale proceeds* amount to \$10,000, NAB will deduct a brokerage fee of \$55.

Staff incentives

Staff members who sell *NAB ASX 200 Investments* are salaried employees of NAB and do not receive any proportion of any fees or commissions paid to NAB in connection with the investment detailed in this PDS.

Staff members may be entitled to receive additional monetary or non-monetary benefits and/or rewards resulting from participation in programs conducted by NAB.

Monetary benefits or rewards may include an annual bonus the level of which may depend on the overall performance of NAB group of companies. Non-monetary benefits or rewards for staff members and their partner may include gift vouchers, film tickets, restaurant meals, attendance at an annual conference or other functions.

Whether staff members receive any such benefits and rewards depends on a number of performance related factors including the level of remuneration generated for NAB from sales of *NAB ASX 200 Investments* as a consequence of the staff member's assistance.

It is not possible to determine at any given time whether a staff member will receive such benefits or rewards nor is it possible to quantify them. They are generally not directly attributable to any particular product on which the staff member has given assistance.



7

What are
the risks?

7. What are the risks?

You should carefully consider these risks before investing. We have highlighted some key risks below but these are not the only risks faced by a potential *investor*. You should talk to your legal, financial or tax adviser to determine if the investments are right for your particular circumstances and to understand the risks involved before you invest.

Market conditions

Any capital growth on your investment will depend on the performance of the *index*. If at any time prior to the *maturity date* the *index* falls to or below 65% of the actual *index* level at the *issue date*, the *NAB guarantee amount* at *maturity* will be \$0.85 per \$1 invested. Markets can be volatile and the *index* can fall as well as rise, which might result in you making a loss on your investment.

The performance of the *index* depends on the performance of the Australian equity market. Equity prices may fall or rise and the value of shares in companies or other entities can be affected by the entities' performance, which may be affected by many factors including management, economic conditions and international or political developments.

Trigger event risk

If a *trigger event* occurs during the *term*, the value of your investment at *maturity* will be reduced by \$0.15 per \$1 invested. A *trigger event* occurs if on any date, the level of the *index* at the ASX closing time is at or below 65% of the *index* level at the ASX closing time on the *issue date* (ie there has been a fall of 35% or more). There is a greater likelihood that a *trigger event* will occur if there is a significant decline in the *index* and this may be more likely to occur during periods of high volatility of the *index*. For example, as illustrated by the graph of historical performance of the *index* in section 3 of this PDS, there was a significant decline in the *index* during late 2007 and throughout 2008 such that if the *NAB ASX 200 Investments* had been issued on any *business day* between 1 July 2006 and 30 June 2008, a *trigger event* would have already occurred.

Past performance of the *index* is not necessarily a guide to the future performance of the *index* or *NAB ASX 200 Investments*, or the likelihood that a *trigger event* will happen.

Delivery asset market risk

If you have *delivery assets* delivered to you on *maturity*, there is a risk that the value of the *delivery parcel* at the *maturity date* (being approximately equal to the value of your investment at *maturity*) will decrease prior to the date on which the *delivery parcel* is transferred to you.

If you receive *sale proceeds*, brokerage fees will be deducted. In addition, there is a risk that the value of the *delivery parcel* at the *maturity date* or *early withdrawal date* (being approximately equal to the value of your investment at *maturity* or the *early withdrawal date*, as applicable) will decrease prior to the disposal of the *delivery parcel*.

This could mean that the proceeds of your investment that you receive after *maturity* are less than the *NAB guarantee amount*.

Investment may not track the index over the term

There is a risk that the *index* will outperform the return on your *NAB ASX 200 Investments* over the *term* because:

- NAB uses averages of the *index* over the first 12 months of the *term* and the last 12 months of the *term* to “smooth” the *index* for the purposes of calculating the performance of the *index* over the *term* of *NAB ASX 200 Investments*; and
- if a *trigger event* occurs during the *term*, the *maturity amount* of each *NAB ASX 200 Investment* will reduce by \$0.15.

However, even if the *ending average index level* is lower than the *starting average index level*, at *maturity* your *maturity amount* will equal the *NAB guarantee amount*.

No distributions or coupon

Some *index* tracking funds give investors an interest in dividends and distributions paid on the shares and units that make up the *index*. The return on *NAB ASX 200 Investments* may be substantially different from funds that track the *index* because, in addition to the reasons the return on *NAB ASX 200 Investments* may differ from the performance of the *index* described above, *NAB ASX 200 Investments* do not entitle investors to any distribution or coupon before *maturity*.

Early withdrawal by you

NAB ASX 200 Investments are designed to be held until *maturity*. NAB's undertaking to you that the *maturity amount* will at least equal the *NAB guarantee amount* will only apply if you hold your investment until *maturity*. If NAB elects to accept a request by you to withdraw your investment before *maturity*, you might receive less than the *NAB guarantee amount*. You should also consider the tax consequences of an *early withdrawal*.

Early termination by NAB

In certain circumstances described in the *investment conditions*, NAB may terminate your investment before the *maturity date* (eg if the *index* is materially changed or terminated and there is no successor *index* acceptable to NAB). The *NAB guarantee amount* does not apply in the event of an *early termination* which means that you might receive less than the *NAB guarantee amount* in these circumstances.

Performance updates

Performance updates will be provided every month setting out NAB's calculation of the fair economic value of *NAB ASX 200 Investments*. NAB's calculation of the fair economic value may not reflect the *early withdrawal amount* for an *early withdrawal* of your investment at the relevant time because the fair economic value will not take into account costs of NAB unwinding or terminating its arrangements in connection with your investment (these can include break costs, administrative costs and funding costs). These unwinding costs will be taken into account to determine the *early withdrawal amount*.

Exercise of NAB's discretions

NAB has a number of discretions the exercise of which could affect the value of your investment. These include discretions in relation to:

- selecting a suitable replacement *index* if the *index* ceases to be calculated in its current form;
- performing calculations in relation to the return on your investment;
- terminating your investments before the *maturity date*; and
- selecting the *delivery assets*.

Potential conflicts of interest

NAB and its related bodies corporate may conduct transactions as principal and as agent in various securities, including the securities on which the *index* is based. These trading activities may affect (positively or negatively) the price at which the securities trade, and therefore the value of the *index* and the return you receive on your investment.

Inflation

There is a risk that the value of the investment at *maturity* will be less than the amount you invest when that value is adjusted for the effect of inflation.

Exposure to NAB

Your investment relies on NAB's general credit worthiness and ability to meet its contractual obligations. Payments you make to NAB are not a deposit liability or protected account for the purposes of the Financial Claims Scheme established under the Banking Act 1959 (Cth) (the "Banking Act") or otherwise protected by the depositor protection provisions of the Banking Act. No obligation of NAB under the Agreement is guaranteed by the Australian Government or any other person. Although the term 'guarantee amount' is used throughout the PDS, *NAB ASX 200 Investments* are solely obligations of NAB and are not supported by any other entity. Also, NAB is included in the *index* and if NAB were to be subjected to financial distress, the *index* and the return on your investment, could be affected.

Operational risks

You are relying on NAB to accurately value your investment, and to carry out other procedures in accordance with the investment. The value of your investment may be adversely affected if NAB's internal processes, systems or people for managing these procedures are inadequate or fail.

Taxation risks

NAB ASX 200 Investments are deferred purchase agreements. While the Commissioner of Taxation has issued two Tax Determinations (TD 2008/21 and TD 2008/22) regarding the taxation treatment of instruments similar to the *NAB ASX 200 Investments* (refer Section 9), there is a risk that the Commissioner may change his view or that there are changes to taxation law which will adversely affect the return you receive on your investment, or have other negative consequences.

Legal risks

Taxation and other laws and regulations may change during the *term* of the investment. There is a risk that changes will adversely affect the return you receive on your investment, or have other negative consequences.

S&P/ASX 200 Index Disclaimer

Standard & Poor's Financial Services LLC has granted NAB a licence to reference the S&P/ASX 200 index for the purposes of *NAB ASX 200 Investments*. The terms of NAB's licence require us to include the following disclaimer in these materials. Please read this disclaimer carefully before investing.

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Part A – Product Disclosure Statement

PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE.

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8

Information
about NAB

8. Information about NAB

NAB is one of Australia's largest listed institutions*, one of only 13 global banks with a AA credit rating and the top Australian bank in the Forbes and Fortune 500 rankings**.

NAB is part of the National Australia Bank Group, which operates in 10 countries, serving 8.3 million banking customers and 2.2 million wealth management customers. With operations in Asia, Australia, New Zealand, the United Kingdom and New York, National Australia Bank Group provides an extensive range of funding, risk management, liquidity and investment solutions.

International relationships coupled with the knowledge of local market environments enable National Australia Bank Group to deliver results efficiently and effectively, worldwide.

* By market capitalisation (ASX) and by total assets (Forbes 2008)

** Ranked 37th bank in the world by revenue (Fortune 2008)



9 Tax

MALLESONS STEPHEN JAQUES

The Directors
National Australia Bank Limited
Level 3
800 Bourke Street
Docklands Vic 3008

30 April 2009

Dear Sirs

NAB Principal Series - ASX 200 Index Investment Tax Opinion

The following is our opinion (“**Opinion**”) on the Australian taxation consequences for particular *investors* who enter into *NAB ASX 200 Investments* with National Australia Bank Limited (“**NAB**”) as described in this Product Disclosure Statement (“**PDS**”).

This Opinion is based on the Australian taxation laws in effect or proposed on the date of this document, the interpretation of such laws by the courts and relevant administrative practices. These are subject to change, possibly with retroactive effect, and should be treated with appropriate caution.

This Opinion is not, and is not intended to be exhaustive and does not deal with the position of all taxpayers who enter into *NAB ASX 200 Investments*. In particular, it does not address the taxation consequences for a person who:

- is not an Australian resident taxpayer;
- buys or sells a *NAB ASX 200 Investment* other than on capital account, for example in the course of a business that involves trading in financial instruments or securities;
- buys or sells a *NAB ASX 200 Investment* in the capacity of the trustee of a trust; or
- is a partnership or buys or sells a *NAB ASX 200 Investment* as a partner in a partnership.

