



# OPTIMISER PLUS

Product Disclosure Statement  
(Series 2007-03)

**30 April 2007**

## Important Information

**Product Disclosure Statement:** This Product Disclosure Statement ("PDS") is dated 30 April 2007 and has been prepared by the Issuer. This PDS has not been lodged with the Australian Securities and Investments Commission ("ASIC") and is not required by the Corporations Act to be lodged with ASIC. ASIC takes no responsibility for the contents of this PDS.

**Purpose:** The Optimiser Plus is issued by Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832 and AFSL 240992) ("Citigroup Australia", "Issuer", "we" or "us") a Participant of ASX Group and the Sydney Futures Exchange Limited. The Optimiser Plus is an agreement between the Investor and the Issuer governed by the terms set out in the terms and conditions ("Terms"), which are contained in section 9 of this PDS. It is important that Investors and potential Investors read the Terms in full as these set out an Investor's rights and obligations in relation to the Optimiser Plus. Capitalised words used in this PDS have the meaning given to them in clause 15 of the Terms, unless the context requires otherwise.

**Disclaimer:** The Optimiser Plus and any securities recommended, offered, or sold by the Issuer: (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations or liabilities of any insured depository institution (including Citibank, N.A.); and (iii) are subject to investment risks, including the possible loss of the principal amount invested in the event of an Early Maturity. The Optimiser Plus does not represent a deposit or other liability of Citigroup Pty Limited or Citibank, N.A. (Sydney Branch) and these entities do not stand in any way behind the capital value and/or performance of the Optimiser Plus. The Issuer is not subject to regulatory supervision by APRA.

**Variation of Offer Times:** The Issuer reserves the right to vary the dates and times of the offer. This means that the Issuer has a discretion to extend or reduce the length of the offer period by changing any of the relevant dates in the Issuer's absolute discretion. The Issuer may exercise its rights where, for example, the demand for the Optimiser Plus has been very high and a significant number of customers have requested that the period be extended. However, in exercising its discretion the Issuer would act reasonably and would not leave the offer period open for too long having regard to standard market practice. The Issuer may also vary the Maturity Date if an Early Maturity Event occurs. The term "Early Maturity Event" is defined in clause 4.1 of section 9 of this PDS. The risks associated with an Early Maturity Event, including the loss of capital protection, are more fully discussed in section 5 of this PDS.

**Investment Decisions:** It is impossible in a document of this type to take into account the investment objectives, financial situation and particular needs of each reader. Accordingly, nothing in this PDS should be construed as a recommendation by the Issuer, or any associate of the

Issuer or any other person concerning an investment in the Optimiser Plus, the Delivery Assets or any other financial product. Readers should not rely on this PDS as the sole or principal basis of a decision to invest in the Optimiser Plus, Delivery Assets or any other financial product and should seek independent financial, legal and taxation advice before making a decision whether to invest. No person is authorised by the Issuer to give any information or to make any representation not contained in this PDS. Any information or representation not contained in this PDS must not be relied upon as having been authorised by or on behalf of the Issuer. Nothing in this PDS is, or may be relied upon as, a representation as to the future performance of the Optimiser Plus, the Reference Assets or the Delivery Assets.

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**Updates relating to this PDS:** The Issuer may make available updated information relating to this PDS. Investors may access this information at <http://www.citiwarrants.com.au/> or alternatively may request a paper copy of this information free of charge from their financial adviser or by contacting the Issuer on 1300 308 982. The information that the Issuer will make available by way of these updates is subject to change from time to time and will not be information which is materially adverse to Investors.

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**Cooling off:** Please note that no cooling-off rights apply in respect of the purchase of the Optimiser Plus.

**Social or Ethical Considerations:** The Optimiser Plus does not take into account labour standards or environmental, social or ethical standards.

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## Key Dates

Event	Date
Offer Opens	21 May 2007
Offer Closes	30 June 2007
Issue Date	6 July 2007
Maturity Date	6 July 2011

The key dates are indicative only and may be changed by the Issuer. All times are Australian Eastern Standard Time, unless otherwise stated.

**If you have any questions concerning the information contained in this PDS please contact Citigroup Australia on 1300 308 982 or email [equityfirst.au@citigroup.com](mailto:equityfirst.au@citigroup.com)**

## Investment Overview

### Optimiser Plus

#### Market Linked Investment

This 4-year AUD denominated market linked investment product (the “**Optimiser Plus**”) gives you the ability to elect whether your investment will be income focussed, by electing a particular allocation to the Income Portion, or growth focussed, by electing a particular allocation to the Growth Portion, all within the one investment. The Investor chooses, at the time of making the investment, the allocation from five possible allocations.

Optimiser Plus is a deferred purchase agreement, at maturity, Investors will receive the Final Value of their Optimiser Plus in shares in Commonwealth Bank of Australia.

The Income Portion is linked to the relative performance of two Fixed Income Indices, which are the INDEX5 and the INDEX2. The amount of income generated is determined by the Income Portion Allocation elected by the Investor and the relative performance of INDEX5 against INDEX2.

The Growth Portion is linked to the performance of three multi-asset portfolios on a look-back basis. Investors receive the performance of the best performing multi-asset portfolio, the Best Performing Investment Profile, multiplied by a participation rate based on their Growth Portion Allocation.

A distinct feature of the combined Growth and Income Portions when viewed historically is the low level of correlation between the returns on the Income Portion and the Growth Portion. Consequently, the Income/Growth Portion Allocation provides diversification for the Investor, where the Investor chooses to allocate some of the Optimiser Plus to the Income Portion and some to the Growth Portion.

Series	2007-03
Guarantor	Citigroup Inc (Moody's Aa1 and S&P AA-)
Issuer	Citigroup Global Markets Australia Pty Limited (“Citigroup Australia” or “Issuer”)
Income Portion	Gives the Investor exposure to the Variable Coupon.
Growth Portion	Gives the Investor leveraged exposure to the Best Performing Investment Profile.
Offer Closes	30 June 2007
Issue Date	6 July 2007
Maturity Date	6 July 2011
Term of Investment	4 years
Denomination	Australian Dollars
Issue Price	A\$1.00 per Optimiser Plus
Minimum Investment Amount	A\$10,000 in total and in multiples of A\$1,000 above that amount
Capital Protection	The value of each Optimiser Plus (regardless of its Income Portion or Growth Portion) on the Maturity Date will be at least equal to the Issue Price subject to rounding and deduction of any Costs and Taxes (refer to <b>Capital Protection and Early Maturity</b> contained in section 1 for further details on when this capital protection may not apply)*
Delivery Asset	Share in Commonwealth Bank of Australia (an ASX listed share, ASX Code CBA)
Fees and Commissions	<b>Upfront fee</b> - an upfront fee of up to 2.00% (including GST) of the Investment Amount. <b>Trailing fee</b> - a trailing fee of up to 0.33% per annum (including GST) based on the Investment Amount, payable annually in arrears, on the anniversary of the Issue Date, conditional on the Investor continuing to hold the Optimiser Plus. These fees will be paid by Citigroup Australia at no additional cost to Investors.
	<b>Income Portion</b>
Variable Coupon	Up to 16% per annum** on the Income Portion only. The Variable Coupon is the sum of the Accrual Coupon and the Step-Up Coupon and is dependant on the performance of the INDEX5 as compared to the INDEX2. INDEX5 and INDEX2 are respectively the 5 year Act/365 AUD semi-annual swap rate and 2 year Act/365 AUD quarterly swap rate as per “MID” on Reuter's Page IRSW10AM (10am Sydney Time) daily. For each calendar day where no fixing is available, the immediately preceding available fixing will be used. For the last 2 business days in a coupon period, the fixing will not be observed, but assumed to be the same as the immediately preceding available fixing.

\* This capital protection only applies to investments held until the scheduled Maturity Date and provided no Early Maturity Events occur and is subject to rounding and deduction of any Costs and Taxes (see “What are the Delivery Assets?” in Section 1). The obligations of the Issuer regarding capital protection are guaranteed by Citigroup Inc. Please refer to the paragraph headed “Capital Protection and Early Maturity” contained in section 1 of this PDS for further details.

\*\* The Variable Coupon is paid on the Income Portion only. The level of Variable Coupon on an Optimiser Plus depends on, among other things, the Income Portion of the Optimiser Plus. The Variable Coupon is calculated and paid quarterly in arrears. For more information please see Section 5.



## Optimiser Plus

### Market Linked Investment

This 4-year AUD denominated market linked investment (the “**Optimiser Plus**”) is an innovative product that gives you the ability to choose between a Growth Portion and an Income Portion within the one investment. Investors can choose from the following allocations between Growth Portions and Income Portions of an Optimiser Plus:

Optimiser Plus Component	Growth Portion Allocation	Income Portion Allocation
Balanced	50%	50%
Income	25%	75%
Growth	75%	25%
Income Only	0%	100%
Growth Only	100%	0%

The Growth Portions are linked to the performance of three (3) multi-asset “**Investment Profiles**”, each of which has a specific allocation to Equities, Property and Commodities:

Investment Profile	Equities Allocation	Property Allocation	Commodities Allocation
Equities biased	60%	20%	20%
Property biased	20%	60%	20%
Commodities biased	20%	20%	60%

The Growth Portions offer Investors the potential for capital growth linked to the Best Performing Investment Profile. Income Portions could pay up to 16% per annum based on the Income Portion Allocation of an Optimiser Plus, calculated and paid quarterly in arrears depending on the relative performance of the INDEX5 and INDEX2 (the “**Variable Coupon**”).\*\* The level of Variable Coupon on an Optimiser Plus depends on, among other things, the Income Portion of the Optimiser Plus. The Variable Coupon is made up of the Accrual Coupon and the Step-Up Coupon. The Optimiser Plus provides investors with the safety of 100% capital protection on the Maturity Date in relation to both Growth Portions and Income Portions\*.

### Income Portion - Quarter End Date

At each Quarter End Date, the Issuer will calculate the Investor’s entitlement to the Variable Coupon of up to 16% per annum (i.e. 4% per quarter) in relation to the Income Portion of each Optimiser Plus held by the Investor.

The Variable Coupon is made up of the Accrual Coupon of up to 8% per annum and the Step-Up Coupon of up to 8% per annum.

### Accrual Coupon

The Accrual Coupon is calculated on each Quarter End Date and relates only to the Income Portion of an Optimiser Plus. For each Optimiser Plus the Accrual Coupon is calculated using the following formula:

$$\text{Income Portion} \times 8\% \times \text{Days Accrued} / 365$$

\* This capital protection only applies to investments held until the scheduled Maturity Date and provided no Early Maturity Events occur and is subject to rounding and deduction of any Costs and Taxes (see “What are the Delivery Assets?” in Section 1). The obligations of the Issuer regarding capital protection are guaranteed by Citigroup Inc. Please refer to the paragraph headed “Capital Protection and Early Maturity” contained in section 1 of this PDS for further details.

\*\* The Variable Coupon is paid on the Income Portion only. The level of Variable Coupon on an Optimiser Plus depends on, among other things, the Income Portion of the Optimiser Plus. The Variable Coupon is calculated and paid quarterly in arrears. For more information please see Section 5.

Where:

**Income Portion** means the portion of each Optimiser Plus that gives the Investor exposure to the Variable Coupon, being a percentage notified by the Issuer to each Investor pursuant to the election of the Investor in the Application Form.

**Days Accrued** means the number of calendar days in the Quarter where the INDEX5 - INDEX2 is at or above -0.175%.

### Step-Up Coupon

The Step-Up Coupon is also calculated at each Quarter End Date and is dependant on the INDEX5 relative to the INDEX2 on that date. The Step-Up Coupon for that Quarter is payable if the INDEX5 - INDEX2 is greater than 0.50%.

For each Optimiser Plus the Step-Up Coupon is calculated as follows:

$$\text{Income Portion} \times 8\% \times \text{Days Actual}/365$$

Please refer to the examples in the paragraph headed "How is the Variable Coupon calculated?" contained in section 1 of this PDS for an illustration of the calculation of the Accrual Coupon and Step-Up Coupon.

### Growth Portion - Maturity Date

At Maturity, Investors will receive 100%\* of their initial investment plus participation in the performance of the Best Performing Investment Profile for the Growth Portion of the number of Optimiser Plus held by the Investor.\*\*\* The performance of each Investment Profile (the "**Investment Profile Return**") is calculated with reference to the specific weighting of each Asset Class within the Investment Profiles, the Best Performing Investment Profile is then selected as the Investment Profile with the highest return.

### Asset Classes

The multi-asset Investment Profiles provide exposure to three (3) asset classes representing Equities, Property and Commodities (the "**Asset Classes**"). The performance of each Asset Class will be based on an equally-weighted basket of Reference Assets with an averaging feature which captures the performance of each Reference Asset at the four Observation Dates:

Equities	Property	Commodities
EURO STOXX 50	FTSE EPRA/NAREIT Global Real Estate Index	S&P GSCI Energy Index
S&P BRIC 40		S&P GSCI Precious Metals Index
Nikkei 225		S&P GSCI Agriculture Excess Return Index
S&P 500		

\* This capital protection only applies to investments held until the scheduled Maturity Date and provided no Early Maturity Events occur and is subject to rounding and deduction of any Costs and Taxes (see "What are the Delivery Assets?" in Section 1). The obligations of the Issuer regarding capital protection are guaranteed by Citigroup Inc. Please refer to the paragraph headed "Capital Protection and Early Maturity" contained in section 1 of this PDS for further details.

\*\*\* The Participation Rate is indicative only. The actual level of the Participation Rate will be fixed on the Issue Date and is expected to range between 100% and 130% (the minimum will be 100%). Please refer to the paragraph headed "What Factors Affect the Participation Rate?" contained in section 1 of this PDS for further details.

On the Maturity Date the return of each Asset Class is calculated as the weighted average performance of the average of the Reference Asset Levels relative to their Official Level on the Issue Date (the **"Average Reference Asset Return"**), the constituents being equally weighted for the purpose of calculating the return of the Asset Class. The Average Reference Asset Return means the average of the Official Level of each Reference Asset on each Observation Date (the **"Reference Asset Levels"**) relative to the Official Level of the Reference Asset on the Issue Date. The Reference Asset Level is the Official Closing Level of the Reference Asset on each Observation Date. The exact formula for calculating the Asset Class Return is contained in clause 15 of the Terms.

### Averaging

The Asset Class Return includes an averaging feature. The averaging feature means that the Official Level of each Reference Asset is captured on each of the four Observation Dates and is averaged. This is referred to as the Average Reference Asset Return. The effect of averaging is that it places emphasis on gains or losses in the Reference Assets on the Observation Dates. If the Reference Asset rises over the life of the investment and then drops in value close to Maturity, Investors will still participate in the gains arising on earlier Observation Dates. Averaging therefore reduces the volatility of the Investment Profile Return and allows for a significantly higher Participation Rate than would otherwise be possible without averaging. The exact formula for calculating the Average Reference Asset Return is contained in clause 15 of the Terms. See Section 2 for an example of the averaging feature.

### Investment Objectives

Optimiser Plus is suitable for Investors who want access to growth potential provided by the Growth Portion and/or the ability to earn enhanced yield through the Income Portion. These Investors will be capable of choosing their own level of potential income and growth. Investors should understand the potential risks and reward associated with investing in the Delivery Assets, and having exposure to the Reference Asset and the Fixed Income Indices.

Investors in the Growth Portion will want to benefit from the out-performance of the best performing asset class and be Investors who understand but do not have a particular sector view on Equities, Property or Commodities. Investors in the Income Portion will want to receive above market income by exploiting an opportunity in the interest rate market and will be Investors who have an understanding of the fixed income market. The following points are key considerations an Investor should take into account in relation to an investment in the Optimiser Plus.

#### You seek

- Diversified exposure to global markets including Equities, Property and Commodities to generate growth
- Exposure to fixed income markets to generate income
- 100% capital protection at Maturity\*
- Potential for capital growth with the Growth Portion
- Potential for above market income with the Income Portion
- A medium-term market-linked investment
- No entry, exit, management or brokerage fees payable on investments held until the Maturity Date

#### You can accept

- A holding period of 4 years
- The possibility of losing part of the initial Investment Amount if Optimiser Plus is not held to Maturity
- The risk associated with investing in fixed income products
- The risks associated with investing in Equities, Property and Commodities
- The risks associated with investing in medium-term financial products
- The possibility that returns could be less than the return you could earn on other investments including the actual return on the Reference Assets or fixed income investments

\* The capital protection only applies to investments held until the scheduled Maturity Date and provided no Early Maturity Events occur and is subject to rounding and deduction of any Costs and Taxes (see "What are the Delivery Assets?" in Section 1). The obligations of the Issuer regarding capital protection are guaranteed by Citigroup Inc. Please refer to the "Risk Factors" contained in section 5 of this PDS for further details.

### Investment Strategy

Optimiser Plus offers exposure to both growth and income in an allocation suitable to the Investor.

The Income Portion provides Investors with the ability to take a view on a potential opportunity that exists in the interest rate market. The opportunity has arisen as a result of an inversion in the interest rate curve. Investors who may have a view that the curve may not remain inverted or will not invert further, for a prolonged period could benefit from the return on the INDEX5 - INDEX2 spread offered by the Income Portion of the Optimiser Plus.

The Growth Portion provides exposure to a well-diversified asset portfolio without the need to make specific asset class allocations. Investors in the Growth Portion may have a positive view of the Reference Assets over the next 4 years but no preference on the proportion of each asset class allocation within the Investment Profiles. The Growth Portion also allows Investors to lock in the performance of each Asset Class at the four Observation Dates with an averaging feature

## Section 1 - Details of the Investment

### What is the Optimiser Plus?

Optimiser Plus is a 4-year financial product issued by Citigroup Australia that offers Investors the potential for capital growth and enhanced income. The Optimiser Plus offers Investors the flexibility to choose the level of exposure to growth generation and income generation. This level of flexibility has been built into the product offering to ensure Investors have the ability to choose the growth/income mix that best suits their investment objectives. The potential for capital growth is linked to the Best Performing Investment Profile and the Investor's allocation to the Growth Portion. The potential for enhanced income is linked to the relative performance of INDEXT5 and INDEXT2 and the Investor's allocation to the Income Portion.

Optimiser Plus is classified as a "security" under the Corporations Act because it gives Investors an equitable interest (a "Beneficial Interest") in a Portion of the Delivery Assets for the duration of the investment. The Portion is a 1/1000th interest in a Delivery Asset, held by the Issuer or its nominee for an Investor for the Term of Investment. It cannot be dealt with separately to the rest of the Optimiser Plus.

### How is Optimiser Plus Structured?

Optimiser Plus is structured as a deferred purchase agreement. Under a deferred purchase, an Investor agrees to purchase the Delivery Assets (including the Portion) and either:

- elect to accept physical delivery of the Delivery Assets on the Settlement Date; or
- elect to take advantage of the Agency Sale Arrangement and receive the Sale Proceeds.

### What are the Delivery Assets?

On the Settlement Date the Issuer will be required to deliver to the Investor shares in Commonwealth Bank of Australia. The value of these shares will be equal to the Final Value of the investment in Optimiser Plus on the Maturity Date (as explained below) multiplied by the number of Optimiser Plus held by an Investor. If any Costs and Taxes are payable, these will be deducted from the Final Value.

The Issuer will only deliver a whole number of Delivery Assets (which will include the Portion). If any fractional unit would be transferable by the Issuer to the Investor, the Issuer will pay an amount equal to the value of the fraction of the unit foregone, based on the Closing Price, provided that the amount exceeds A\$20. If the amount does not exceed A\$20, the Issuer is under no obligation to the Investor to make any payment for the fraction.

### What income will Optimiser Plus generate?

In consideration for agreeing to the deferred delivery of the Delivery Assets, including the Portion, or receiving the Sale Proceeds under the Agency Sale Agreement, the Investor will receive the Variable Coupon, based on the Investor's elected allocation to the Income Portion. Optimiser Plus will pay a Variable Coupon of up to 16% per annum based on the Income Portion of an Optimiser Plus, payable quarterly in arrears. The level of Variable Coupon on an Optimiser Plus depends on, among other things, the Income Portion Allocation of the Optimiser Plus chosen by the Investor. Investors are not entitled to receive any other dividends or distributions in respect of Optimiser Plus or the Delivery Assets during the Term of Investment.

### How is the Variable Coupon calculated?

**The following examples are provided for illustrative purposes only and are intended to explain how the Variable Coupon is calculated. Any levels which are used in the following examples are hypothetical only and are not an indication of the current, future or past performance, nor a guarantee of the future performance, of the Fixed Income Indices or the Optimiser Plus. Further, the Variable Coupon is only payable on the Investor's elected allocation to the Income Portion, no Variable Coupon will be paid in respect of the allocation to Growth Portion.**

### Step 1: Calculate the Accrual Coupon

The Accrual Coupon is calculated on each Quarter End Date and relates only to the Income Portion. For each Optimiser Plus the Accrual Coupon is calculated using the following formula:

$$\text{Income Portion} \times 8\% \times \text{Days Accrued}/365$$

Where:

**Income Portion** means the portion of each Optimiser Plus that gives the Investor exposure to the Variable Coupon, being a percentage notified by the Issuer to each Investor pursuant to the election of the Investor in the Application Form.

**Days Accrued** means the number of calendar days in the Quarter that the INDEX5 - INDEX2 is at or above -0.175%.

Assuming the Minimum Investment Amount of \$10,000 or 10,000 Optimiser Plus, invested in the Balanced Option, and assuming the following performance results:

Days in the Quarter = 91

Days Index5 - Index2 < -0.175% = 5

Observation at end of the Quarter: Index5 - Index2 > 0.50%

The Accrual Coupon for that Quarter for each Optimiser Plus would be calculated as follows:

$$= 50\% (\text{Income Portion}) \times 8.00\% \times (91 - 5) / 365$$

$$= \text{AUD}0.00942$$

The Accrual Coupon for that Quarter for a holding of 10,000 Optimiser Plus would therefore be:

$$= \text{AUD}0.00942 \times 10,000$$

$$= \text{AUD}94.24658$$

### Step 2: Calculate the Step-Up Coupon

The Step-Up Coupon is also calculated at each Quarter End Date and is dependant on the INDEX5 relative to the INDEX2 on the relevant Quarter End Date. The Step-Up Coupon for that Quarter is payable if the **INDEX5 - INDEX2 is greater than 0.50%** on the Quarter End Date.

For each Optimiser Plus the Step-Up Coupon is calculated as follows:

$$\text{Income Portion} \times 8\% \times \text{Days Actual}/365$$

Assuming the Minimum Investment Amount of \$10,000 or 10,000 Optimiser Plus, invested in the Balanced Option, and using the same performance assumptions as above, the Step-Up Coupon for each Optimiser Plus would be calculated as follows:

$$= 50\% (\text{Income Portion}) \times 8.00\% \times 91 / 365$$

$$= \text{AUD}0.00997$$

The Step-Up Coupon for a holding of 10,000 Optimiser Plus would therefore be:

$$= \text{AUD}0.00997 \times 10,000$$

$$= \text{AUD}99.72$$

### Step 3: Payment of the Variable Coupon

The payment of the Variable Coupon for the Quarter ending on hypothetical Quarter End Date would, therefore, be the sum of the Steps 1 and 2, i.e. the Accrual Coupon and the Step-Up Coupon calculated for that Quarter End Date.

Variable Coupon = Accrual Coupon + Step-Up Coupon

$$= \text{AUD}0.00942 + \text{AUD}0.00997$$

$$= \text{AUD}0.01939$$

For a holding of 10,000 Optimiser Plus - Balanced Option, the Variable Coupon would therefore be:

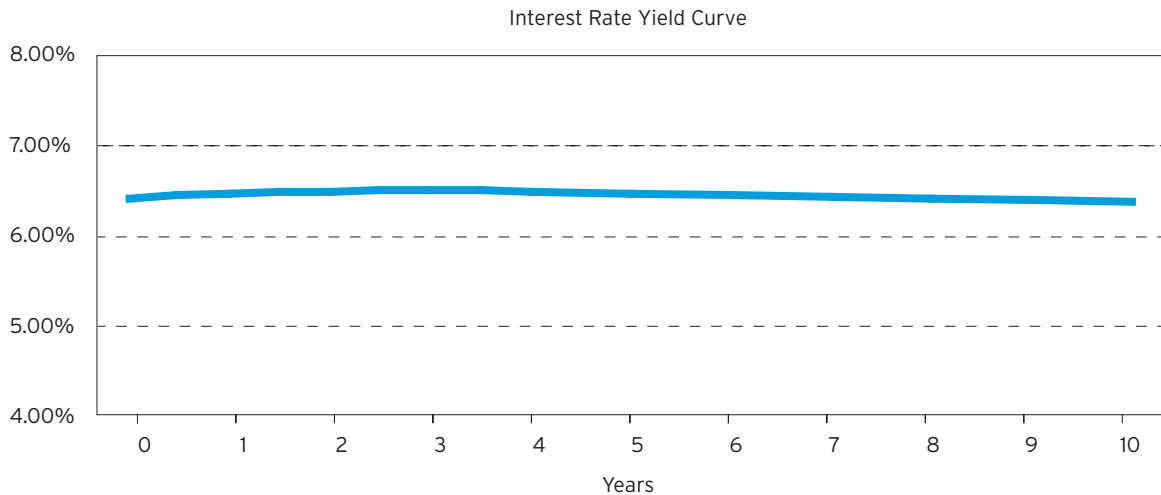
$$= \text{AUD}0.01939 \times 10,000$$

$$= \text{AUD}193.90$$

\* The Participation Rate is indicative only. The actual level of the Participation Rate will be fixed on the Issue Date and is expected to range between 100% and 130% (the minimum will be 100%). Please refer to the paragraph headed "What Factors Affect the Participation Rate?" contained in section 1 of this PDS for further details.