This Opinion does not constitute legal or taxation advice and is of a general nature only. Any *investor* who is considering entering into *NAB ASX 200 Investments* should therefore obtain independent legal and taxation advice relevant to their particular circumstances from time to time.

Further, this Opinion only refers to the taxation treatment of *NAB ASX 200 Investments* and does not consider the taxation implications of any other transactions the *investor* may enter into, including any transaction undertaken to fund their acquisition of *NAB ASX 200 Investments*. It is therefore important that an *investor* also seeks independent advice in relation to these matters.

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MALLESONS STEPHEN JAQUES

National Australia Bank Limited

30 April 2009

Tax treatment of NAB ASX 200 Investments

An *investor* who enters into a *NAB ASX 200 Investment* will be regarded as contracting to purchase from NAB the *delivery assets*.

At maturity

The legally enforceable contractual rights of an *investor* under a *NAB ASX 200 Investment* will be treated as a CGT asset for the purposes of the Australian capital gains tax (CGT) rules. Therefore:

- when the *investor* enters into a *NAB ASX 200 Investment* they acquire a CGT asset with a cost base that includes the *application amount* (together with any acquisition costs relating to the *NAB ASX 200 Investment*);
- upon settlement of the *NAB ASX 200 Investment* at the *maturity date* (for example by delivery of the *delivery assets*), the *investor's* ownership of that CGT asset comes to an end with the result that a CGT event happens to them;
- the *investor* will make a capital gain from the CGT event if the capital proceeds they are taken to receive are greater than their cost base in the *NAB ASX 200 Investment*. They will make a capital loss if the capital proceeds are less than the reduced cost base;
- where the *investor* receives *delivery assets* upon settlement of their *NAB ASX 200 Investments*, the capital proceeds will be equal to the market value of those *delivery assets* on the date of delivery (together with any further cash amount received from NAB upon settlement of the *NAB ASX 200 Investment*);
- where the *investor* receives a payment of cash upon settlement of their *NAB ASX 200 Investments* (upon *delivery assets* being sold on their behalf), their capital proceeds will be the amount of that cash payment.

Early withdrawal & termination

Where NAB allows the *early withdrawal* by an *investor*, or there is an early termination of *NAB ASX 200 Investments* then the *investor* will be treated as disposing of the CGT asset at the time of withdrawal or termination.

Transfer of NAB ASX 200 Investments prior to maturity

An *investor* who transfers a *NAB ASX 200 Investment* prior to maturity, will be regarded as disposing of a CGT asset. The capital proceeds from that CGT event would be the amount they receive (or are deemed to have received) from the transferee. The *investor* will make a capital gain from the CGT event if the capital proceeds they receive are greater than their cost base in the *NAB ASX 200 Investment*. They will make a capital loss if the capital proceeds are less than the reduced cost base.

MALLESONS STEPHEN JAQUES

National Australia Bank Limited

30 April 2009

Availability of CGT discount

Investors who are individuals or which are trusts or complying superannuation funds may be eligible for concessional treatment of any capital gain they make upon settlement or transfer of *NAB ASX 200 Investments*. An *investor* that is a company is not entitled to this concession.

Further, to be entitled to the concession, the *investor* must have held the relevant CGT asset (the *NAB ASX 200 Investments*) for at least 12 months before the CGT event happened.

If the concession applies, the *investor* must first offset available capital losses against the capital gains then multiply the result by the relevant discount percentage to calculate their capital gains amount. The discount percentage is 50% for individuals and trusts and 33 1/3% for complying superannuation funds.

NAB ASX 200 Investments are not a Traditional or Qualifying Security

Sections 26BB and 70B of the Australian income tax legislation¹ include a gain arising upon the disposal or redemption of a “traditional security” in assessable income and may treat a loss arising upon such a disposal or redemption as an allowable deduction. Where these provisions apply, their effect is to override the CGT provisions. A *NAB ASX 200 Investment* should not be treated as a “traditional security” because it lacks the debt like obligations to fall within the definition of a “security” for these purposes. Essentially this is because the *NAB ASX 200 Investment* is a contract for the purchase of property, rather than an instrument that evidences an obligation on the part of NAB to repay an amount to the *investor*.

Division 16E, Part III of the Australian income tax legislation applies an accruals basis of taxation to financial arrangements that are “qualifying securities”, such that unrealised gains and losses on those arrangements may become subject to taxation, even though the *investor* has not actually received amounts under the investment. However, because *NAB ASX 200 Investments* will not be “securities” for the reasons given above, *NAB ASX 200 Investments* will not be qualifying securities and Division 16E will not apply.

Published views of the Australian Taxation Office (ATO)

In 2008 the ATO published two Taxation Determinations on the taxation treatment of “deferred purchase agreement warrants.” The conclusions reached in those Taxation Determinations are consistent with the views set out in this Opinion. In particular, the ATO observed:

- a deferred purchase agreement warrant does not constitute a “security” for the purposes of the traditional security provisions and gains or losses arising from such an arrangement are generally on capital account (TD2008/21); and
- the rights under a deferred purchase agreement warrant constitute a CGT asset and settlement of the arrangement gives rise to a CGT event (TD2008/22).

¹ Australian income tax legislation refers to the *Income Tax Assessment Act 1936 or 1997* as the case may be.

MALLESONS STEPHEN JAQUES

National Australia Bank Limited

30 April 2009

The deferred purchase agreement warrant described in the Taxation Determinations is similar to *NAB ASX 200 Investments* in material respects. Therefore an *investor* the subject of this Opinion should be able to rely on the Taxation Determinations in relation to those matters covered by those Taxation Determinations for protection from payment of underpaid tax, penalties or interest should the Commissioner seek to interpret the tax law differently at a later date.

Tax treatment of delivery assets

If the *investor* receives *delivery assets* upon settlement of their *NAB ASX 200 Investments*, they will be taken to have acquired new CGT assets (the *delivery assets*) at the time of delivery, with a cost base equal to the market value of those *delivery assets* on the delivery date.

If the *investor* subsequently sells a *delivery asset*, a further CGT event would happen to them as a result of that disposal. A capital gain or loss may arise to the *investor* depending on the amount of capital proceeds they receive, or are taken to have received, upon such a disposal.

Taxation of Financial Arrangements (TOFA) Rules

The *Tax Laws Amendment (Taxation of Financial Arrangements) Act 2009* was recently enacted and introduces into the Australian income tax legislation, new provisions (Division 230) representing a code for the taxation of amounts arising in relation to financial and other specified arrangements. The new Division 230 defines a “financial arrangement” and sets out the six methods (four of which are elective, subject to certain safeguards) for bringing to account gains or losses on financial arrangements. These methods determine the tax-timing treatment of arrangements covered by the rules. The new rules also tax gains and losses from financial arrangements as being on revenue account (and not as capital gains or losses).

The new rules apply to financial arrangements acquired on or after 1 July 2010 unless a taxpayer makes an election for it to apply to the income year commencing on or after 1 July 2009. Further, under transitional rules, a taxpayer may elect for the new rules to apply to all financial arrangements they hold at the start of the first applicable income year. Therefore, to the extent that *NAB ASX 200 Investments* are entered into prior to the commencement date for Division 230, the new rules would not necessarily apply to the *investor*, unless the *investor* elects for them to do so.

Further, not all taxpayers are intended to be subject to the new rules. In particular, the Act provides that entities with an annual turnover below specified thresholds may be outside the rules unless they elect for the rules to apply to them. An *investor* should seek independent advice on how the new rules could apply to their *NAB ASX 200 Investments* in their particular circumstances.

General anti-avoidance rules of Part IVA

Part IVA of the Australian income tax legislation contains provisions which permit the Commissioner of Taxation to cancel tax benefits arising from certain schemes. Examples of tax benefits are amounts not being included in assessable income or deductions being claimed. For a scheme to fall within Part IVA it must be concluded, having regard to certain factors, that the scheme was entered into or carried out with the dominant purpose of securing a tax benefit or benefits.

MALLESONS STEPHEN JAQUES

National Australia Bank Limited

30 April 2009

The Taxation Determinations discussed above do not refer to the application of Part IVA to deferred purchase agreements. However it would not be expected that Part IVA should apply to the circumstances of an *investors* who acquired *NAB ASX 200 Investments* in the retail market with the intention of acquiring and holding *delivery assets*.

However, as the application of Part IVA requires an examination of several factors in the context of a particular transaction or (potentially) particular transactions, an *investor* should seek independent tax advice on these matters.

Stamp Duty

Australian stamp duty should not be payable on *NAB ASX 200 Investments* or on the physical settlement of *NAB ASX 200 Investments* by delivery of the *delivery assets*.

Tax File Number (TFN)

NAB ASX 200 Investments are unaffected by the TFN quotation rules and there is no need for an *investor* to quote their TFN.

Goods and Services Tax

Australian GST applies at the rate of 10% to taxable supplies. GST should not apply on the entering into of *NAB ASX 200 Investments*, nor should it apply to the delivery of the *delivery assets* as these should be considered financial supplies. *Investors* should also not be liable for GST when they transfer *NAB ASX 200 Investments*, withdraw *NAB ASX 200 Investments*, or when *NAB ASX 200 Investments* terminate early.

Yours sincerely



Richard Snowden
Partner
Mallesons Stephen Jaques



10 Other information

10. Other Information

Performance updates

Performance updates will be provided every month setting out NAB's calculation of the fair economic value of *NAB ASX 200 Investments* at the relevant time. Performance updates will be posted on www.nabcapital.com.

Consents

Mallesons Stephen Jaques, has given its written consent to the inclusion in this PDS of the letter in Section 9 of this PDS in the form and context in which it is included, and has not withdrawn that consent before the date of this PDS. They have not caused the issue of this PDS or made any statement that is included in this PDS or any statement on which a statement in this PDS is based, except as stated above. Other than where they are specifically referred to, they expressly disclaim and take no responsibility for any statements in, or omissions from, this PDS. This applies to the maximum extent permitted by law and does not apply to any matter and to the extent to which consent is given above.