### What factors affect INDEX5 and INDEX2 and the spread between the two?

Both INDEX5 and INDEX2 are inputs that form the interest rate curve. This curve is constructed from a series of fixed rates for different maturities. The following chart illustrates a series of these fixed rates and how a yield curve would be viewed. The fixed rates differ for each maturity based on a number of factors including supply and demand dynamics.



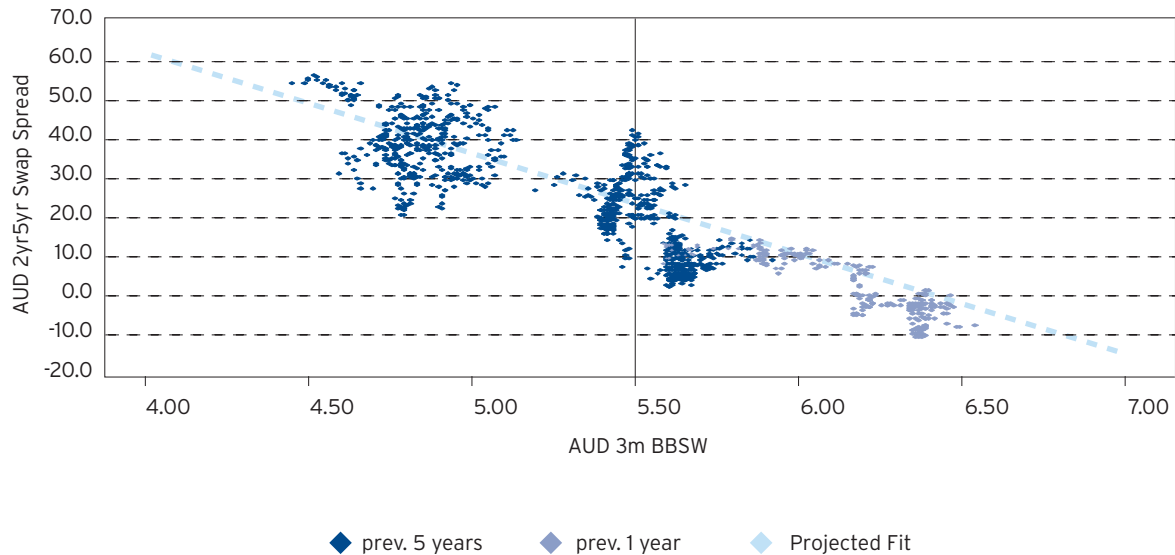
This is the Interest Rate Yield Curve based upon market data as at 4 February 2007. It should be noted that the Interest Rate Yield Curve is calculated daily and is not a constant curve and may change on a daily basis.

There has been a historical correlation between cash rates and the spread between INDEX5 - INDEX2. In general the higher cash rates move from what is considered neutral levels (e.g 5.50%-5.75% based upon Citigroup economic research), that is the level of cash rates that is not exerting contractionary influence on the economy, the higher short term interest rates trade relative to longer term interest rates. The reasoning follows that the mean reversion nature of cash rates is likely to result in longer term maturities, including more periods of cash rates closer to neutral. Therefore, as cash rates move higher the spread between INDEX5 and INDEX2 narrows and may even invert, moving closer to or through the -0.175% threshold, whilst in periods of easing cash rates the wider this spread becomes. Whilst the historical correlation between cash rates and the spread between INDEX5 and INDEX2 has been strong there is no guarantee that this correlation will continue, as the spread between INDEX5 and INDEX2 may also be impacted by other general economic activities and factors.

This means that if cash rates move higher, the spread between INDEX5 and INDEX2 is likely to be less and the Variable Coupon (comprising the Accrual Coupon and Step-Up Coupon) is less likely to be paid.

By contrast, if cash rates move lower, the spread between INDEX5 and INDEX 2 is likely to widen and the Variable Coupon (comprising the Accrual Coupon and Step-Up Coupon) is more likely to be paid.

The following graph illustrates the spread between INDEX5 and INDEX2 relative to the cash rate. As can be seen there is a strong correlation between this spread and cash rates. A simple linear extrapolation performed by Citigroup would suggest that cash rates would need to rise above 7.25% to risk INDEX5 - INDEX2 spread setting less than -0.175%. However, past performance is no guarantee of future performance and so the level at which cash rates would need to rise could be less than 7.25% to risk that spread setting. Similarly, the linear extrapolation illustrated in the graph below suggests that cash rates would need to be approximately 4.75% - 5.00% for the spread between INDEX5 and INDEX2 to set at 0.50%, however, again there is no guarantee that this cash rate range will result in the spread setting at 0.50%.



(BBSW is the Bank Bill Swap Rate and is an observable proxy for the cash rate)

Despite this mathematical relationship discussed above, there are three current key forces that could potentially work to support the INDEX5 - INDEX2 spread from inverting dramatically. These are:

1. Increased mortgage book switching from floating to fixed rates. As cash rates move higher if fixed term rates are at lower levels domestic banks will offer fixed rate specials. There are a couple of 3 year and 5 year fixed rate specials in the market already. This switching should force the banks to borrow fixed rates in the market which will act against any further narrowing or inversion of the INDEX5-INDE2 spread;
2. Increased infrastructure spending by State Governments to reduce capacity constraints particularly within the resource States. The proposed infrastructure spending is \$36bn over the next few years as projects come on line. This State based borrowing will be in fixed rates issuance in the 7 to 15 year maturities. Again this borrowing will place pressure on the INDEX5 - INDEX2 spread from inverting; and
3. Leveraged buyout activity requiring significant debt funding. The term of these transactions has been predominately in 4 to 7 year maturity borrowings which again will place pressure on the INDEX5-INDE2 spread from inverting.

However, you should note that these matters concern future events, which involve a degree of uncertainty and any or all of them may not work to prevent the spread from narrowing or inverting further.

### How is the Final Value determined?

At Maturity the Final Value per Optimiser Plus will be at least equal to 100% of the Issue Price. For Investors who have elected a Growth Portion Allocation, the Final Value of the Growth Portion will be 100% of the Issue price plus participation\* in the positive performance of the Best Performing Investment Profile and based on the number of Optimiser Plus held by the Investor multiplied by the allocation to the Growth Portion. The Final Value of the Income Portion will be equal to the Issue Price multiplied by the allocation to the Income Portion.

The performance of each Investment Profile is calculated with reference to the specific weighting of each Asset Class within the Investment Profiles. The Asset Class Return is calculated as the average of the Official Level of the constituent Reference Assets on each Observation Date compared to their Official Levels on the Issue Date. The Best Performing Investment Profile is then selected as the Investment Profile with the highest return.

\* The participation will depend on the Participation Rate. This is the degree to which Investors participate in the performance of the Best Performing Investment Profile. The actual Participation Rate will be fixed on the Issue Date and is expected to range between 100% and 130% (the minimum will be 100%). Please refer to the section "What factors affect the Participation Rate?" for further details.

On the Maturity Date the Final Value per Optimiser Plus will be the greater of:

- the Issue Price; or
- the sum of (i) the Issue Price, and (ii) the product of the Issue Price, the Participation Rate and the Best Performing Investment Profile Return and the Growth Portion.

Where:

**Growth Portion** means the portion of each Optimiser Plus that gives the Investor leveraged exposure to the Best Performing Investment Profile, being a percentage notified by the Issuer to each Investor pursuant to the election of the Investor in the Application Form.

Please refer to the examples “How is the Best Performing Investment Profile calculated?” below and the “Scenario Analysis” contained in section 2 of this PDS for an illustration of the calculation of the Final Value.

### How is the Best Performing Investment Profile calculated?

The following examples are provided for illustrative purposes only and are intended to explain how the Best Performing Investment Profile and Final Value are calculated. Any levels, including starting levels and closing levels, which are used in the following examples are hypothetical only and are not an indication of the current, future or past performance, nor a guarantee of the future performance, of the Reference Assets, Asset Classes or the Optimiser Plus.

#### Step 1: Calculate the Asset Class Return

The return for each Asset Class is calculated on the Maturity Date as the weighted average performance of the respective Average Reference Asset Returns, the constituent Reference Assets being equally weighted for the purpose of calculating the return of each Asset Class.

Reference Assets	Asset Class	Starting level	Observation Date 1	Observation Date 2	Observation Date 3	Observation Date 4
Dow Jones EURO STOXX 50	Equities	3892.48	4047.79	4822.13	5065.17	5539.78
S&P BRIC 40 Index	Equities	1717.35	2259.17	3413.38	4049.98	3717.48
Nikkei 225	Equities	16174.55	19322.12	24428.96	30076.94	37740.54
S&P 500	Equities	1331.32	1350.49	1456.50	1674.25	2079.75
FTSE EPRA/NAREIT Global Real Estate Index	Property	1895.50	1582.55	1558.65	1533.09	1407.68
S&P GSCI Energy Index	Commodities	347.00	363.97	391.19	311.04	311.60
S&P GSCI Precious Metals Index	Commodities	106.00	146.76	166.84	200.14	198.36
S&P GSCI Agriculture US Excess Return Index	Commodities	66.00	63.73	91.87	60.40	66.78

#### Equities Return (EqtyRetn)

(a) Calculate the Average Reference Asset Returns

Dow Jones EURO STOXX 50

$$= \frac{1}{4} \times \left( \frac{4047.79 + 4822.13 + 5065.17 + 5539.78}{3,892.48} \right) - 1$$

= 25.1%

Nikkei 225

$$= \frac{1}{4} \times \left( \frac{19322.12 + 24428.96 + 30076.94 + 37740.54}{16174.55} \right) - 1$$

= 72.4%

S&P BRIC 40 Index

$$= \frac{1}{4} x \left( \frac{2259.17 + 3413.38 + 4049.98 + 3717.48}{1717.35} \right) - 1$$

$$= 95.7\%$$

S&P 500

$$= \frac{1}{4} x \left( \frac{1350.49 + 1456.50 + 1674.25 + 2079.75}{1331.32} \right) - 1$$

$$= 23.2\%$$

(b) Calculate the Asset Class Return

$$= \frac{1}{4} x (25.1\% + 95.7\% + 72.4\% + 23.2\%)$$

$$= 54.1\%$$

### Property Return (PropRetn)

(a) Calculate the Average Reference Asset Returns

FTSE EPRA/NAREIT Global Real Estate Index

$$= \frac{1}{4} x \left( \frac{1582.55 + 1558.65 + 1533.09 + 1407.68}{1895.50} \right) - 1$$

$$= -19.8\%$$

(b) Calculate the Asset Class Return

$$= -19.8\%$$

### Commodities Return (ComdtyRetn)

(a) Calculate the Average Reference Asset Returns

S&P GSCI Energy Index

$$= \frac{1}{4} x \left( \frac{363.97 + 391.19 + 311.04 + 311.60}{347.00} \right) - 1$$

$$= -0.7\%$$

S&P GSCI Agriculture Excess Return Index

$$= \frac{1}{4} x \left( \frac{63.73 + 91.87 + 60.40 + 66.78}{66.00} \right) - 1$$

$$= 7.1\%$$

S&P GSCI Precious Metals Index

$$= \frac{1}{4} x \left( \frac{146.76 + 166.84 + 200.14 + 198.36}{106.00} \right) - 1$$

$$= 67.9\%$$

(b) Calculate the Asset Class Return

$$= \frac{1}{3} x (-0.7\% + 67.9\% + 7.1\%)$$

$$= 24.8\%$$

## Step 2: Calculate the Investment Profile Return

The performance of each Investment Profile is then calculated with reference to the specific weighting of each Asset Class within each of the Investment Profiles:

### Equities biased Investment Profile Return

$$\begin{aligned}
 &= 60\% \times \text{EqtyRetn} + 20\% \times \text{PropRetn} + 20\% \times \text{ComdtyRetn} \\
 &= 60\% \times 54.1\% + 20\% \times -19.8\% + 20\% \times 24.8\% \\
 &= 33.5\%
 \end{aligned}$$

### Property-biased Investment Profile Return

$$\begin{aligned}
 &= 20\% \times \text{EqtyRetn} + 60\% \times \text{PropRetn} + 20\% \times \text{ComdtyRetn} \\
 &= 20\% \times 54.1\% + 60\% \times -19.8\% + 20\% \times 24.8\% \\
 &= 3.9\%
 \end{aligned}$$

### Commodities biased Investment Profile Return

$$\begin{aligned}
 &= 20\% \times \text{EqtyRetn} + 20\% \times \text{PropRetn} + 60\% \times \text{ComdtyRetn} \\
 &= 20\% \times 54.1\% + 20\% \times -19.8\% + 60\% \times 24.8\% \\
 &= 21.7\%
 \end{aligned}$$

## Step 3: Calculate the Best Performing Investment Profile

The Best Performing Investment Profile is then selected as the Investment Profile with the highest return, in this case the Equities-biased Investment Profile.

Investment Profile	Investment Profile Return
<b>Equities biased</b>	<b>33.5%</b>
<b>Property-biased</b>	3.9%
<b>Commodities biased</b>	21.74%

## Step 4: Calculate the Final Value of your Optimiser Plus

Assuming the Minimum Investment Amount of \$10,000 or 10,000 Optimiser Plus, invested in the Balanced Option, and assuming a Participation Rate of 125% (indicative as at 20 March 2007), the performance per Optimiser Plus will be calculated in accordance with the following formula:

$$\begin{aligned}
 \text{(a)} &= \text{Issue Price} \\
 &= \$1.00
 \end{aligned}$$

and

$$\begin{aligned}
 \text{(b)} &= \text{Issue Price} \times [1 + (\text{Growth Portion} \times \text{Participation Rate} \times \text{Best Performing Investment Profile Return})] \\
 &= \$1.00 \times [1 + (50\% \times 125\% \times 33.46\%)] \\
 &= \$1.20913
 \end{aligned}$$

In this example the Final Value of the Optimiser Plus would be \$1.20913 per Optimiser Plus. Assuming the Minimum Investment Amount of \$10,000 or 10,000 Optimiser Plus, the value of the Delivery Assets that an Investor would be entitled to receive would be calculated as:

### Value of Delivery Assets

$$\begin{aligned}
 &= \text{Final Value} \times \text{Number of Optimiser Plus} \\
 &= 10,000 \times \$1.20913 \\
 &= \$12,091.30
 \end{aligned}$$

The number of Delivery Assets to be delivered in this example to the Investor on the Settlement Date is \$12,091.30 (less any applicable Costs and Taxes) divided by the Closing Price of the Delivery Assets, subject to any rounding.

### How does the Participation Rate impact on the return on investment?

The Participation Rate represents the degree to which Investors participate in the performance of the Best Performing Investment Profile in respect of their Growth Portion Allocation. The return on the Growth Portion that an Investor receives at Maturity is calculated as the return of the Best Performing Investment Profile multiplied by the Participation Rate. The greater the Participation Rate, the greater the exposure to the Best Performing Investment Profile. The level of the Participation Rate will depend on a range of market variables, such as interest rates, exchange rates, implied volatility and correlation between constituents of the Reference Assets, on or around the Issue Date.

The actual Participation Rate will be determined by the Issuer on the Issue Date and will be the same for all Investors with an allocation to the Growth Portion. The Participation Rate is expected to range between 100% and 130% (the minimum will be 100%). As at 20 March 2007, the Participation Rate would have been 125% (based on then current market levels), however the Issuer cannot guarantee that the Participation Rate on the Issue Date will be the same as the indicative level set out above. For more information please refer to "Factors Affecting the Participation Rate" below.

### What factors affect the Participation Rate?

The actual calculation that takes place to determine the Participation Rate on the Issue Date is a complex exercise and is influenced by a number of market variables that change daily. The calculation of the actual Participation Rate is independent of the Issuer's potential profit margin. The reasons why the Participation Rate will vary from the Participation Rate calculated as at 20 March 2007 are market-driven.

These reasons include:

- Australian Dollar interest rates;
- volatility of the Reference Assets;
- correlations between the Asset Classes and each of the Reference Assets; and
- the forward price of Commodities relative to the spot price of the respective Commodity Index.

In terms of relative importance in determining the Participation Rate, the Issuer has identified what it considers the four most important variables and their effect, all other things being equal, on the Participation Rate the Issuer may be able to obtain on the Issue Date:

Variable	Change in Variable	Effect on Participation Rate
Australian dollar interest rates	▲	▲
Volatility of the Reference Assets	▲	▼
Correlations between the Reference Asset Classes	▲	▼
Forward price of Commodities relative to the Index	▲	▼

The Issuer will set the Participation Rate on the Issue Date, subject to the prevailing market-driven variables set out above. Please note that if the Issuer is unable to achieve an actual Participation Rate of 100% or more on the Issue Date, the Issuer will return all Investment Amounts (without interest) to the Investors and the issue of Optimiser Plus will not proceed for those Investors who have elected an allocation to the Growth Portion.

### Can the Reference Assets of Fixed Income Indices change?

The Reference Assets and the Fixed Income Indices are intended to be fixed for the Term of Investment. However, if any of the Reference Assets or Fixed Income Indices are closed or suspended or cease to be traded in a liquid and accessible fashion (for 24 hours or more) or cease to be published, the relevant Reference Asset or Fixed Income Index may be substituted in whole or in part with another asset or index at the discretion of the Issuer. The new Reference Asset or Fixed Income Index will be chosen by the Issuer to match the old Reference Asset or Fixed Income Index as closely as possible. Substitution of a Reference Asset or Fixed Income Index may only occur where the Issuer believes that not doing so would cause, or allow, the investment exposure to diverge from that described in this PDS, or where failing to make such a variation would otherwise result in an Early Maturity Event.

More information on the Reference Assets can be found in section 3 of this PDS.

### What are the significant benefits of investing in the Optimiser Plus?

The following is a summary of some of the significant benefits of investing in the Optimiser Plus:

- Optimiser Plus offers Investors the potential for capital growth linked to the Best Performing Investment Profile through the Growth Portion;
- Optimiser Plus offers Investors the potential for 16% per annum income on the Income Portion Allocation and linked to the relationship between the INDEX5 and the INDEX2;
- 100% capital protection at Maturity\*;

- The Growth Portion will reflect the performance of the diversified global markets including Equities, Property and Commodities, avoiding the need for an Investor to analyse each individual market;
- The Income Portion takes advantage of an opportunity in the interest rate markets.

### What are the significant risks of investing in the Optimiser Plus?

The following is a summary of some of the significant risks of investing in Optimiser Plus:

- The value of Optimiser Plus will be affected by a number of market variables. Prior to the Maturity Date the value of Optimiser Plus may be greater than or less than the Issue Price;
- The Issuer only provides capital protection for investments held for the full Term of Investment. In the event that the Issuer nominates an Early Maturity Event, Optimiser Plus will be terminated early. Investors will no longer be exposed to the Reference Assets and will only be entitled to receive the Early Maturity Value. This amount may be less than an Investor's initial Investment Amount;
- The value of the Growth Portion will be affected by the performance of the Reference Assets;
- The value of the Income Portion will be affected by the relative performance of the INDEX5 and the INDEX2;
- If an Optimiser Plus is not held for the full Term of Investment, Break Costs may apply;
- If you elect the Agency Sale Arrangement, the Closing Price may not be achievable and you may therefore receive less than the Final Value of the Delivery Parcel;
- The value of Optimiser Plus may be affected by political and economic stability within the region.

Refer to the "Risk Factors" contained in section 5 of this PDS for a more detailed description of the risks relating to an investment in the Optimiser Plus.

\* The capital protection only applies to investments held until the scheduled Maturity Date and provided no Early Maturity Events occur and is subject to rounding and deduction of any Costs and Taxes (see "What are the Delivery Assets?" in Section 1). The obligations of the Issuer regarding capital protection are guaranteed by Citigroup Inc. Please refer to the "Risk Factors" contained in section 5 of this PDS for further details.

### What are the currency risks associated with an investment in the Optimiser Plus?

There will be no currency risks associated with an investment in Optimiser Plus as the performance of the constituents that make up the Reference Assets will be measured with reference to their starting level in absolute terms.

### Is the Optimiser Plus transferable?

Optimiser Plus is unlisted, however, it is transferable with the prior consent of the Issuer (for more details please refer to clause 14.9 of the Terms). It cannot be traded on any financial market. Investors must not create any charges or encumbrances over their Optimiser Plus without Citigroup Australia's prior written consent.

### What are the tax implications associated with an investment in the Optimiser Plus?

If an Investor is an individual who takes physical delivery and holds their Optimiser Plus and Delivery Assets to derive dividends, any appreciation in value of the Investor's Optimiser Plus should generally be taxable on the eventual disposal of their Delivery Assets. If investment returns are capital gains rather than income, those Investors could (subject to the views of the Australian Taxation Office (ATO)) benefit from the 50% discount for capital gains made in respect of Optimiser Plus. Please refer to the Tax Considerations contained in section 6 of this PDS for further details of Investors who take delivery of the Delivery Assets for the purpose of deriving assessable dividends. If this is not your intention, you should seek taxation advice, noting these matters.

### What happens at Maturity?

Approximately 20 Business Days before the Maturity Date, the Issuer will notify Investors of the upcoming Maturity by sending them a Maturity Notice.

At Maturity there are two options available to Investors:

**Option 1:** Elect to accept physical delivery of shares in Commonwealth Bank; or

**Option 2:** Elect to take advantage of the Agency Sale

Arrangement that lets an Investor sell their shares in Commonwealth Bank and receive the Sale Proceeds.

If Investors do not choose either option, Optimiser Plus will automatically default to physical delivery of shares in Commonwealth Bank. However, please note that Costs and Taxes, including brokerage, will be deducted from the Final Value before delivery of the Delivery Parcel. The option that is likely to be best for each individual Investor depends on the Investor's own personal and financial circumstances. Therefore, we suggest you consult your financial adviser in this regard.

#### Option 1 - Taking physical delivery of the Delivery Parcel

If an Investor wishes to take physical delivery of the Delivery Parcel, they do not need to do anything when they receive the Maturity Notice. By doing nothing, physical delivery will automatically apply.

If an Investor takes physical delivery, the Issuer or its nominee will purchase the Delivery Assets specified in the Delivery Parcel (less any Costs and Taxes) and register those Delivery Assets in the Investor's name on the Settlement Date in accordance with the CHES details on the Maturity Notice returned by the Investor. If the Investor is not CHES sponsored or does not return the Maturity Notice, the Issuer or its nominee will register the Delivery Assets as an issuer-sponsored holding in the Investor's name.

If the Delivery Parcel includes any fractional shares in Commonwealth Bank which are valued at more than A\$20.00, the Issuer will transfer the relevant amount of dollars into the Investor's nominated Settlement Account or pay it to the Investor by cheque within 10 Business Days after the Settlement Date or as soon as reasonably practicable thereafter. (In effect this is a reimbursement of a portion of the Investment Amount).

#### Option 2 - The Agency Sale Arrangement

To take advantage of the Agency Sale Arrangement to receive the Sale Proceeds of the Delivery Parcel, an Investor must:

- elect the Agency Sale Arrangement option on the Maturity Notice; and
- return the Maturity Notice to the Issuer by the Closing Time.

Under the Agency Sale Arrangement the Issuer will

accept physical delivery of the Delivery Parcel on the Maturity Date on the Investor's behalf and will then sell the Investor's Delivery Parcel on the Investor's behalf. The Issuer will pay the Investor the Sale Proceeds, which will equal the number of Delivery Assets sold multiplied by the Closing Price (see "Calculating the Price of Delivery Assets" below) less any Costs and Taxes. Payment will be made by cheque or directly into the Investor's nominated Settlement Account. Payment will be made within 10 Business Days after the Settlement Date or as soon as reasonably practicable thereafter.

If the Delivery Parcel includes any fractions of shares in Commonwealth Bank, the Issuer will transfer the equivalent value of the fraction into the Investor's nominated Settlement Account or pay it to the Investor by cheque within 10 Business Days after the Settlement Date or as soon as reasonably practicable thereafter. (In effect this is a reimbursement of a portion of the Investment Amount).

### How is the price of the Delivery Assets calculated?

The Issuer will calculate the price of the Delivery Assets (i.e. the Closing Price) as either the price paid by the Issuer to acquire the Delivery Assets or the last-traded price of the Delivery Assets at or around 4:05 pm Sydney time on the Trading Day following the Maturity Date, unless it is not possible to determine the price of the Delivery Asset at that time, in which case the Issuer may either:

- nominate another time to determine the Closing Price; or
- determine the Closing Price to be the price determined by the Issuer as its best estimate of the Delivery Asset value at or around 4:05 pm Sydney time on the Trading Day immediately following the Maturity Date (or in the case of an Early Maturity, the Early Maturity Date).

### What happens if an Investor does not make an election or fails to return the Maturity Notice?

Physical delivery will apply if:

- an Investor does not elect the Agency Sale Arrangement option on the Maturity Notice; or
- the Issuer does not receive an Investor's Maturity Notice by the Closing Time.