Complaints

For information about resolving problems or disputes, please contact NAB on 1800 152 015 or ask at any branch of NAB. If you subsequently feel that your complaint has not been resolved to your satisfaction, you may refer it to the Financial Ombudsman Service (FOS) of which NAB is a member. FOS is an external dispute resolution scheme that provides free advice and assistance to consumers to help resolve complaints relating to financial service providers. FOS' address is GPO Box 3, Melbourne VIC 3001 and its telephone number is 1300 780 808. Information may also be obtained at <http://www.fos.org.au>.

Tax forms

You must promptly provide any tax forms (including US tax forms) requested by NAB so that NAB can deliver the full *delivery parcel* or pay the *sale proceeds* (as applicable) without making deductions for any tax. If you fail to deliver the requested forms, NAB may deduct an amount due to tax.

Ethical considerations

The investment is an *index* linked product. As a result, NAB will not take into account any labour standards or environmental, social or ethical considerations in the selection, retention or realisation of the investment.

What are the *nominee* arrangements?

The *nominee* (or its nominee) holds the nominee securities on trust for you and all the other holders of *NAB ASX 200 Investments* and for NAB. The interest you are given in the nominee securities through this trust means that your *NAB ASX 200 Investments* are regulated as "securities" under the Corporations Act.

What does the *nominee deed* say?

The *nominee deed* is available for inspection on request. Please contact NAB if you would like a copy of the *nominee deed*. This section highlights some of the main terms of the

nominee deed which an *investor* should consider, but does not provide a complete description of all relevant terms.

Nominee securities

The nominee securities are 100 ASX listed shares in the company listed in the *nominee deed*. The nominee securities may be substituted in the manner described in the *nominee deed*.

You are not entitled to receive notices of meetings or attend, speak or vote at any meetings of members of the issuer of the nominee securities, nor are you entitled to require the *nominee* to do any of these things.

If an event occurs which requires the nominee to sell some or all of the *nominee* securities, the *nominee* must do so. The proceeds of any sale in these circumstances will be applied by the *nominee* to acquire a substitute security. The *investors* have no right to challenge the validity of such a disposal.

Nominee liability

The *nominee's* liability to the *investors* and any other person is limited under the *nominee deed*.

Income distributions

NAB is entitled to any income distributions on the nominee securities. The nominee will not participate in any plan conducted by the issuer of the *nominee* securities for the reinvestment of such income distributions.

End of trust

The trust in respect of the nominee securities will end when all of NAB's obligations under the *NAB ASX 200 Investments* have been performed. The remaining nominee securities will be used to satisfy any outstanding costs or expenses of the *nominee*. No *investor* has any right to have any nominee securities delivered to it, or receive any capital distributions from the trust unless NAB does not perform its obligations under the *NAB ASX 200 Investments*.

Investment deed

Under the *investment deed*, NAB undertakes with each person who holds a *NAB ASX 200 Investment*, to comply with the *investment conditions*. The *investment deed* allows someone who purchases your *NAB ASX 200 Investments* to enforce the rights under the *NAB ASX 200 Investments*.

Privacy

Your personal information and privacy

The privacy of your personal information has always been important to us at the National Australia Group (the "Group"). The Group is the National Australia Bank Limited and its related bodies corporate such as MLC Limited. It includes all our banking, financing, funds management, financial planning, superannuation, insurance, broking and ecommerce organisations.

This statement is an outline of certain matters relating to the collection and handling of your personal information by the Group.

The statement is for you, if you are:

- a customer of the Group (a “**Customer**”); or
- a representative of a Customer (eg a signatory), a beneficiary (which includes a potential beneficiary) or some other kind of third party relevant to a Customer (eg a guarantor) (each a “**Third Party**”).

A further explanation of our privacy practices is set out in our Privacy Policy.

Collecting your personal information

The purposes for which your personal information is collected will depend on the organisation with which you deal. Personal information is collected by Group organisations offering:

- **banking and finance products or services** such as personal accounts, loans, credit cards, term deposits, internet banking, e commerce, derivatives, leasing and related lifestyle products or services;
- **financial planning or broking services or investment products** such as managed funds, investment services, superannuation funds, investment bonds, retirement savings accounts and related lifestyle products or services;
- **trustee or custodial services** such as safe deposit boxes or custody of assets for managed funds or superannuation funds; and
- **life insurance products or general insurance products** which includes those offered in conjunction with other Group products or services.

If you are, or may be acquiring, or have acquired a product or service from a Group organisation it will collect your personal information for the purposes of:

- providing you with the relevant product or service (including assessing your *application* and identifying you);
- managing and administering the product or service; and
- protecting against fraud where it is a banking and finance, or insurance, product or service.

Group organisations may also collect your personal information for the purposes of letting you know about products or services from across the Group that might better serve your financial, e commerce and lifestyle needs or promotions or other opportunities in which you may be interested.

If you are a representative of a customer then your personal information will be collected for the purpose of identifying you.

If you are a beneficiary your personal information will be collected for the purpose of determining whether you will be paid a benefit that has become payable upon another person’s death.

If you are any other type of Third Party your personal information will be collected for the purpose of providing the Customer with the relevant product or service (including assessing their *application* and identifying them), managing and administering the product or service or protecting against fraud where it is a banking and finance or insurance product or service.

If a Group organisation does not obtain the information it seeks it may not be able to:

- process your request;

- manage or administer your product or service;
- tell you about other products or services from across the Group that might better serve your financial, e commerce and lifestyle needs;
- if you are a representative, verify your authority to act on behalf of a Customer;
- if you are a beneficiary, consider the information you have not provided in determining whether you will be paid a benefit; or
- if you are another type of Third Party, to provide a Customer with the relevant product or service (including assessing their *application* and identifying them), manage and administer their product or service or protect against fraud.

Using and disclosing your personal information

In line with modern business practices common to many financial institutions and to meet your specific needs (such as where you have a financial adviser) we may disclose your personal information to the organisations described below.

Where your personal information is disclosed we will seek to ensure that the information is held, used or disclosed consistently with the National Privacy Principles in the Privacy Act 1988 (Cth), any relevant Health Privacy Principles under state legislation (eg those contained in the Health Records Act 2001 (Vic) or the privacy provisions contained in part 2 of the Health Records (Privacy and Access) Act 1997 (ACT) and other applicable privacy laws and codes.

The relevant organisations are those:

- involved in providing, managing or administering your product or service such as third party suppliers, other Group organisations, loyalty and affinity program partners, printers, posting services, call centres, lenders mortgage insurers and our advisers which are Group organisations who wish to tell you about their products or services that might better serve your financial, e commerce and lifestyle needs or promotions or other opportunities, and their related service providers, except where you tell us not to;
- who are your financial adviser and their service providers;
- involved in maintaining, reviewing and developing our business systems, procedures and infrastructure including testing or upgrading our computer systems;
- involved in a corporate reorganisation;
- involved in a transfer of all or part of the assets or business of a Group organisation;
- involved in the payments system including financial institutions, merchants and payment organisations;
- involved in product planning and development;
- which are your representatives including your legal advisers;
- as required or authorised by law, eg to government or regulatory bodies for purposes related to public health or safety, the prevention or detection of unlawful activities or to protect public revenue; and

Part A – Product Disclosure Statement

In addition, for Group organisations offering:

- **banking and finance products or services** – we may also disclose your personal information to other organisations to which personal information is usually disclosed are card producers, card schemes, credit and fraud reporting agencies, debt collection agencies, mortgage insurance companies, your guarantors, organisations involved in valuing, surveying, or registering a security property or which otherwise have an interest in such property, purchasers of debt portfolios, underwriters, reinsurers and other organisations involved in our normal business practices (such as securitisation);
- **financial planning or broking services or investment products** – we may also disclose your personal information to other organisations to which personal information is usually disclosed are superannuation and managed funds organisations and their advisers, organisations in which you invest and other organisations involved in our normal business practices (such as securitisation);
- **trustee or custodial services** – we may also disclose your personal information to other organisations to which personal information is usually disclosed are superannuation and managed funds organisations and their advisers and other organisations involved in our normal business practices; or
- **life insurance products or general insurance products** – we may also disclose your personal information to other organisations to which personal information is usually disclosed are medical professionals, medical facilities, health authorities, assessors, underwriters, reinsurers, fraud detection agencies and other organisations involved in our normal business practices.

Your personal information may also be used in connection with such purposes.

Because we operate throughout Australia and overseas, some of these uses and disclosures may occur outside your State and Territory or outside Australia.

Consent

It is our practice to seek your consent to use or disclose your personal information to tell you about and develop other products or services from across the Group that might better serve your financial, e commerce and lifestyle needs, or other promotions or opportunities in which you may be interested.

This may be done after an initial marketing contact. We assume we have your consent to use service providers to assist us with this (such as a posting service or an advertising agency), unless you tell us otherwise (see “Contacting us” below).

Gaining access to your personal information

You can gain access to your personal information. This is subject to some exceptions allowed by law. We will give you reasons if we deny access.

Contact us to get a form requesting access (see “Contacting us”). In some cases, we may be able to deal with your request over the telephone or over a counter.

Contacting us

For more information about our Privacy Policy, please call 13 22 65 and select the option to speak to a Customer Service Representative between 8am and 8pm EST Monday to Friday or visit www.nab.com.au.

For more information about privacy in general, you can visit the Federal Privacy Commissioner’s website privacy.gov.au.

Anti-Money Laundering and Counter Terrorist Financing (AML-CTF)

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth), requires NAB to confirm certain information relating to your identity before issuing you with a *NAB ASX 200 Investment*. If NAB is not able to confirm your identity, it may not be able to issue you with a *NAB ASX 200 Investment*.