### Can Investors terminate their investment in Optimiser Plus early?

An Investor may terminate an investment in Optimiser Plus before the Maturity Date by contacting the Issuer in writing and requesting an Early Maturity for the full amount of the Investor's Optimiser Plus investments. (An indicative price per Optimiser Plus can be obtained by calling Citigroup Structured Products on 1300 308 982). The Issuer may, in its absolute discretion, accept or reject the Investor's request. If the Issuer accepts, then the Issuer will send the Investor an Early Maturity Notice specifying an Early Maturity Date. Investors should allow 10 Business Days following the last Business Day of the month for the Issuer to process their Early Maturity request.

In the Early Maturity Notice, the Issuer will specify whether:

- the normal Maturity process will apply (as set out in the section titled "What happens at Maturity?" above); or
- it will pay a Refund.

If the normal Maturity process applies, then the Investor will take physical delivery of the Delivery Assets. Such Investors will receive the Early Maturity Value of the Optimiser Plus which is the sum of the Growth Portion Early Maturity Value and the Income Portion Early Maturity Value (as applicable to the particular Optimiser Plus given the Growth Portion and Income Portion of that Optimiser Plus). The Growth Portion Early Maturity Value and the Income Portion Early Maturity Value mean the fair economic value of the Growth Portion and/or Income Portion (as applicable) at or around 5:00 pm Sydney time on the Early Maturity Date as determined by the Issuer in its absolute discretion, unless it is not possible to determine the fair economic value of the Growth Portion or Income Portion (as applicable) at that time, in which case the Issuer may nominate another time to determine the Growth Portion Early Maturity Value or Income Portion Early Maturity Value (as applicable). Without limiting the above, in determining the Growth Portion Early Maturity Value or Income Portion Early Maturity Value the Issuer may deduct any costs, losses or expenses that it incurs in relation to the Early Maturity, including without limitation, Costs and Taxes, Break Costs, administrative costs, costs of unwinding any hedge put in place for the purposes of meeting its obligations under the Terms,

and any cost of funding or any loss of bargain.

If the Issuer elects to pay a Refund, then the Investor will receive the amount determined by the Issuer in its absolute discretion and by whatever means the Issuer deems appropriate. Without limiting the foregoing, in determining the Refund, the Issuer may adjust the Refund for any costs, losses or expenses that it incurs in relation to the Early Maturity, including without limitation, Costs and Taxes, Break Costs, administrative costs, costs of unwinding any hedge put in place for the purposes of meeting its obligations under these Terms, and any cost of funding or any loss of bargain. Please note that if an Investor receives a cash Refund, the Investor will not qualify for the concessional CGT tax rules and any gain should be recognised as assessable income. Please refer to the Tax Considerations contained in section 6 of this PDS for more details.

**It is important to note that the Issuer only provides capital protection of an Investor's initial Investment Amount if they hold Optimiser Plus until the scheduled Maturity Date.** If an Investor requests Early Maturity they may well receive an amount less than their initial Investment Amount. Investors should read clause 4 of the Terms to fully understand their rights and obligations if they request an Early Maturity.

### **Can the Investor change their Growth Portion Allocation and their Income Portion Allocation after the Issue Date?**

An investor may not change their allocations to the Growth Portion or the Income Portion after the Issue Date.

### **Can the Issuer terminate Optimiser Plus early without Investor approval?**

Optimiser Plus may be terminated early if an Early Maturity Event occurs. An example of an Early Maturity Event is if a Reference Asset which is an index is closed or suspended, or if a Reference Asset which is not an index ceases to be traded in a liquid and accessible fashion (for 24 hours or more). Another Early Maturity Event is if the Issuer is unable to hedge its risks with respect to Optimiser Plus. Investors should refer to the Risk Factors contained in section 5 of this PDS which discusses the risks associated with Early Maturity. Investors should also read clauses 4 and 5.2 of the

Terms to fully understand their rights and obligations if an Early Maturity Event occurs and to understand what events constitute an Early Maturity Event.

If an Early Maturity Event occurs, the capital protection feature of Optimiser Plus will not operate so the number of Delivery Assets or Sales Proceeds from the Agency Sale Arrangement will be determined by reference to the fair economic value of Optimiser Plus or the Refund at around 5:00 pm Sydney time on the Early Maturity Date as determined by the Issuer at its discretion. The Issuer may also deduct Break Costs in relation to the Early Maturity.

### **Can the Issuer change the Terms of the Optimiser Plus?**

The Terms may be amended or varied if an Adjustment Event or Early Maturity Event occurs, or in certain other limited situations such as to comply with the law, or to correct an error or inconsistency in the Terms. Investors will be notified of any such changes. Investors should refer to the Risk Factors contained in section 5 of this PDS where the risks associated with Early Maturity Events or Adjustment Events are discussed. Investors should also read clause 5 of the Terms to fully understand their rights and obligations if an Adjustment Event occurs.

### **Capital Protection and Early Maturity**

The obligation to deliver to an Investor the Delivery Assets with a value equal to the Investment Amount and any return on Optimiser Plus is an obligation of the Issuer and is guaranteed by Citigroup Inc.

Investors should be aware that the obligation to repay their initial Investment Amount does not apply if Optimiser Plus is terminated prior to the Maturity Date. The Issuer may, in limited circumstances, terminate Optimiser Plus prior to the Maturity Date if an Early Maturity Event occurs. However, Early Maturity Events are generally beyond the Issuer's control and the Issuer will only call for Early Maturity if, in its opinion, such an event has a material impact on the continued viability of the Optimiser Plus. Clause 4 of the Terms (in section 9 of this PDS) describes the events that constitute an Early Maturity Event.

Optimiser Plus may also be terminated early at the Investor's request. Investors should read clause 4 of the Terms and the section titled "Can Investors terminate their investment in the Optimiser Plus Early?" to understand their rights and obligations if an Early Maturity occurs.

Capital protection is also subject to rounding and the deduction of any Costs and Taxes (see "What happens at Maturity?" earlier in this Section 1).

### Capital Guarantee

The Guarantee given to each Investor is a continuous, irrevocable and unconditional guarantee of the due and punctual payment of all moneys which may become actually or contingently payable to an Investor by the Issuer under or in conjunction with Optimiser Plus and the due and punctual performance of the Issuer's obligations under the Terms of Issue. Each Investor is entitled to severally enforce the guarantee.

Any payments under the guarantee must be made to Investors in the same manner and currency as Citigroup would be required to make to satisfy its obligations under the Optimiser Plus. The Guarantor must also pay interest on any amount payable by it under the terms of the guarantee during any period when it remains unpaid. All payments made by the Guarantor under the guarantee will be made free and clear and without any deduction for present or future taxes.

Investors may obtain a copy of the deed of guarantee by contacting the Issuer on 1300 308 982.

### What is the issue size?

The Issuer aims to raise at least A\$10 million. If less than \$10 million is raised, the Issuer may, in its absolute discretion, issue Optimiser Plus regardless of the final issue size. However, the Issuer retains the discretion to reject any Applications. If the Issuer rejects Applications, the Investment Amounts will be returned to Applicants either by bank transfer or by cheque at the risk of the Applicant (without interest) within 14 Business Days after the Offer Closes.

### What happens if there is a dispute concerning the Optimiser Plus?

The Corporations Act requires the Issuer to have procedures in place for dispute resolution. The Issuer's process for dispute resolution is available to Investors free of charge. Investors may make a complaint relating to the Optimiser Plus directly to the Issuer in writing. The Issuer will always acknowledge any complaint in writing and respond within 45 days. The Issuer will take all steps necessary to investigate any complaint and seek a resolution. If the outcome is unsatisfactory, Investors may refer their complaint to the Financial Industry Complaints Service Limited ("FICS") at:

Financial Industry Complaints Service Limited  
PO Box 579  
Collins Street West  
Melbourne, Victoria, 8007  
Toll Free: 1300 78 08 08  
Facsimile: (03) 9621 2291  
Email: [fics@fics.asn.au](mailto:fics@fics.asn.au)

FICS is an independent dispute resolution scheme. In order for a complaint to be considered by FICS, the claim involved must be under A\$100,000 (unless the Issuer and the Investor agree otherwise in writing).

## Section 2 - Scenario Analysis

The following tables and performances are hypothetical examples and are only intended to explain how the Optimiser Plus might perform under various market conditions and do not take into consideration tax implications or any Costs and Taxes associated with the Optimiser Plus. Any performance levels which are used in the following examples are hypothetical only and are not an indication of the current, future or past performance nor a guarantee of the future performance of the Reference Assets, Asset Classes or the Optimiser Plus. The scenario analysis is not a simulation of the actual performance of Optimiser Plus or an indication of the actual future return on the Optimiser Plus.

### Assumptions

Asset Class	Asset Class Returns			
	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Equities	54.1%	-7.3%	-23.0%	-28.0%
Property	-14.0%	23.0%	-12.5%	-13.7%
Commodities	24.8%	-28.4%	72.4%	-25.2%

The table above contains hypothetical performance levels for the Equities, Property and Commodities Asset Classes used in the scenario analysis below. For the purpose of illustrating the various scenarios the asset class allocations for each Investment Profile are as detailed in the Term Sheet and the Participation Rate is 125%.

The following examples are based on the assumption that the Investor buys 10,000 units.

**The following examples are based on the assumption that the Income Units pay a 8% p.a. Variable Coupon (i.e. 32% return over the 4 years).**

## Scenario 1: The Equities Asset Class outperforms Property and Commodities

Investment Profile	Investment Profile Return
Equities biased	34.6%
Property biased	7.38%
Commodities biased	22.9%

Optimiser Plus Component	Final Value Return
<b>Balanced</b> (50% Income) (50% Growth)	Final Value is (a) = $\$1.00 \times [1+ (50\% \times 125\% \times 34.6\%)]$ (b) = \$1.00 greater of (a) and (b): = <b>\$1.21625</b> Total Return: = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $21.625\% + [32\% \times 50\%]$ = <b>37.625%</b> Average Annual Return = <b>9.406% p.a.</b>
<b>Income</b> (75% Income) (25% Growth)	Final Value is (a) = $\$1.00 \times [1+ (25\% \times 125\% \times 34.6\%)]$ (b) = \$1.00 greater of (a) and (b): = <b>\$1.10813</b> Total Return: = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $10.813\% + [32\% \times 75\%]$ = <b>34.813%</b> Average Annual Return = <b>8.703% p.a.</b>
<b>Growth</b> (25% Income) (75% Growth)	Final Value is (a) = $\$1.00 \times [1+ (75\% \times 125\% \times 34.6\%)]$ (b) = \$1.00 greater of (a) and (b) = <b>\$1.32438</b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $32.438\% + [32\% \times 25\%]$ = <b>40.438%</b> Average Annual Return = <b>10.110% p.a.</b>
<b>Income Only</b> (100% Income) (0% Growth)	Final Value is (a) = $\$1.00 \times [1+ (0\% \times 125\% \times 34.6\%)]$ (b) = <b>\$1.00</b> greater of (a) and (b) = <b>\$1.00</b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $0\% + [32\% \times 100\%]$ = <b>32%</b> Average Annual Return = <b>8% p.a.</b>
<b>Growth Only</b> (0% Income) (100% Growth)	Final Value is (a) = $\$1.00 \times [1+ (100\% \times 125\% \times 34.6\%)]$ (b) = \$1.00 greater of (a) and (b) = <b>\$1.4325</b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $43.25\% + [32\% \times 0\%]$ = <b>43.25%</b> Average Annual Return = <b>10.8125% p.a.</b>

Information is illustrative only. No figures represent past performance nor a prediction or forecast of actual performance and the ultimate results may differ materially from those set out in this Scenario 1.

## Scenario 2: The Property Asset Class outperforms Equities and Commodities

Investment Profile	Investment Profile Return
Equities biased	-5.5%
Property biased	6.7%
Commodities biased	-13.9%

Optimiser Plus Component	Final Value Return
<b>Balanced</b> (50% Income) (50% Growth)	Final Value is (a) = $\$1.00 \times [1 + (50\% \times 125\% \times 6.7\%)]$ (b) = $\$1.00$ greater of (a) and (b) = <b><math>\\$1.04188</math></b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $4.188\% + [32\% \times 50\%]$ = <b>20.188%</b> Average Annual Return = <b>5.047% p.a.</b>
<b>Income</b> (75% Income) (25% Growth)	Final Value is (a) = $\$1.00 \times [1 + (25\% \times 125\% \times 6.7\%)]$ (b) = $\$1.00$ greater of (a) and (b) = <b><math>\\$1.02094</math></b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $2.094\% + [32\% \times 75\%]$ = <b>26.094%</b> Average Annual Return = <b>6.524% p.a.</b>
<b>Growth</b> (25% Income) (75% Growth)	Final Value is (a) = $\$1.00 \times [1 + (0\% \times 125\% \times 6.7\%)]$ (b) = $\$1.00$ greater of (a) and (b) = <b><math>\\$1.06281</math></b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $6.281\% + [32\% \times 25\%]$ = <b>14.281%</b> Average Annual Return = <b>3.570% p.a.</b>
<b>Income Only</b> (100% Income) (0% Growth)	Final Value is (a) = $\$1.00 \times [1 + (0\% \times 125\% \times 6.7\%)]$ (b) = $\$1.00$ greater of (a) and (b) = <b><math>\\$1.00</math></b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $0\% + [32\% \times 100\%]$ = <b>32%</b> Average Annual Return = <b>8.00% p.a.</b>
<b>Growth Only</b> (0% Income) (100% Growth)	Final Value is (a) = $\$1.00 \times [1 + (100\% \times 125\% \times 6.7\%)]$ (b) = <b><math>\\$1.00</math></b> greater of (a) and (b) = <b><math>\\$1.08375</math></b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $8.375\% + [32\% \times 0\%]$ = <b>8.375%</b> Average Annual Return = <b>2.094% p.a.</b>

Information is illustrative only. No figures represent past performance nor a prediction or forecast of actual performance and the ultimate results may differ materially from those set out in this Scenario 2.

## Scenario 3: The Commodities Asset Class outperforms Property and Equities

Investment Profile	Investment Profile Return
Equities biased	-1.8%
Property biased	2.38%
Commodities biased	36.3%

Optimiser Plus Component	Final Value Return
<b>Balanced</b> (50% Income) (50% Growth)	Final Value is (a) = $\$1.00 \times [1+ (50\% \times 125\% \times 36.3\%)]$ (b) = \$1.00 greater of (a) and (b) = <b>\$1.22688</b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $22.688\% + [32\% \times 50\%]$ = <b>38.688%</b> Average Annual Return = <b>9.672% p.a.</b>
<b>Income</b> (75% Income) (25% Growth)	Final Value is (a) = $\$1.00 \times [1+ (25\% \times 125\% \times 36.3\%)]$ (b) = \$1.00 greater of (a) and (b) = <b>\$1.11344</b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $11.344\% + [32\% \times 75\%]$ = <b>35.344%</b> Average Annual Return = <b>8.836% p.a.</b>
<b>Growth</b> (25% Income) (75% Growth)	Final Value is (a) = $\$1.00 \times [1+ (75\% \times 125\% \times 36.3\%)]$ (b) = \$1.00 greater of (a) and (b) = <b>\$1.34031</b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $34.031\% + [32\% \times 25\%]$ = <b>42.031%</b> Average Annual Return = <b>10.508% p.a.</b>
<b>Income Only</b> (100% Income) (0% Growth)	Final Value is (a) = $\$1.00 \times [1+ (0\% \times 125\% \times 34.6\%)]$ (b) = <b>\$1.00</b> greater of (a) and (b) = <b>\$1.00</b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $0\% + [32\% \times 100\%]$ = <b>32%</b> Average Annual Return = <b>8.00% p.a.</b>
<b>Growth Only</b> (0% Income) (100% Growth)	Final Value is (a) = $\$1.00 \times [1+ (100\% \times 125\% \times 36.3\%)]$ (b) = \$1.00 greater of (a) and (b) = <b>\$1.45375</b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $45.375\% + [32\% \times 0\%]$ = <b>45.375%</b> Average Annual Return = <b>11.344% p.a.</b>

Information is illustrative only. No figures represent past performance nor a prediction or forecast of actual performance and the ultimate results may differ materially from those set out in this Scenario 3.

## Scenario 4: Negative Performance Scenario -Best Performing Investment Profile Return is negative

Investment Profile	Investment Profile Return
Equities biased	-24.6%
Property biased	-18.86%
Commodities biased	-23.5%

Optimiser Plus Component	Final Value Return
<b>Balanced</b> (50% Income) (50% Growth)	Final Value is (a) = $\$1.00 \times [1 + (50\% \times 125\% \times -18.86\%)]$ (b) = <b>\$1.00</b> greater of (a) and (b) = <b>\$1.00</b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $0\% + [32\% \times 50\%]$ = <b>16%</b> Average Annual Return = <b>4.00% p.a.</b>
<b>Income</b> (75% Income) (25% Growth)	Final Value is (a) = $\$1.00 \times [1 + (25\% \times 125\% \times -18.86\%)]$ (b) = <b>\$1.00</b> greater of (a) and (b) = <b>\$1.00</b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $0\% + [32\% \times 75\%]$ = <b>24%</b> Average Annual Return = <b>6.00% p.a.</b>
<b>Growth</b> (25% Income) (75% Growth)	Final Value is (a) = $\$1.00 \times [1 + (75\% \times 125\% \times -18.86\%)]$ (b) = <b>\$1.00</b> greater of (a) and (b) = <b>\$1.00</b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $0\% + [32\% \times 25\%]$ = <b>8%</b> Average Annual Return = <b>2% p.a.</b>
<b>Income Only</b> (100% Income) (0% Growth)	Final Value is (a) = $\$1.00 \times [1 + (0\% \times 125\% \times -18.86\%)]$ (b) = <b>\$1.00</b> greater of (a) and (b) = <b>\$1.00</b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $0\% + [32\% \times 100\%]$ = <b>32%</b> Average Annual Return = <b>8.00% p.a.</b>
<b>Growth Only</b> (0% Income) (100% Growth)	Final Value is (a) = $\$1.00 \times [1 + (100\% \times 125\% \times -18.86\%)]$ (b) = <b>\$1.00</b> greater of (a) and (b) = <b>\$1.00</b> Total Return = <b>Final Value for Optimiser Plus + Variable Coupons</b> = $0\% + [32\% \times 0\%]$ = <b>0%</b> Average Annual Return = <b>0% p.a.</b>

Information is illustrative only. No figures represent past performance nor a prediction or forecast of actual performance and the ultimate results may differ materially from those set out in this Scenario 4.

## Scenario Analysis for Income Portion

Trigger	Index5 - Index2
Accrual Trigger	-0.175%
Step-Up Trigger	+0.50%

Scenario 1: Index5 -Index2 Rate Sets at -0.175% for the Full Quarter and below +0.50% at Quarter End Date

Income Units Component	Return
<b>Accrual Coupon</b>	Percentage of days above Accrual Trigger = 100%
	Quarterly Accrual Coupon = $\$1.00 \times [8.00\% \times 100\% \times \text{Days Accrued}/365]$ <b>Annualised Coupon</b> <b>8.00% p.a.</b>
<b>Step-Up Coupon</b>	Index5 - Index2 on Quarter End Date = -0.175%
	Step-Up Coupon = $\$1.00 \times [0.00\% \times \text{Days Actual}/365]$ <b>Step-Up Coupon</b> <b>0.00% p.a.</b>
<b>Total Coupon</b>	<b>8.00% p.a.</b>

Scenario 2: Index5 -Index2 Rate Sets above -0.175% for the Full Quarter, and above +0.50% at Quarter End Date

Income Units Component	Return
<b>Accrual Coupon</b>	Percentage of days above Accrual Trigger = 100%
	Quarterly Accrual Coupon = $\$1.00 \times [8.00\% \times 100\% \times \text{Days Accrued}/365]$ <b>Annualised Coupon</b> <b>8.00% p.a.</b>
<b>Step-Up Coupon</b>	Index5 - Index2 on Quarter End Date: +0.55%
	Step-Up Coupon: = $\$1.00 \times [8.00\% \times \text{Days Actual}/365]$ Annualised Step-Up Coupon <b>8.00% p.a.</b>
<b>Total Coupon</b>	<b>16.00% p.a.</b>

Scenario 3: Index5 -Index2 Rate Sets above -0.175% for Half of the Quarter and below +0.50% at Quarter End Date

Income Units Component	Return
<b>Accrual Coupon</b>	Percentage of days above Accrual Trigger = 50%
	Quarterly Accrual Coupon = $\$1.00 \times [8.00\% \times 50\% \times \text{Days Accrued}/365]$ <b>Annualised Coupon</b> <b>4.00% p.a.</b>
<b>Step-Up Coupon</b>	Index5 - Index2 on Quarter End Date = -0.20%
	Step-Up Coupon: = $\$1.00 \times [0.00\% \times \text{Days Actual}/365]$ <b>Step-Up Coupon</b> <b>0.00% p.a.</b>
<b>Total Coupon</b>	<b>4.00% p.a.</b>

## Section 3 - Information about the Reference Assets, Fixed Income Indices and the Delivery Assets

Optimiser Plus is linked to the performance of the Reference Assets and Fixed Income Indices in a proportion chosen by you. At Maturity, the Issuer is required to deliver to Investors the Final Value of their Optimiser Plus. The Issuer has agreed to deliver the Final Value to the Investor in the form of shares in Commonwealth Bank (the "Delivery Assets") on the Settlement Date. This section of the PDS provides some further information about the Reference Assets, Fixed Income Indices and the Delivery Assets.

### Information about the Reference Assets

#### Equities

##### Dow Jones EURO STOXX 50

Established in 1998, the Dow Jones Stoxx and Dow Jones Euro Stoxx indexes and the respective sector indexes provide a benchmark for stock market performance, while the European and the EURO blue-chip indexes are designed for derivative products. The indexes are capitalisation weighted and are computed on both a price and total return basis.

The representation of the largest and most liquid stocks in the market, and the economic sector breakdown of the market are the selection principle for constituent shares in the Dow Jones Stoxx indexes. The index aims at presenting 80% of each industry group in each market, and consequently 80% of the investable securities of each market. The European and Euro sector indexes are comprised of the same components as the respective broad indexes. The Dow Jones Euro Stoxx 50 is a subgroup of 50 companies of Dow Jones Euro Stoxx with the same goal. Please refer to <http://www.djindexes.com/> for further details.

##### S&P BRIC 40 Index

The S&P BRIC 40 Index is designed to represent the 40 largest and most liquid companies in Brazil, Russia, India and China (BRIC) in US dollars on a price return basis. These countries have become of particular interest in recent times because of their huge reserves of natural resources and a large and well qualified work force with

relatively low wage levels. All 40 securities in the S&P BRIC 40 Index are constituent members of the S&P/IFCI Index series that meet minimum market capitalisation and liquidity requirements. Further, all the stocks in the S&P BRIC 40 Index must trade in developed market exchanges such as the Hong Kong Stock Exchange, the London Stock Exchange, the Nasdaq and the NYSE. Please refer to <http://www.standardandpoors.com/indices> for further details.

##### Nikkei 225 Index

The Nikkei 225 index is published by Nihon Keizai Shimbun, Inc., Osaka, and is a price weighted index of 225 top rated Japanese companies listed on the First Section of the Tokyo Stock Exchange. The 225 companies on which the Index is based have been selected on the basis of high liquidity and market capitalisation, and are intended to be representative of the development of the Japanese equity market as a whole. Please refer to [www.nni.nikkei.co.jp/FR/SERV/nikkei\\_indexes/](http://www.nni.nikkei.co.jp/FR/SERV/nikkei_indexes/) for further details.

##### S&P 500 Index

The S&P 500 is a stock index designed to measure the price performance of a diverse portfolio of securities, the majority of which are quoted on the NYSE. The index consists of 500 listed securities chosen for market size, liquidity, capitalisation and industry group representation. The S&P 500 does not contain the largest 500 companies operating in the United States, but rather a cross section of companies from specific industries. The S&P 500 is one of the most widely used benchmarks of US equity performance. The S&P 500 is a market value weighted index (share price times number of shares outstanding), with each security's weight in the index proportionate to its market value. The securities that make up the S&P 500 are listed on NYSE, NASDAQ and AMEX. Please refer to <http://www.standardandpoors.com/> for further details.

## Property

### FTSE EPRA/NAREIT Global Real Estate Index

The FTSE EPRA/NAREIT Global Real Estate Index tracks the performance of listed real estate companies and Real Estate Investment Trusts (REITs) worldwide. The FTSE EPRA/NAREIT Global Real Estate Index aims to represent general trends in all eligible real estate stocks worldwide. The index reflects stock performance of companies engaged in specific aspects of the North American, European and Asian real estate markets as perceived by institutional investors. Relevant real estate activities include the ownership, disposure and development of income-producing real estate. The FTSE EPRA/NAREIT Global Real Estate Index is quoted under Bloomberg code "ENGL Index". Please refer to <http://www.ftse.com/Indices> for further details.

## Commodities

### S&P Commodities Index

The S&P Commodities Index (the "GSCI"), its related indices and the sub-indices are calculated by S&P. The S&P GSCI Energy Index represents the energy component of the GSCI Excess Return Index (the "GSCI ER") which is based on the GSCI. The S&P GSCI Precious Metals Index represents the precious metals component of the GSCI ER. The S&P GSCI Agriculture Excess Return Index represents the agriculture component of the GSCI ER.

There are currently 24 commodities that meet the eligibility requirement for the GSCI. Following is a list of the components as at 2 February 2007 and their dollar weights organised by subsector.