The Customer Identification Form which accompanies this Product Disclosure Statement will assist NAB in confirming your identity. If you wish to apply for a *NAB ASX 200 Investment* you must complete and return the Customer Identification Form together with any other document which the Customer Identification Form instructs you to provide.

NAB reserves the right to re-identify you and other related parties involved with your *NAB ASX 200 Investments* in order to satisfy requirements under the AML/CTF Act and other legislation. Should you refuse to provide necessary information in a timely manner when requested, you may be responsible for loss of investment value and payment of any amounts in respect of your investment may be forfeited.

Wrap or IDPS investors

NAB authorises the use of this PDS as disclosure to *investors* who access *NAB ASX 200 Investments* through an investor directed portfolio service (IDPS) or IDPS-like scheme (which may be referred to as a master trust or wrap account) or a nominee or custody service.

Those investors may rely on this PDS. People who invest in *NAB ASX 200 Investments* through a master trust or wrap account do not become direct *investors*. The operator or custodian of the master trust or wrap account will be recorded as the *investor* in respect of the *NAB ASX 200 Investments* and will be the person who exercises the rights and receives the benefit of a holder of *NAB ASX 200 Investments*. Reports and documentation relating to *NAB ASX 200 Investments* will be sent to the operator or custodian. If investors invest in *NAB ASX 200 Investments* through a master trust or wrap account, they may be subject to different conditions from those set out in this PDS, particularly in relation to:

- fees and expenses;
- transferring *NAB ASX 200 Investments*;
- payment of interest on application monies; and
- receipt of the *delivery assets*.

Investors in master trusts or wrap accounts should contact their adviser or operator for queries relating to their investment.



11 Investment conditions

11. Investment conditions

An *application* for NAB ASX 200 Investments must be made on an *application form* attached to, and in the manner described in, this PDS. An *application* is an irrevocable offer from the *applicant* to NAB to subscribe for the number of NAB ASX 200 Investments equal to the *application amount* specified in the *application form* divided by the *issue price*. NAB may choose whether or not to accept any *application* at its sole discretion, without having to give any reasons if it chooses not to accept an *application*. NAB will endeavour to notify the *applicant* as to whether an *application* has been accepted as soon as is practicable after NAB determines whether or not to accept it. However, the agreement constituting an investment in NAB ASX 200 Investments is entered into when the details of the *applicant* are entered in the *register* in respect of those NAB ASX 200 Investments, even if there is a delay in notifying the *applicant*. No interest is payable by NAB on the *application amount*. Any interest earned on the *application amount* will be kept by NAB.

If an *application* is accepted, the *applicant* will be issued a number of NAB ASX 200 Investments equal to:

- the *application amount* of the NAB ASX 200 Investments divided by
- the *issue price* of the NAB ASX 200 Investments.

Only a whole number of NAB ASX 200 Investments will be issued. NAB may retain any of the *application amount* remaining following the determination of the number of NAB ASX 200 Investments to be issued.

If NAB accepts an *application* for NAB ASX 200 Investments, these *conditions*, the *investment deed*, the *nominee deed* and the *application form*, form the agreement between the *applicant* and NAB that constitutes the NAB ASX 200 Investments.

Each *investor*, and any person claiming through or under an *investor*, is deemed to have notice of, and is bound by, these *conditions*, the *investment deed*, the *nominee deed* and the PDS. Copies of the above documents will be available for inspection by *investors* during normal business hours at the head offices of NAB which are 500 Bourke Street, Melbourne and 255 George Street, Sydney.

1 What are NAB ASX 200 Investments?

The NAB ASX 200 Investments held by the *investor* constitute a deferred purchase agreement between NAB and the *investor* (the number of NAB ASX 200 Investments held by an *investor* is a measure of the size of that agreement). The terms of that deferred purchase agreement are set out in these *conditions* and the relevant *application form*. The *investor's* NAB ASX 200 Investments are also subject to the terms of an *investment deed* entered into by NAB (which holds NAB's undertaking to perform its obligations under the NAB ASX 200 Investments

in accordance with these *conditions*) and a *nominee deed* entered into by the *nominee* (which documents the *investor's* entitlement to a beneficial interest in the nominee securities, as defined in that deed).

The obligations of NAB to the *investor* in respect of the *investor's* NAB ASX 200 Investments:

- are direct, unconditional, unsubordinated and unsecured obligations of NAB and are not deposit liabilities of NAB; and
- are separate and independent obligations. The *investor* is not entitled to enforce NAB ASX 200 Investments held by another person or otherwise share in any of the benefits accorded to another person in connection with that person's NAB ASX 200 Investments.

NAB ASX 200 Investments are issued, and formed, by entry in the *register* of NAB ASX 200 Investments maintained by the *registrar*. Each entry in the *register* in respect of the *investor* constitutes:

- a. an undertaking by NAB to the *investor* that NAB will perform its obligations under these conditions relating to the *investor's* NAB ASX 200 Investments; and
- b. an entitlement of the *investor* to a beneficial interest in a fraction of the nominee securities in accordance with the *nominee deed*.

The undertaking and entitlement above for an *investor* together (and inseparably) form the NAB ASX 200 Investments of the *investor*.

Entries in the *register* in relation to a NAB ASX 200 Investment are conclusive evidence that the person entered is the absolute owner of the NAB ASX 200 Investment subject to correction for fraud or error. No notice of any trust or other interest in, or claim to, any NAB ASX 200 Investment will be entered in the *register* (and neither NAB nor the *registrar* need take notice of any trust or other interest in, or claim to, any NAB ASX 200 Investment, except as required by law).

2 How can NAB ASX 200 Investments be transferred?

NAB ASX 200 Investments may be transferred by sending a valid transfer form to the *registrar* (which is irrevocable once sent). To be valid, a transfer form must be:

- in the form provided by the *registrar*;
- duly completed and signed by, or on behalf of, the transferor and the transferee; and
- accompanied by such other information or evidence that NAB or the *registrar* reasonably requires.

NAB ASX 200 Investments may only be transferred in whole (and not in part) and if the transfer complies with all applicable laws, rules and regulations. NAB ASX 200 Investments may not be transferred within the 20 *business days* before the *maturity date*.

3 What happens at the maturity date?

Within the 20 business days before the maturity date, NAB agrees to give to the investor a notice setting out the number of NAB ASX 200 Investments held by the investor on the date on which the notice was prepared and a form under which the investor can request for its delivery parcel to be sold on its behalf. If:

- the investor returns that form to NAB duly completed and requesting the sale of the delivery parcel on its behalf at least 5 business days before the maturity date; or
- the investor has not given information to NAB to enable the delivery of the delivery parcel to the investor at least 5 business days before the maturity date,

then NAB agrees to arrange for the delivery parcel to be sold and the proceeds delivered to the investor in accordance with condition 4. Otherwise the delivery parcel is to be delivered to the investor in accordance with condition 5.

On the maturity date, NAB agrees to determine the maturity amount. All calculations made in respect of determining the maturity amount will be made to four decimal places.

The maturity amount is the amount calculated by NAB by:

- a. subtracting the starting average index level from the ending average index level (this could produce a number less than zero);
- b. dividing this by the starting average index level;
- c. multiplying this by the participation rate;
- d. multiplying this by \$1.00; and
- e. adding to this:
 - i. if no trigger event has occurred, \$1.00; and
 - ii. if a trigger event has occurred, \$0.85.

This will produce a dollar amount which may be less than, equal to, or more than \$1.00 per NAB ASX 200 Investment. However, the maturity amount on the maturity date for each NAB ASX 200 Investment will be at least:

- \$1.00, if no trigger event has occurred; or
- \$0.85, if a trigger event has occurred,

so, if the calculation above produces a lesser amount, then the maturity amount is taken to be equal to \$1.00 (if no trigger event has occurred) or \$0.85 (if a trigger event has occurred);

A trigger event occurs if on any day up to and including the maturity date, the level of the index at the scheduled closing time on the ASX in relation to the index is at or below 65% of the index level at the scheduled closing time on the ASX in relation to the index on the issue date.

The ending average index level is the average of the level of the index on the maturity date, and the 10th day in each of the previous 12 months (13 dates in all). If any of these dates is not a business day, then the level of the index on the next business day is to be used.

The starting average index level is the average of the value of the index on the issue date and on the 10th day of each of the following 12 months (13 dates in all). If any of these dates is not a business day, then the level of the index on the next business day is to be used.

The participation rate is the rate (expressed as a percentage) at which NAB ASX 200 Investments entitle investors to participate in any increase in the ending average index level over the starting average index level during the term of NAB ASX 200 Investments. The participation rate will be set by NAB on the issue date at between 105% and 120% and will be notified to investors in writing with 10 days of the issue date, or if not so notified will be 105%.

On or about the maturity date and each early withdrawal date, NAB will select the delivery assets from the list set out in the section headed "How NAB ASX 200 Investments work" in section 4 of the PDS. As soon as reasonably practicable afterwards, NAB agrees to send a notice to the investor which sets out the maturity amount for that investor and the delivery assets selected by NAB for NAB ASX 200 Investments.

4 What happens at maturity if the delivery assets are to be sold on behalf of the investor?

If the delivery parcel is to be sold on behalf of the investor then NAB agrees to:

- arrange for the delivery parcel to be delivered to NAB or its nominee within 10 business days after the maturity date to be held on behalf of the investor and sold by NAB or its nominee as agent of the investor as soon as is practicable afterwards, and
- pay to the investor the proceeds from the sale of the delivery parcel minus brokerage costs of 0.55%.

The delivery parcel is the quantity of delivery assets calculated by NAB using the following formula (rounded down to the nearest whole number) :

- a. multiplying the maturity amount by the number of NAB ASX 200 Investments held by the investor; and
- b. dividing this by the weighted average price of the delivery assets acquired by NAB on or after the maturity date for the purpose of settling the NAB ASX 200 Investments held by the Investor.