The GSCI ER incorporates the returns of the GSCI Spot Index as well as "rolling" hypothetical positions in such contracts forward as they approach deliver. The GSCI is designed as a tradable index that is accessible to market participants. The GSCI is calculated primarily on a world production-weighted basis and comprises the principal physical commodities that are subject of active, liquid futures markets but with no limit on the number of contracts that can be included, subject to satisfying the eligibility and other conditions set out in the GSCI Manual. The GSCI and related indices were first published in 1991 with historical values calculated from 2 January 1970.

Table 1: GSCI Components and Dollar Weights (%) (February 7, 2007)

<b>Energy</b>	<b>68.71</b>
Crude Oil	33.89
Brent Crude Oil	13.86
RBOB Gas	1.24
Heating Oil	5.64
GasOil	4.96
Natural Gas	9.13
<b>Industrial Metals</b>	<b>10.38</b>
Aluminium	3.63
Copper	3.36
Lead	0.43
Nickel	1.75
Zinc	1.21
<b>Precious Metals</b>	<b>2.56</b>
Gold	2.24
Silver	0.33
<b>Agriculture</b>	<b>13.04</b>
Wheat	2.94
Red Wheat	1.08
Corn	3.89
Soybeans	1.94
Cotton	0.91
Sugar	1.28
Coffee	0.78
Cocoa	0.22
<b>Livestock</b>	<b>5.30</b>
Live Cattle	3.05
Feeder Cattle	0.62
Lean Hogs	1.63

Optimiser Plus is referenced to the GSCAGER, the GSENER and the GSPMER and not referenced to the GSCI or the GSCI ER and therefore the performance of the Commodities Asset Class may not replicate the performance of the GSCI or GSCI ER (because the GSCI and GSCI ER have components other than the GSCAGER, GSENER and GSPMER).

The sub-indices reflect a portion of the GSCI ER and are calculated in the same manner except that: (i) the Daily Contract Reference Prices, CPWs and Contract Roll Weights used in making the calculation are limited to those of the GSCI Commodities included in the relevant sub-index; and (ii) each sub-index has a separate Normalizing Constant.

The value of the sub-indices are calculated and published continuously on each business day and updated every few minutes. The official daily settlement price is published on each GSCI Business Day between 4:00 pm and 6:00 pm New York time. Details of the methodology used by S&P in determining the composition and calculation of the indices are contained in the GSCI Manual. Further details on the GSCI indices including daily pricing and the GS Manual can be found at <http://www2.goldmansachs.com/gsci/>.

### **S&P GSCI Energy Index**

The commodities included in the S&P GSCI Energy Index are Crude Oil, Brent Crude Oil, Unleaded Gas, Heating Oil, Gas Oil and Natural Gas.

These are listed as active futures on US futures exchanges. For additional information on the individual components please contact the Issuer.

### **S&P GSCI Precious Metals Index**

The commodities included in the S&P GSCI Precious Metals Index are Gold and Silver.

These are listed as active futures on US futures exchanges. For additional information on individual components please contact the Issuer.

### **S&P GSCI Agriculture Excess Return Index**

The commodities included in the S&P GSCI Agriculture Excess Return Index are Wheat, Red Wheat, Corn, Soybeans, Cotton, Sugar, Coffee and Cocoa.

These are listed as active futures on US futures exchanges. For additional information on individual components please contact the Issuer.

## **Information about the Fixed Income Indices**

### **INDEX5**

The INDEX5 is an interest rate swap reference rate that is calculated by the Australian Financial Markets Association ("AFMA"). Interest rate swaps involve the exchange of interest payment streams from one party to another. Interest rate swaps can be fixed-to-floating, fixed-to-fixed or floating-to-fixed rate swaps.

The INDEX5 is an AFMA reference rate that is based on "mid" swap spreads against AUD bond futures prices/rates quoted by contributing banks at 10:00 am daily. The contributing financial institutions, which include Citibank N.A, provide "mid" swap spread rates which are added/subtracted to/from the Sydney Futures Exchange 3 year bond futures contract "last traded" price as at 10:00am Sydney time. An elimination process is also used to eliminate the highest and lowest rates until a maximum of eight mid-rates remain. Currently a 5 basis points spread is applied to the swap "mid" prices for the purpose of creating Bid/Offer swap revaluations. The spread is set by the AFMA Swap Committee and is subject of review on an annual basis. For more information regarding the calculation of the INDEX5 please refer to <http://www.afmadata.com.au/markets/swaps.asp>.

### **INDEX2**

The INDEX2 is an interest rate swap reference rate that is calculated by AFMA. Interest rate swaps involve the exchange of interest payment streams from one party to another. Interest rate swaps can be fixed-to-floating, fixed-to-fixed or floating-to-fixed rate swaps.

The INDEX2 is an AFMA reference rate that is based on "mid" swap spreads against AUD bond futures prices/rates quoted by contributing banks at 10:00 am daily. The contributing financial institutions, which include Citibank N.A, provide "mid" swap spread rates which are added/subtracted to/from the Sydney Futures Exchange 3 year bond futures contract "last traded" price as at 10:00am Sydney time. An elimination process is also used to eliminate the highest and lowest rates until a maximum of eight mid-rates remain. Currently a 6 basis points spread is applied to the swap "mid" prices for the purpose of creating Bid/Offer swap revaluations. The spread is set by the AFMA Swap

Committee and is subject of review on an annual basis. For more information regarding the calculation of the INDEX2 please refer to <http://www.afmadata.com.au/markets/swaps.asp>.

### Information about the Delivery Assets

Commonwealth Bank is one of Australia's leading financial services providers. Financial services offered by Commonwealth Bank include retail, institutional and business banking, funds management, superannuation, insurance, investment and broking services. Commonwealth Bank is currently one of the largest listed companies on the Australian Stock Exchange.

The performance of Optimiser Plus and the Final Value are not affected by the performance of the Delivery Assets over the investment period. However, Investors who elect to receive the Delivery Assets at Maturity should be aware that following delivery of the Delivery Assets the value of their Delivery Assets will be affected by changes in the price of Commonwealth Bank as traded on ASX.

Commonwealth Bank is subject to continuous disclosure obligations and makes regular releases to the ASX that are publicly available.

Investors can also obtain more exhaustive information from the Commonwealth Bank website including pricing and company information.

Citigroup makes no recommendation, representation or assurance about the performance or prospects of Commonwealth Bank.

### Changes to the Delivery Assets or the Reference Assets or the Fixed Income Index

If an Adjustment Event occurs the Issuer may:

- (a) substitute the Delivery Asset with any other security quoted and trading on ASX; and/or
- (b) adjust or amend the definition of Delivery Asset or Reference Asset or the Fixed Income Index; and/or
- (c) substitute an Index comprising the Reference Assets or Fixed Income Index with any index, futures contract or other security quoted and trading on the Relevant Exchange or any other exchange as similar as possible to the original

Index.

The Issuer will notify Investors of any such changes and it will carry out the adjustment so as to put both the Investor and the Issuer in substantially the same economic position as if the Adjustment Event had not occurred. If this is not possible then there may be an Early Maturity. Investors should read clause 5 of the Terms to understand fully their rights and obligations if an Adjustment Event occurs.

### Disclaimers

#### Commonwealth Bank

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#### EURO STOXX 50

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### S&P 500

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#### **INDEX5 and INDEX2**

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In some product disclosure documents for other financial products, Investors might see a table disclosing all fees and charges payable by Investors in those products. The Issuer has not used such a table to disclose the fees and charges associated with the Optimiser as Investors do not pay any direct fees to the Issuer.

## Section 4 - Fees associated with the Optimiser Plus

In some product disclosure documents for other financial products, Investors might see a table disclosing all fees and charges payable by Investors in those products. The Issuer has not used such a table to disclose the fees and charges associated with Optimiser Plus as Investors do not pay any direct fees to the Issuer.

There will be no commission, establishment fee or ongoing management fee payable to the Issuer in respect of the Optimiser Plus. However, the Issuer reserves the right to pass on to Investors any unforeseen Costs and Taxes (including GST). The Issuer will notify the Investor of any such Costs and Taxes (including GST) in the Maturity Notice. At the date of this PDS the Issuer is not aware of any Costs and Taxes payable.

Should Optimiser Plus terminate early, the Issuer may charge the Investor any Break Costs associated with the early termination. The Break Costs may include all costs, expenses and losses incurred by the Issuer and notified by the Issuer as payable by the Investor as a result of the early termination, unwinding of a hedge position or any loss of profits that the Issuer may suffer as a result of the early termination. The Break Costs may be substantial. The Issuer will notify the Investor of such Break Costs in the Early Maturity Notice and will also provide indicative Break Costs prior to Early Maturity if requested and where possible.

The Issuer may profit from its ability to manage the underlying risk associated with the investment of Optimiser Plus funds and its responsibilities as Issuer of the Optimiser Plus. However, the calculation of the Final Value of Optimiser Plus is as set out in this PDS and is independent of any income or profits earned by the Issuer.

The Issuer may pay distributors, brokers and financial advisers (including Citibank, N.A. and Citigroup Pty Limited) a placement fee and/or an annual fee (including GST) in connection with the sale and distribution of the Optimiser Plus. These fees may be paid by the Issuer to its related bodies corporate. These fees will be paid by the Issuer at no additional cost to Investors. As at the date of this PDS, the Issuer will pay distributors a placement fee of 2.0% (including GST) and a trailing fee of 0.33% pa (including GST), based on the initial Investment Amount.

For more details on commission and benefits paid to financial advisers, Investors should refer to the financial services guide or statement of advice prepared by their financial adviser. Financial advisers should follow ASIC guidelines in relation to disclosure of all fees. Investors should always discuss fees and other benefits with an adviser.

## Section 5 - Risk Factors

### Early Maturity Risk

In certain circumstances Optimiser Plus may be terminated early where an Investor requests Early Maturity or an Early Maturity Event occurs. Investors will always be given 30 days' notice of any proposed Early Maturity by the Issuer unless it is otherwise impracticable to do so. The Issuer only guarantees to provide capital protection for investments held for the full term of the Optimiser Plus. Prior to the Maturity Date Investors will receive the fair economic value of Optimiser Plus or the Refund (as determined by the Issuer). This amount may be less than the initial Investment Amount. In determining the fair economic value or the Refund the Issuer may deduct Break Costs or Taxes in relation to the Early Maturity.

### General Market Risk

During the term of the investment the value of Optimiser Plus will be affected by a number of market variables that change daily, such as performance of the Reference Assets and Fixed Income Indices, interest rates, volatility and the trading liquidity of the futures contracts, foreign exchange contracts and/or indices, time remaining to Maturity, prevailing and anticipated economic conditions, technological, legal or political conditions, other inter-related factors which affect the performance of markets generally.

There is no guarantee that any or all of the Reference Assets will have increased in value at the Maturity Date so there is a risk that Investors with a holding of Optimiser Plus will only return the Issue Price even in respect of their Growth Portion. There is no guarantee that the Fixed Income Indices will result in the payment of a Variable Coupon throughout the Term of the Investment. Further, the value of the Reference Assets may fluctuate over the life of Optimiser Plus such that an increase in the value of the Reference Assets in the early part of the term of the Growth Portion will be offset by a corresponding decrease in the value of the Reference Assets later in the term.

There will be no currency risks associated with an investment in Optimiser Plus as the performance of the constituents that make up the Reference Assets and the Fixed Income Indices will be measured in absolute terms.

### Nil or Below Market Variable Coupon

Investors may receive a low or possibly a nil Variable Coupon over the Term of the Optimiser Plus. Investors should be aware that the quarterly payment of the Variable Coupon is dependant on the performance of the INDEX5 relative to the INDEX2. Investors who choose a 100% Growth Portion Allocation will receive nil Variable Coupon.

### Performance of Obligations by the Issuer

The value of the Optimiser Plus depends on the ability of Citigroup to fulfil its obligations under the Terms of Issue, and the ability of the Guarantor to fulfil its obligations under the deed of cross guarantee.

Investors must make their own assessment of the ability of Citigroup to meet its obligations in respect of the Optimiser Plus and the ability of the Guarantor to meet its obligations under the deed of guarantee. Nothing in this PDS is, or may be relied upon as being, a representation as to any future event or a promise as to the future of Citigroup's or the Guarantor's ability to perform their respective obligations.

Citigroup Inc guarantees the performance obligations of the Issuer. Citigroup Inc., is a diversified global financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers with more than 200 million customer accounts doing business in more than 100 countries.

Copies of financial statements of the Issuer can be found on <http://www.citiwarrants.com.au/library/financials/index.html>.

Hard copies of those financial statements can be obtained by calling Citigroup Australia on 1300 308 982.