5 What happens at maturity if the delivery assets are to be delivered to the investor?

If the delivery parcel is not to be sold on behalf of the investor in accordance with condition 4 then NAB agrees to transfer to the investor (in accordance with the information given to NAB by the investor to enable the delivery of the delivery parcel to the investor) the title to the delivery parcel within 10 business days after the maturity date free from any encumbrance and including all rights (including dividend rights if applicable), or the benefit of all rights, attached or accruing to the applicable delivery assets on and from the maturity date. Any delivery is to be conducted in accordance with the laws and directives applicable to the delivery assets in the delivery parcel.

6 What happens if the investor requests early withdrawal of its NAB ASX 200 Investments?

The investor may, on any business day between the issue date and the day which is 20 business days prior to the maturity date, request early withdrawal of its NAB ASX 200 Investments by giving NAB written notice to this effect. The request for early withdrawal must be for all (and not only some) of an investor's NAB ASX 200 Investments and such a request may not be revoked.

NAB may accept or reject the withdrawal request at its sole discretion.

If NAB chooses to accept the withdrawal request, as soon as reasonably practicable after making the decision to accept, NAB agrees to:

- calculate the *early withdrawal amount*. All calculations made in respect of determining the *early withdrawal amount* will be made to four decimal places.
The early withdrawal amount has the same meaning as, and is calculated by NAB in the same manner as, the early termination amount would be under condition 7, except that:
 - if the early withdrawal date is before the first anniversary of the issue date then a fee of 1.5% is to be deducted from the early withdrawal amount; and
 - if the early withdrawal event is between the first and second anniversary of the issue date then a fee of 1% is to be deducted from the early withdrawal amount.
- determine the *delivery parcel* applicable to the *early withdrawal amount*. The *delivery parcel* for this purpose is to be calculated in the same manner as it would be at the *maturity date* (in accordance with the definition of *delivery parcel*) except the references to "*maturity amount*" are taken to be references to "*early withdrawal amount*" and references to "*maturity date*" are taken to be references to the date on which NAB chose to accept an investor's written request for *early withdrawal* of its NAB ASX 200 Investments.
- arrange for the *delivery parcel* to be delivered to NAB or its nominee to be held on behalf of the investor and sold by NAB or its nominee as agent of the investor as soon as is practicable afterwards, and
- pay to the investor the proceeds from the sale of the *delivery parcel* minus brokerage costs of 0.55%.

Any reporting in relation to NAB ASX 200 Investments given to the investor is for general informational purposes only and does not bind NAB to consider or accept a request by an investor for the *early withdrawal* of its NAB ASX 200 Investments and it does not affect the calculation of any *early withdrawal amount* in any way. No such reporting forms any part of the terms of the NAB ASX 200 Investments.

7 When can NAB ASX 200 Investments be terminated early by NAB, and what happens if they are?

If anything happens which NAB determines makes it illegal, impossible or impracticable for NAB to perform its obligations in connection with the investor's NAB ASX 200 Investments (this includes if the *index* is cancelled and no successor Index

is determined by NAB in accordance with these conditions) and NAB chooses to terminate the investor's NAB ASX 200 Investments, then NAB will:

- choose a date to be the early termination date;
- on, or as soon as reasonably practicable after the chosen early termination date, calculate the *early termination amount*. All calculations made in respect of determining the *early termination amount* will be made to four decimal places.
The early termination amount is the fair economic value as calculated by NAB of all of the Investor's NAB ASX 200 Investments at the close of business on a day selected by NAB. The calculation may take into account costs of NAB unwinding or terminating its hedging arrangements in connection with each NAB ASX 200 Investment (these can include break costs, administrative costs, and funding costs); and
- pay the investor the *early termination amount* as soon as reasonably practicable after it has been calculated.

8 What happens if the index changes?

If the sponsor of the *index*:

- makes or announces that it will make a material change to the *index* (this includes by making a material change to the formula for or the method of calculating the *index*); or
- fails to announce the *index* (but the *index* has not been cancelled),

then NAB may do any of the following as it considers appropriate such that, in NAB's opinion, the investor is placed in substantially the same economic position as at that time as they would have been in had the event not occurred:

- adjust the number of NAB ASX 200 Investments that the investor holds; and/or
- adjust any of the terms of an investor's NAB ASX 200 Investments including, without limitation, the manner of calculations, the *maturity amount*, the number of *delivery assets* in the *delivery parcel*, *early withdrawal amount*.

The adjustment takes effect as an amendment to the NAB ASX 200 Investments on the date specified in the notification of the adjustment by NAB to the investor.

If the *index* is not announced by the sponsor of the *index* but:

- the *index* is announced by a successor sponsor acceptable to NAB; or
- is replaced by a successor *index* using, in NAB's opinion, the same or a substantially similar formula for and method of calculation as used in the calculation of the original *index*,

then NAB can determine that that *index* is to be taken to be the *index*.

If the sponsor of the *index* fails to announce the *index* on a day but it has not been cancelled, announced by a successor sponsor or replaced by a successor *index* then NAB may:

- use the most recently announced value of the *index*;

- wait up to 8 *business days* for the *index* to be announced as the value of the *index* for that day; or
- calculate the value of the *index* for that day in good faith using the formula and method most recently used by the sponsor,

as NAB thinks fit.

9 How may these conditions be varied?

NAB may vary any condition of the *investor's NAB ASX 200 Investment* by notice to the *investor* if NAB determines that the variation:

- is of a formal, minor or technical nature;
- is made to correct a manifest error;
- is necessary or desirable to comply with any law or directive; or
- is not materially prejudicial to the interests of the *investor*.

Otherwise any variation to these *conditions* needs the consent of both NAB and the *investor*.

10 Notices and other communications

All notices and other communications to the *investor* must be in writing and must be sent by prepaid post to, or left at, the address of the *investor* as shown in the *register* at close of business on the day which is 3 *business days* before the date of the notice or communication.

All notices and other communications to NAB or the *registrar* must be in writing and may be sent by prepaid post (airmail if appropriate) to or left at the registered office of NAB or the *registrar*.

Notices and other communications take effect from the time they are taken to be received unless a later time is specified in them. A notice or other communication sent by post is taken to be received five days after posting.

11 How may NAB pay money due under NAB ASX 200 Investments?

Where NAB is required under these *conditions* to pay a sum of money to the *investor*, that obligation is to be satisfied by (as chosen by NAB):

- the delivery of a cheque for the relevant amount to the address of the *investor* as shown in the *register* at the close of business – in which case the date on which the cheque is sent is taken to be the date of payment; or
- the use of a direct credit authority received from the *investor* in a form reasonably satisfactory to NAB – in which case the date that, in the ordinary course of NAB's banking business, would be reasonably expected to result in the relevant funds reaching the applicable account upon the giving of the electronic transfer instructions, is taken to be the date of payment.

12 Payments and deliveries discharge NAB ASX 200 Investments

On delivery of the *delivery assets* and/or payment of any amounts owing by NAB in accordance with *conditions* 4, 5, 6 or 7:

- NAB's obligations to the *investor* in connection with *NAB ASX 200 Investments* are satisfied and discharged; and
- the *nominee's* obligations to the *investor* in respect of the *investor's* interest in the relevant nominee securities are satisfied and discharged in accordance with the terms of the *nominee deed*.

13 NAB may appoint agents etc

NAB may appoint any other person to act as its agent or delegate in connection with *NAB ASX 200 Investments* or to otherwise perform any act or exercise any discretion of NAB in connection with *NAB ASX 200 Investments*.

14 Taxes and incidental fees

The *investor* agrees to:

- pay and account for any *taxes* or charges levied in connection with any transaction contemplated by these *conditions* in connection with *NAB ASX 200 Investments* held by the *investor*; and
- indemnify and keep indemnified NAB against any liability arising as a result of the *investor's* failure to do so. This indemnity is a continuing obligation.

The *investor* must bear the cost of any fees incurred or expected to be incurred by NAB (or any agent, delegate or *nominee* of NAB) in connection with the transfer of the *delivery parcel* or payment of any amounts to the *investor* or the *investor's* nominee in connection with *NAB ASX 200 Investments*.

15 Tax forms

The *investor* agrees to provide NAB during the *term* any tax forms requested by NAB that are required by NAB to pay the *investor* the full amount of the:

- proceeds from the sale of a *delivery parcel* (minus brokerage costs) at *maturity* in accordance with condition 4;
- proceeds from the sale of a *delivery parcel* (minus *early withdrawal* fees) in the event of an *early withdrawal* in accordance with condition 6; or
- *early termination amount* in accordance with condition 7,

or deliver to the *investor* the full amount of *delivery assets* comprised in the *delivery parcel* and any associated cash amount payable or other shares deliverable in accordance with conditions 5 or 6 (as the case may be), without deduction on account of any tax.

Failure to deliver the requested tax forms may result in the amount of such payments or deliveries being reduced by the amount of any such deduction.

16 Code of Banking Practice

NAB has adopted the Code of Banking Practice and the relevant provisions of the Code apply to the deferred purchase agreement if the *investor* is an individual or small business customer (as defined by the Code).

The *investor* may obtain from NAB upon request:

- information on current interest rates and fees;
- general descriptive information concerning NAB's banking services, including:

Part A – Product Disclosure Statement

- account opening procedures;
- NAB's obligations regarding the confidentiality of information about an *investor*;
- complaint handling procedures;
- bank cheques;
- the advisability of an *investor* informing NAB promptly when an *investor* is in financial difficulty; and
- the advisability of an *investor* reading the terms and conditions applying to each banking service NAB provides to the *investor*;
- general description information about:
 - the identification requirements of the Financial Transaction Reports Act 1988 (Cwlth); and
 - the options available to an *investor* under the tax file legislation; and
- a copy of the Code of Banking Practice.

Code of Banking Practice or the Code means the voluntary code of conduct, which as an initiative of the Australian Bankers' Association Inc., sets the standards of good banking for banks to follow when dealing with persons who are, or who may become, banks' individual and small business customers.