### Liquidity Risk

Optimiser Plus is not listed and there is no guaranteed ability to sell an Optimiser Plus before Maturity. It is at the Issuer's absolute discretion to permit Early Maturity once a month. However, the Optimiser Plus obtains exposure to the Reference Assets and Fixed Income Indices using OTC transactions. These OTC transactions must be unwound to allow for Early Maturity and consequently the Optimiser Plus may be illiquid and Break costs and Taxes may be significant.

### Event Risk

There may be adjustments to the Terms of the Optimiser Plus due to Adjustment Events such as (but not limited to) mergers and disposals, price source disruption, trading suspension, material change in the calculation and/or composition of the Reference Assets or Fixed Income Indices and changes in Corporations Act or taxation laws as set out in the Terms.

### Exercise of Discretion by the Issuer

Investors should note that a number of provisions of the Terms confer discretions on the Issuer and its associates that could affect the value of the Optimiser Plus. These include the powers to nominate Adjustment Events and Early Maturity Events, to substitute the Reference Assets and/or the Delivery Assets and/or the Fixed Income Indices, to adjust or modify the method of any calculation as set out or used in the Terms and to make adjustments to the terms of the Optimiser Plus as contemplated in the Terms.

### Tax Risk

We recommend that Investors seek independent tax advice before making an investment in the Optimiser Plus. The Issuer is not in the business of providing tax advice and therefore cannot be relied upon to advise upon, nor take any responsibility for, the taxation implications in respect of an investment in the Optimiser Plus. In particular, Investors should note that section 6 of this PDS assumes that Investors will take physical delivery of, and hold, the Delivery Assets for the purposes of deriving assessable dividends.

### Factors affecting the Reference Assets

The value of the Reference Assets will vary over time. The individual performance of each of the Reference Assets will have a direct effect on the value of the Growth Portion and, therefore, on the Final Value at Maturity for any Investor that chooses to take exposure to the Growth Portion (apart from the Income Only option).

An Investor in the Optimiser Plus should be familiar with stocks, bonds, commodities, foreign exchange contracts and with investments in the financial markets generally, even if the Investor does not have a particular sector view on equities, property, commodities or fixed income. In particular, Investors should be familiar with the financial markets on which the Reference Assets are based, economic, political and other aspects relevant to investments in the countries where the Reference Assets are issued or traded and where the relevant commodities are sourced or consumed. Investors should understand that economic, financial and political developments in those countries, among other things, may have a material effect on investments in those countries.

### Factors affecting the Fixed Income Indices

The level of the Fixed Income Indices will vary over time. The individual performance of each of the Fixed Income Indices will have a direct effect on the value of the Income Portion and, therefore, on the Variable Coupon payable each Quarter.

The Fixed Income Indices are directly affected by movements in the cash rate as there is a strong correlation between cash rates and the spread between the INDEX5 and the INDEX2.

This means that if cash rates move higher, the spread between INDEX5 and INDEX2 is likely to be less and may potentially be inverted and the Variable Coupon (comprising the Accrual Coupon and Step-Up Coupon) is less likely to be paid.

By contrast, if cash rates move lower, the positive spread between INDEX5 and INDEX 2 is likely to widen and the Variable Coupon (comprising the Accrual Coupon and Step-Up Coupon) is more likely to be paid.

Based on historical information generated by Citigroup, if cash rates increased to 7.25%, Investors would be unlikely to receive the Variable Coupon. This, however, is only a historical figure and it is not guaranteed that this correlation and figure will apply in the future. Other factors that affect the Fixed Income Indices include, but are not limited to, the level of demand in floating and fixed rate mortgages, government spending and leverage buyout activity that requires significant debt funding.

### Emerging Market Risk

Investors should be aware that some of the Reference Assets may be selected from countries that are emerging markets and have special risks associated with them, including significant macroeconomic, systemic and other risks not found in more developed markets. Emerging markets can be less thoroughly regulated and more volatile than developed markets. Prices and mark-to-markets of emerging market securities may be influenced by the political, financial and economic stability of the country and/or region in which the issuer of the relevant securities has its principal place of business.

The economies of emerging markets may differ from the economies of most developed countries in many respects, including a higher level of government involvement and intervention in the economy, a volatile growth rate, increased governmental control of foreign exchange and allocation of resources in favour of particular industries or companies. Changes in these governments' policies, international policies, trade relations and other macro-economic factors could adversely affect economic development in each of the countries. Worldwide financial instability and loss of investor confidence in the financial systems of emerging markets generally may cause increased economic volatility in those countries. Any downgrading of such a country's debt rating by an international rating agency is likely to have a significant effect on investor confidence. The laws and regulations applicable to foreign investment in emerging markets are relatively new, and their interpretation and enforcement involve uncertainties that could limit the legal protections available to foreign Investors.

The currencies of some emerging markets are not freely convertible. The government in such countries may, in the future, take measures to restrict access to foreign currencies, and certain financial transactions may be subject to foreign exchange controls or restrictions on stock trading. These matters may affect the value of the Optimiser Plus.

### Interest Rates

Fluctuations in interest rates will directly affect the value of Optimiser Plus during the Term of Investment. If long-term interest rates increase then, all other things being equal, the relative value of the Growth Portion is expected to fall because an Investor could have obtained a better investment return by investing in other financial products, such as variable interest rate deposits.

Movements in the cash rate may affect the Income Portion. In general the higher cash rates move from what is considered neutral levels (e.g 5.50%-5.75), the higher short term interest rates trade relative to longer term interest rates and the less likely that the Variable Coupon will be payable.

### Investment Decisions

The information in this PDS is intended to provide Investors and their professional advisers information they would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the capacity of the Issuer to fulfil its obligations under the Optimiser Plus and the risks, rights and obligations associated with the Optimiser Plus. It is impossible in a document of this type to take into account the investment objectives, financial situation and particular needs of each Investor. Accordingly, nothing in this PDS should be construed as a recommendation by the Issuer or any associate of the Issuer or any other person concerning investment in the Optimiser Plus.

Readers should not rely on this PDS other than in respect of those matters referred to above, and should not rely on it as the sole basis for any investment decision in relation to the Optimiser Plus, or any other security.

### **Performance of the Optimiser Plus is likely to be different to the performance of the Reference Assets or a fixed income product**

Investors should be aware that the return they receive from investing in the Optimiser Plus may be less than or greater than the return they would have achieved by investing directly in each of the Reference Assets themselves or in a fixed income product.

### **Capital protection**

The capital protection under the Terms is an unsecured obligation of the Issuer. The capital protection will not apply if there is an Early Maturity Event, or if the Investor does not hold the investment until the Maturity Date. The minimum price received on Maturity of \$1 per Optimiser Plus is unlikely to have the same real value as it would on the date of investment due to the likely effect of inflation and the time-value of money over the 4-year term of the Optimiser Plus.

Capital protection is also subject to rounding and the deduction of any Costs and Taxes (see "What happens at Maturity?" in Section 1).

### **Potential Conflicts of Interest**

The Issuer and other Citigroup companies may have material price sensitive information relating to securities that make up the Reference Assets or conduct transactions as principal and as agent in various financial instruments, including the Delivery Assets, the Reference Assets and the Fixed Income Indices and are a contributor to the calculation of the Fixed Income Indices. These trading activities may affect (positively or negatively) the price at which the Delivery Assets trade or the level of the Reference Assets and/or the Fixed Income Indices at any point in time.

Citigroup may have a potential conflict of interest of which you are not aware and which we are unable to disclose to you.

### **No Proprietary or Interest in the Reference Assets**

The Issuer and the Investors will not have any proprietary interest or entitlement in or to any obligation or asset relating to any Reference Asset.

### **Change of Law Risk**

Changes to laws or their interpretation in Australia and other international jurisdictions, including taxation and corporate regulatory laws could have a negative impact on the return of Investors.

## Section 6 - Tax Considerations

### Greenwoods & Freehills

26 April 2007

The Directors  
Citigroup Global Markets Australia Pty Limited  
Level 21  
Citigroup Centre  
2 Park Street  
SYDNEY NSW 2000

Dear Directors

**Optimiser Plus**  
**Australian taxation opinion**

We have been asked by Citigroup Global Markets Australia Pty Limited (“**Issuer**”) to prepare a taxation opinion for inclusion in a Product Disclosure Statement (“**PDS**”) to be dated on or about 30 April 2007, in relation to a market linked investment (“**Optimiser Plus**”).

**1 Scope**

In this letter we provide an analysis of the main Australian income tax, goods and services tax (“**GST**”), and stamp duty implications arising for persons (“**Investors**”) who acquire interests in the Optimiser Plus product, in accordance with the terms of the PDS.

It is important for Investors to note that this opinion is limited to a consideration of the indicative tax position of Investors who are residents of Australia for tax purposes including individuals, companies and complying superannuation entities and;

- who do not carry on the business of trading or dealing in securities; and
- who hold their Optimiser Plus investment for the purpose of realising a long term return (i.e. hold their investment on capital account for tax).

In particular, it is assumed that Investors will take physical delivery of their Delivery Assets (i.e. ordinary shares in Commonwealth Bank of Australia (“**CBA**”)) on the Settlement Date and hold such Delivery Assets for the purpose of deriving assessable dividends, rather than utilising the Agency Sale Arrangement. Investors who do not have such an intention, or who seek an Early Maturity, are not considered in this opinion. In such situations, Investors may be subject to other provisions of tax law, including the possible recognition of gains and losses under the ordinary assessing provisions, rather than by reference to the capital gains tax (“**CGT**”) and related discounting rules discussed further below.

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Unless stated otherwise, the comments in this letter apply equally to the Income Portion and the Growth Portion, and the Delivery Assets relevant to each such Portion.

The information contained in this letter is of a general nature only and does not attempt to address all of the tax implications that may be relevant. Prospective Investors should not rely on the information contained in this opinion and should seek independent taxation advice in light of their own particular facts and circumstances.

This opinion does not consider the deductibility of funding costs in relation to Investors who borrow money in order to make their investments in Optimiser Plus. Such Investors should seek their own advice on this issue.

The representatives of Greenwood & Freehills Pty Limited involved in preparing this opinion are not licensed to provide financial product advice in relation to dealing in securities. Accordingly, Greenwood & Freehills Pty Limited does not seek to recommend, promote or otherwise encourage any party to participate in Optimiser Plus.

Applicants should consider seeking advice from a suitably qualified Australian Financial Services Licence holder before making any investment decision. Applicants should also note that taxation is only one of the matters that may need to be considered.

This opinion is based on Australian tax laws and practices applicable as at the date of this letter. Investors should be aware that such laws and practices may change during the term of Optimiser Plus.

All references in this letter to legislative provisions are references to provisions of the *Income Tax Assessment Act 1936* or the *Income Tax Assessment Act 1997* (each the “Act”), as applicable. Capitalised terms not defined in this letter have the same meanings as in the PDS.

## 2 Characterisation of Optimiser Plus for tax purposes

The legal nature of Optimiser Plus as an investment product is explained in the PDS under the heading “*How is Optimiser Plus Structured?*”. In particular, Optimiser Plus is structured as a deferred purchase agreement (“DPA”).

Under Optimiser Plus, an Investor agrees to purchase the Delivery Assets (including the Portion) and elect to either accept physical delivery of the Delivery Assets on the Settlement Date or to take advantage of the Agency Sale Arrangement and receive the Sale Proceeds.

On the Settlement Date the Issuer will be required to deliver the Delivery Assets to the Investor.

No “CGT event” should arise for the purposes of the CGT rules in the Act when the Delivery Assets are delivered to an Investor on the Settlement Date.

However, upon the eventual disposal of the Delivery Assets, an Investor may make a capital gain to the extent that the sale proceeds exceed the tax cost of the CBA shares, or a capital loss (refer below).

### 3 Tax treatment of Variable Coupons

Variable Coupons which are paid to an Investor in respect of any Income Portion of Optimiser Plus will constitute assessable income. Accordingly, such amounts will need to be taken into consideration by the Investor in preparing the income tax return for the financial year in which such amounts are received.

### 4 Dividends on Delivery Assets

An Australian Investor's assessable income will include any dividends and the amount of any franking credits attached to dividends paid on the Delivery Assets (i.e. CBA shares) after the Settlement Date. Franking credits will be included in an Investor's assessable income, and the Investor will generally be entitled to a corresponding tax offset (rebate).

Where franking credits are attached to dividends paid on the Delivery Assets, to be generally eligible for the franking credit and tax offset, the Investor must have held the Delivery Assets "at risk" for at least 45 days (not including the date of acquisition or the date of disposal).

This rule should not apply to an Investor if the Investor is an individual whose tax offset entitlement (on all shares and interests in shares held) does not exceed \$5,000 for the income year in which the franked dividend is paid. If an Investor enters into put or call options (or other derivatives) in relation to their Delivery Assets, this may affect whether the shares are sufficiently held "at risk" for the purposes of the franking rules, and specific advice should be sought.

Where the