17 Anti-Money Laundering and Counter Terrorism Financing

The *investor*:

- a. undertakes to provide NAB with all information and assistance that NAB requests in order to manage its risks relating to money laundering, terrorism-financing or economic and trade sanctions (“**Relevant Matters**”) or to comply with any laws or regulations in Australia or any other country;
- b. acknowledges that NAB has the right to delay or refuse any request or transaction, including payment of the *maturity amount*, if it believes that the request or transaction may be in breach any obligation of, or cause it to commit or participate in an offence under any law relating to a Relevant Matter, and NAB will have no liability to the *investor* if it does so;
- c. agrees that NAB may take any action that it reasonably believes is necessary to comply with any law relating to a Relevant Matter, including but not limited to disclosing any information that it holds about the *investor* to service providers whether in Australia or outside Australia, or to any relevant Australian or foreign regulator; and
- d. acknowledges that NAB may collect information about the *investor* from time to time (from the *investor* or from third parties) for the purposes of satisfying its obligations under any law relating to a Relevant Matter, and that it may use and disclose any such information as required.

18 The entire agreement

These *conditions*, the *investor's application form*, the *investment deed* and the *nominee deed* contain the entire agreement between NAB and the *investor* about their subject matter. Any previous understanding, agreement,

representation or warranty relating to that subject matter is replaced by these documents and has no further effect.

19 How may NAB issue certificates?

A certificate by NAB about a matter or about a sum payable in connection with an NAB ASX 200 Investment is sufficient evidence of the matter or sum stated in the certificate in the absence of manifest error or unless the matter or sum is proved to be false.

20 No merger

NAB's rights under these *conditions* are additional to and do not merge with or affect and are not affected by any mortgage, charge or other encumbrance held by NAB or any other obligation of the *investor* to NAB, despite any rule of law or equity or any other statutory provision to the contrary.

21 What happens if a day is not a business day?

If a date referred to in these *conditions* is not a *business day* then (unless the *conditions* expressly say otherwise) the date is postponed to the first following day that is a *business day* unless that day falls in the next calendar month in which case that date is brought forward to the first preceding day that is a *business day*.

22 Direct debit request service agreement

By signing a *direct debit request*, the *investor* authorises NAB to arrange for funds to be debited from their account. *Investors* should refer to the *direct debit request* in the *application form* and this *direct debit request service agreement* for the terms of the arrangement between NAB and the *investor*.

NAB will only arrange for funds to be debited from the *investor's* account as authorised in the *direct debit request*.

If the debit day falls on a day that is not a *business day*, NAB may direct the *investor's* financial institution to debit their account on the following *business day*.

If the *investor* is unsure about which day their account has or will be debited the *investor* should ask their financial institution.

NAB may vary any details of the *direct debit request service agreement* or a *direct debit request* at any time by giving the *investor* at least 14 days' written notice. To avoid doubt, condition 9 of these *conditions* does not apply in relation to the *direct debit request service agreement*.

Subject to the other provisions of this condition 22, the *investor* may change the arrangements under a *direct debit request* by contacting NAB on 1800 652 699.

If the *investor* wishes to stop or defer a debit payment, they must notify NAB or their financial institution in writing (which must be in a letter physically signed by the *investor* and posted or faxed to NAB or the financial institution) at least 14 days before the debit day. If the *investor* first notifies their financial institution, they must promptly let NAB know.

The *investor* may also cancel their authority for NAB to debit their account at any time by giving NAB or their financial institution 14 days' notice in writing (which must be in a letter physically signed by the *investor* and posted or faxed to NAB

or the *investor's* financial institution) before the debit day. If the *investor* first notifies their financial institution, they must promptly let NAB know.

It is the *investor's* responsibility to ensure that there are sufficient clear funds available in their account to allow a debit payment to be made in accordance with the *direct debit request*.

If there are insufficient clear funds in the *investor's* account to meet a debit payment:

- the *investor* may be charged a fee and/or interest by their financial institution;
- the *investor* may also incur fees or charges imposed or incurred by NAB; and
- the *investor* must arrange for the debit payment to be made by another method or arrange for sufficient clear funds to be in their account by an agreed time so that NAB can process the debit payment.

The *investor* should check their account statement to verify the amounts debited from their account.

If the *investor* believes that there has been an error in debiting their account, they should notify NAB directly on 1800 652 699 and confirm that notice in writing (which must be in a letter physically signed by the *investor* and posted or faxed to NAB) with NAB as soon as possible so that NAB can resolve their query more quickly.

If NAB concludes as a result of their investigations that the *investor's* account has been incorrectly debited, NAB will respond to their query by arranging for their financial institution to adjust the account (including interest and charges) accordingly. NAB will also notify the *investor* in writing of the amount by which their account has been adjusted.

If NAB concludes as a result of its investigations that the *investor's* account has not been incorrectly debited, NAB will respond to the *investor's* query by providing them with reasons and any evidence for this finding.

Any queries the *investor* may have about an error made in debiting their account should be directed to NAB so that NAB can attempt to resolve the matter between the *investor* and NAB.

If NAB cannot resolve the matter, the *investor* can still refer it to their financial institution which will obtain details from the *investor* of the disputed transaction and may lodge a claim on the *investor's* behalf.

The *investor* should check:

- with their financial institution whether direct debiting is available from their account as direct debiting is not available on all accounts offered by financial institutions;
- the account details which the *investor* have provided to NAB are correct by checking them against a recent account statement; and
- with their financial institution before completing the *direct debit request* if they have any queries about how to complete the *direct debit request*.

NAB will keep any information (including the *investor's* account details) in the *investor's direct debit request* confidential. NAB will make reasonable efforts to keep any such information that NAB has about the *investor* secure and to ensure that any of its employees or agents who have access to information about the *investor* do not make any unauthorised use, modification, reproduction or disclosure of that information.

In this condition 22, the following definitions apply:

- **account** means the account held at the *investor's* financial institution from which NAB is authorised to arrange for funds to be debited.
- **debit day** means a day that payment by the *investor* to NAB is due and for which the *investor* have provided NAB with a *direct debit request*.
- **debit payment** means a particular transaction where a debit is made.
- **financial institution** is the financial institution where the *investor* holds the account that they have authorised NAB to arrange to debit.

23 Which law governs these conditions?

These *conditions* and *NAB ASX 200 Investments* are governed by the laws of New South Wales. NAB submits, and each *investor* is taken to have submitted, to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them.

24 How are these conditions to be interpreted?

Terms defined in the "glossary" section of this PDS have the same meaning when used in these *conditions*. Unless the contrary intention appears, a reference in these *conditions* to:

- anything (including any amount) is a reference to the whole and each part of it;
- a document (including these *conditions*) includes any variation or replacement of it;
- "\$" means the lawful currency of Australia;
- a "law" includes common law, principles of equity and any law made by any parliament;
- a "directive" includes a treaty, official directive, request, regulation, guideline, rule or policy (whether or not in any such case having the force of law) with which responsible participants in the relevant market generally comply;
- a time of day is a reference to Sydney time;
- a "person" includes an individual, a firm, a body corporate, an unincorporated association and an authority;
- a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns; and
- the words "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

The singular includes the plural and vice versa. Headings are for convenience only and do not affect the interpretation of these *conditions*.



12 Glossary

12. Glossary

In this PDS, words in italics have the following meanings, unless the context requires otherwise:

applicant means a person who applies for *NAB ASX 200 Investments*.

application means an application by an *applicant* to NAB for *NAB ASX 200 Investments* made on an *application form*.

application amount means the total amount received by NAB from an *applicant* in respect of such an *applicant's application* for *NAB ASX 200 Investments*.

application close date means 25 June 2009, which is the date by which NAB needs to receive your *application*.

application form means the application form attached to or accompanying this PDS.

application period means the period commencing from 8 May 2009 to, and including, 5pm Sydney time on the *application close date*.

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

business day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Sydney and in respect of the *index*, each day on which the ASX is scheduled to be open for trading for its regular trading sessions.

conditions or **investment conditions** means the investment conditions of your *NAB ASX 200 Investments* set out in section 11 of this PDS.

direct debit request means a direct debit request set out in section B2 of the application form.

direct debit request service agreement means the *direct debit request service agreement* entered into when an *investor* completes and signs a *direct debit request*, on the terms set out in condition 22 of the *investment conditions*.

delivery assets means the shares or units which are to be delivered to you or sold on your behalf after *maturity* or *early withdrawal*, and will be shares or units selected by NAB in one of the 10 largest ASX listed entities by market capitalisation (at the date of this PDS) or units in SPDR S&P/ASX 200 Fund.

delivery parcel has the meaning given to that term in condition 4 of the *conditions*.

early termination amount has the meaning given to that term in condition 7 of the *conditions*.

early withdrawal means a withdrawal of your *NAB ASX 200 Investments* before the *maturity date* at your request and with NAB's consent.

early withdrawal amount has the meaning given to that term in condition 6 of the *conditions*.

early withdrawal date for an *early withdrawal*, means the date on which NAB chooses to accept your *early withdrawal request*.

ending average index level has the meaning given to that term in condition 3 of the *conditions*.

GST means a goods and services tax or similar tax imposed in Australia.

investor means, for a *NAB ASX 200 Investment*, each person whose name is entered in the *register* as the holder of that *NAB ASX 200 Investment*.

index means the S&P/ASX 200 index (or, in the circumstances described in the *investment conditions*, any replacement or successor to such index).

investment deed means the document entitled "NAB Principal Series Investment deed" to be executed by NAB before the *issue date*.

issue date in respect of a *NAB ASX 200 Investment* means the date on which that *NAB ASX 200 Investment* is, or is to be, issued, in accordance with this PDS.

issue price in respect of a *NAB ASX 200 Investment* means \$1.00 per *NAB ASX 200 Investment*.

maturity means delivery of your *delivery parcel* or payment of your *sale proceeds* after the *maturity date*.

maturity amount has the meaning given to that term in condition 3 of the *conditions*.

maturity date means the date which is 5 years and 6 months after the *issue date* or, if this date is not a *business day*, the following *business day*.

NAB means National Australia Bank Limited
ABN 12 004 044 937.

NAB ASX 200 Investment means the deferred purchase agreement entered into between an *investor* and NAB in accordance with this PDS. The number of *NAB ASX 200 Investments* held by an *investor* represents the size of that deferred purchase agreement.

NAB guarantee amount means \$1.00 (if no *trigger event* has occurred) or \$0.85 (if a *trigger event* has occurred), which is what the minimum *maturity amount* of each *NAB ASX 200 Investment* will be on the *maturity date*.

nominee means National Australia Bank Limited
ABN 12 004 044 937.

nominee deed means the document entitled "NAB Principal Series Nominee deed" to be executed by the *nominee* before the *issue date*.

participation rate has the meaning given to that term in condition 3 of the *conditions*.

Part A – Product Disclosure Statement

register means the register, including any branch register, of *investors* established and maintained by, or on behalf of, NAB.

registrar means National Australia Bank Limited or any other person appointed by NAB to maintain the *register*.

sale proceeds means the proceeds of the sale of your *delivery parcel* received by NAB or its nominee in accordance with the *conditions*.

starting average index level has the meaning given to that term in condition 3 of the *conditions*.

taxes means taxes (including *GST* and stamp duty), levies, imposts, deductions, charges, withholding imposed by any government agency together with any related interest, penalties, fines, expenses or other amount incurred in connection with them, except if imposed on the overall net income of NAB.

term means the 5.5 year *term* of your *NAB ASX 200 Investments*, which starts on the *issue date* and ends on the *maturity date*.

a **trigger event** occurs if on any date up to and including the *maturity date*, the level of the *index* at the *ASX* closing time is at or below 65% of the *index* level at the *ASX* closing time on the *issue date*.



13

Financial services guide

13 Financial Services Guide

The date of this Financial Services Guide (“FSG”) is 8 May 2009.

This FSG is an important document that is provided by National Australia Bank Limited (“NAB”, “we”, “us” or “our”). It sets out information about the financial services that we will, or are likely to provide to you as the issuer of *NAB ASX 200 Investments*.

This FSG contains important information to help you decide whether to use these financial services. It includes information about:

- who we are;
- how we can be contacted;
- the financial services we provide under this guide and the products to which those services relate;
- how we and our associates are remunerated in relation to the services offered;
- our internal and external complaints handling procedures and how these are available to you.

This FSG does not relate to financial services provided by our financial planning businesses. If you are provided with personal financial advice about *NAB ASX 200 Investments* we may also issue you with a Statement of Advice (SoA). The SoA will contain:

- the advice;
- the basis on which it is given;
- information relating to fees and commissions

and other benefits and any relationships, associations or interests that may influence the advice you receive.

Who is the Licensee?

National Australia Bank Limited (ABN 12 004 044 937) is the Licensee. We are authorised to provide financial services under our Australian financial services licence number 230686 (“AFSL”).

Our registered address is:

Level 3 (UB 3350)
800 Bourke Street
Docklands VIC 3000

What are the kinds of financial services and products that we will or are likely to provide to you?

NAB is authorised under its AFSL to provide various financial services to wholesale and retail clients, including:

- operating a custodial and depository service (other than an investor directed portfolio service); and
- dealing (issuing and dealing on behalf of another) in securities.

Relevant to *NAB ASX 200 Investments*, NAB’s AFSL allows it to hold the nominee securities on trust for you and all the other holders of *NAB ASX 200 Investments* and to deal in those securities.

The scope of NAB’s AFSL is broader than this. NAB’s full AFSL authorisations can be viewed at <http://www.asic.gov.au>.

Who does NAB act for when providing financial services?

NAB is acting on its own behalf in providing to you financial services relating to *NAB ASX 200 Investments*.

Participation in licensed markets and clearing and settlement facilities

NAB’s related body corporate, National Online Trading Limited is a participant of the Australian Securities Exchange.

Settlements

NAB has memberships with AUSTRACLEAR and Clearstream Banking. NAB uses the following clearing facilities:

- CLEARSTREAM;
- RITS - Reserve Bank Information and Transfer System;
- RTGS - Real Time Gross Settlement;
- AUSTRACLEAR; and
- CLS - Continuous Linked Settlement.

How can you give us instructions?

You can give us instructions in relation to *NAB ASX 200 Investments* in writing (e.g. fax, email or letter) by using the contact details set out on the last page of this FSG, or by using another method agreed by us.

How are any commissions, fees or other benefits calculated for providing the financial services?

When you invest in *NAB ASX 200 Investments*, an associate or related body corporate of NAB will receive an adviser distribution fee if NAB’s associate or related body corporate, as applicable, acts as your adviser. NAB is also entitled to an *early withdrawal* fee in certain circumstances. These fees and the basis for their calculation are set out in section 6 (“What are the fees?”) of the PDS that is combined with this FSG. One of NAB’s related bodies corporate or associates may receive brokerage fees if it acts as broker in connection with the sale of *delivery assets*. Other than these fees, in putting together and issuing *NAB ASX 200 Investments*, NAB will make a profit from which it will pay the adviser a distribution fee and will then keep any remaining balance. Otherwise NAB does not receive any other remuneration or benefits (including commissions) in connection with *NAB ASX 200 Investments*.

Section 6 (“What are the fees?”) of the PDS that is combined with this FSG outlines the remuneration arrangements for NAB staff members.

Do we pay referral fees?

We will pay an adviser distribution fee in connection with *NAB ASX 200 Investments* to your advisor. Details of this fee are set out in section 6 (“What are the fees?”) of the PDS that is combined with this FSG.

What should you do if you have a complaint?

You are entitled to enquire into or complain about the services you receive from us and our products. We have established procedures to ensure all enquiries and complaints are properly considered and dealt with. These procedures are more fully outlined in our brochure entitled Resolving Problems, which is available via NAB branches. Broadly if you have an enquiry or complaint you wish to raise with NAB, you can do so in any of the following ways:

- you are always welcome to speak directly to the staff at your branch and they will do their best to resolve your issues. If they are unable to do so, the matter will be escalated until resolved; or
- call our dedicated complaints hotline any time between 8am and 8pm, Monday to Friday (EST), on free call **1800 152 015**; or
- complete the customer feedback form attached to our Resolving Problems brochure (referred to above). You can either fax it to us on **(03) 8641 0665** or send it via post. The postage is paid and it is addressed to go direct to our Customer Resolutions Department:

**National Australia Bank
Head of Customer Relations
Reply Paid 2870
Melbourne Victoria 8060**

- you can also email our Customer Resolutions Department on feedback@national.com.au or via the 'Feedback' page on NAB's website at national.com.au.
- If you subsequently feel that your complaint has not been resolved to your satisfaction, you may refer to the Financial Ombudsman Service (FOS) of which NAB is a member. FOS is an external dispute resolution scheme that provides free advice and assistance to consumers to help resolve complaints relating to financial service providers. FOS telephone number is 1300 780 808.

How can you contact us?

You can contact us by:

- calling us on 13 22 65;
- visiting our website national.com.au;
- writing to us at Level 24, 500 Bourke Street, Melbourne, VIC 3000; or
- emailing us at contactus@national.com.au.

Hearing impaired customers with telephone typewriters can contact us on **1300 363 647**.



14

NAB Principal Series –
ASX 200 Index Investment
application form

Please ensure that you read and complete all the sections required. Missing or incomplete information may delay your application.

If you are investing as: Individuals/Individual Trustees of Trust or Superannuation Fund – complete Section A1;
Company/Corporate Trustees of Trust or Superannuation Fund – complete Section A2;
Partnerships – complete Section A1.
All applicants must also complete Sections B, D and E1.
Advisers to complete Sections C and E2

Please send your application together with application monies to:

**National Asset Servicing
Registry Services
GPO Box 1406
Melbourne VIC 3001**

Should you require assistance completing your application please contact your Financial Adviser or alternatively call NAB Global Markets Investments help line on **1800 652 669**.

Application form

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NAB Principal Series – ASX 200 Investment Application form

National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 (5/09)

Section A Applicant Details

Type of Applicant (please tick)

<input type="checkbox"/> Individual Please complete Section A1	<input type="checkbox"/> Company Please complete Section A2	<input type="checkbox"/> Partnerships Please complete Section A1	On behalf of Trust or Superannuation Fund as: <input type="checkbox"/> Individual Trustee(s) Please complete Section A1 <input type="checkbox"/> Corporate Trustee Please complete Section A2
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Section A1 Name of Individual Investor or Individual Trustee of a Trust or Superannuation Fund

1st Investor

Capacity

<input type="checkbox"/> Individual	<input type="checkbox"/> Joint – 1	<input type="checkbox"/> Trustee	<input type="checkbox"/> On behalf of partnership	<input type="checkbox"/> Adult for child under 18
<input type="checkbox"/> On behalf of deceased estate		<input type="checkbox"/> Club, Charity, Church or other unincorporated body		

Contact name

First name

Surname

<input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Miss <input type="checkbox"/> Ms <input type="checkbox"/> Other	<input type="text"/>	<input type="text"/>
---	----------------------	----------------------

Date of birth

Account description (i.e. name of trust/superannuation)

<input type="text" value="DD/MM/YYYY"/>	<input type="text"/>
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Residential address

<input type="text"/>	State	Postcode
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Home phone

Work phone

<input type="text" value="()"/>	<input type="text" value="()"/>
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Postal address

<input type="text"/>	State	Postcode
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Email address

<input type="text"/>

2ND Investor

Capacity

<input type="checkbox"/> Joint – 2	<input type="checkbox"/> Trustee	<input type="checkbox"/> On behalf of partnership	<input type="checkbox"/> Adult for child under 18
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Contact name

First name

Surname

<input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Miss <input type="checkbox"/> Ms <input type="checkbox"/> Other	<input type="text"/>	<input type="text"/>
---	----------------------	----------------------

Date of birth

<input type="text" value="DD/MM/YYYY"/>

Residential address

<input type="text"/>	State	Postcode
----------------------	-------	----------

Home phone

Work phone

<input type="text" value="()"/>	<input type="text" value="()"/>
----------------------------------	----------------------------------

Postal address

<input type="text"/>	State	Postcode
----------------------	-------	----------

Email address

<input type="text"/>



NAB Principal Series – ASX 200 Investment Application form

National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 (5/09)

Section A2 Name of Company or Corporate Trustee of Trust of Superannuation Fund

Name of Company or Corporate Trustee ABN number (if applicable)

Account description (i.e. name of trust/superannuation)

Contact name Business telephone

Email address

Registered Business address
State Postcode

Postal address (if different to business address)
State Postcode

Company secretary name Business telephone

Director name Business telephone

Director name Business telephone

Director name Business telephone

Section B Investment Details

Name Amount
NAB Principal Series – ASX 200 Index Investment \$

Please note: Minimum investment amount is \$10,000 with additional amounts of \$1,000

Section B2 Direct Debit Request

You must read the Direct Debit Request Service Agreement contained in condition 21 of the investment conditions in the Product Disclosure Statement before completing this section.

Request an authority to debit the account named below to pay National Australia Bank Limited.

By completing this Direct Debit Request the applicant(s) requests and authorises National Australia Bank Limited (the **User**) (User ID number 384355) to arrange for any amount National Australia Bank Limited may direct debit or credit the applicant(s) under product Disclosure Statement in respect of all payments to be debited through the Bulk Electronic Clearing System from or to an account held at the financial institution identified below subject to the terms and conditions of the Direct Debit Request Service Agreement in the Product Disclosure Statement and the applicant(s) instructions provided below.

Name and address of financial institution at which account is held

Name of financial institution

Address of financial institution

Details of account to be debited

Name of account BSB Number Account Number

Section C Adviser Details (Advisers only)

Please specify whether the applicant is to be rebated the up-front commission

If no election is made, the default will apply

Yes No (default)

I confirm that:

- I have read the Product Disclosure Statement for NAB Principal Series – ASX 200 Index Investments (the 'Investment') and have explained to the applicant the key features and risks associated with investing in the Investment.
- Having regard to the information that the applicant has given me about the applicant's personal circumstances and the information contained in the Product Disclosure Statement I am satisfied that I have a reasonable basis for advising that the applicant invest in the Investment.
- I have complied with all the relevant disclosure obligations and requirements to provide documents imposed by the Corporations Act in connection with my advice.

Dealer group

Adviser name

Adviser Address

State

Postcode

Adviser phone

Adviser Signature

Adviser notes

Section D Applicant Acknowledgement and Signature

By subscribing for NAB ASX 200 Investments pursuant to this application form, I/we confirm that:

- I/we have received the PDS dated 8 May 2009 (electronically or otherwise) in Australia.
- I/we have received and understood the PDS and the declarations in this application form before I/we complete this application form.
- I/we am/are natural person(s) not under any legal disability preventing me/us from applying for NAB ASX 200 Investments.
- by signing this application form and submitting it to NAB (whether directly or through a financial adviser) together with the payment of the application amount, I/we agree to be bound by the investment conditions contained in the PDS and make the declarations contained in this application form.
- where I am/we are subscribing for NAB ASX 200 Investments as trustee of a trust, I/we have all the power, authority and discretion vested as trustee to apply for and hold the NAB ASX 200 Investments.
- I/we acknowledge that the information contained in the PDS is general in nature and is not investment advice or a recommendation that NAB ASX 200 Investments are suitable for me/us given my/our investment objectives, financial situations or particular needs.
- I/we are not in breach of any law or any obligation to another person by entering into or becoming bound by the investment conditions.
- all the information that I/we have given to NAB is correct and not misleading and I/we acknowledge that it may be a criminal offence to knowingly provide false or misleading information or documents when completing this application form.
- I am/we have not withheld any information that might have caused NAB to reject my/our application for NAB ASX 200 Investments.
- I/we acknowledge that nothing in this PDS is a representation as to the future performance of the index, NAB ASX 200 Investments or any delivery asset.

- I/we acknowledge that neither NAB nor its related bodies corporate have provided any tax advice or otherwise made any representations regarding the tax consequences of my/our application to purchase NAB ASX 200 Investments. I/we acknowledge that to the extent that I/we require, I/we have or will obtain my/our own independent advice on the taxation implications relevant to my/our own circumstances before making an investment decision.
- I/we have read and understand the information regarding privacy in section 10 of the PDS and agree that the information about me/us in this application form will not be collected, used or disclosed for any purpose other than for the purposes stated in the PDS.
- I/we acknowledge that the acceptance of my/our application form will be at the absolute discretion of NAB, which has the right to reject my/our application.
- I/we acknowledge that once submitted, I/we cannot withdraw my/our application unless NAB agrees otherwise.
- I/we acknowledge that an investment in NAB ASX 200 Investments is not a deposit with NAB or of any of its related bodies corporate. NAB ASX 200 Investments can be subject to investment risk including possible delays in repayment and loss of income or principal invested.
- I/we acknowledge that my/our signatories below indicates my/our authorisation of the payment instructions (including Direct Debit Request) provided to NAB in this application form.

By signing below, I/we consent to the use or disclosure of the information about me/us in this application form for the purposes of telling me/us about other products or services from across the NAB group, or other promotions or opportunities in which I/we may be interested.

If you do not wish to receive promotional material from NAB or its related bodies corporate, tick this box

Applicant 1 / Director / Trustee

Signature

X

Print name

Date

DD / MM / YYYY

Capacity* (e.g.. Director/secretary)

Applicant 2 / Director / Trustee

Signature

X

Print name

Date

DD / MM / YYYY

Capacity* (e.g.. Director/secretary)

*If signing on behalf of a Company investment, please state your capacity

Section E Anti-money laundering & counter terrorism requirements

Are you an existing NAB customer?

Yes No

If you are an existing NAB customer, please provide a customer number, an account number or card number

If you are not an existing NAB Customer you are required to provide certified documentation for the purposes of meeting the minimum customer identification requirements under The Anti-Money Laundering and Counter-Terrorism Financing Act 2006. Please refer to the tables below for the list of 'Accepted Documents' and 'Approved Certifiers'

Section E1 Investor Details

Investor 1

Attach the required certified documentation (see below) and complete the following:

Identification Document Details

Document 1 – from Table A

Document 2 – From Table A or B

Document Type

Investor 2

Attach the required certified documentation (see below) and complete the following:

Identification Document Details

Document 1 – from Table A

Document 2 – From Table A or B

Document Type

Section E2 Adviser/Broker Details

I have attached a certified copy of the original identification document, and verify that the above is true and correct.

Adviser/Broker Signature

X

Adviser/Broker Name

Date verified

DD / MM / YYYY

Adviser/Broker firm name:

Adviser/Broker ID (if applicable)

Accepted Documents

Verify the customer's full name and either date of birth or residential address by selecting **TWO** documents from the list below.

NOTE: At least **ONE** document must be included from **Table A**.

Table A: Primary Identification

Australian driver's licence containing a photograph of the person
Australian passport (a passport that has expired within the preceding 2 years is acceptable)
Card issued under a State or Territory for the purpose of proving a person's age containing a photograph of the person
Foreign passport or similar travel document containing a photograph of the person*
Australian birth certificate or Australian citizenship certificate (these documents cannot be used together for the purposes of identification)

Table B: Secondary Identification

National identity card issued by a foreign government*
A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits and contains the individual's name and residential address
A document issued by the Australian Taxation Office within the preceding 12 months which contains the individual's name and residential address
A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address)
Foreign driver's licence that contains a photograph of the person in whose name it is issued and the individual's date of birth*
Australian Government issued Medicare card
Australian Government issued ID or permit card, sealed in plastic
Australian driver's licence issued on paper
Letter of reference or equivalent originating from Aboriginal/Torres Strait Islanders Community Leaders

*Documents not written in English must be accompanied by an English translation prepared by an accredited translator.

Approved Certifiers

A certified copy means a document that has been as a true copy of the original document by one of the following persons:

- A person who is enrolled on the roll of the Supreme Court of a State or Territory, of the High Court of Australia as a legal practitioner (however described)
- A judge of a court
- A magistrate
- A chief executive officer of a Commonwealth Court
- A registrar or deputy registrar of a court
- A Justice of the Peace
- A notary public (for the purposes of Statutory Declaration Regulations 1993)
- A police officer
- An agent of the Australian Postal Corporation who is in charge of supplying postal services to the public
- A permanent employee of the Australian Postal Corporation 2 or more years of continuous service who is employed in an office supplying postal services to the public
- An Australian consular officer or an Australian diplomatic officer (within the meaning of the Consular Fees Act 1955)
- An officer with 2 or more continuous service with one or more financial institutions (for the purposes of Statutory Declaration Regulations 1993)
- A finance company officer with 2 or more continuous service with one or more financial institutions (for the purposes of Statutory Declaration Regulations 1993)
- An officer with, or authorised representative of, a holder of an Australian financial services license, having 2 or more continuous years of service with one or more licenses or
- A member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with 2 or more years of continuous membership

Certified Copy Requirements

A certified copy is a document that has been approved as a true copy of an original document.

The following certification requirement must appear on each page of the copy:

- Full printed name of the Approved Certifier e.g. Michelle Helena Citizen
- Full address of the Approved Certifier
- Registration number (if applicable)
- Date the document was certified
- The text: "This is to certify that this is a true copy of the original which I have sighted"
- Signature of the Approved Certifier
- The capacity in which they have certified the document, e.g. A police officer etc.

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NAB Principal Series – ASX 200 Investment Application form

National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 (5/09)

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15 Directory

The *registered* address of the issuer:

National Australia Bank Limited
Level 3 (UB 3350)
800 Bourke Street
Melbourne VIC 3000

Contact us

Please send your application together with application monies to:

**National Asset Servicing
Registry Services
GPO Box 1406
Melbourne VIC 3001**

Should you require assistance completing your application please contact your Financial Adviser or alternatively call NAB Investor Services help line on **1800 652 669**.

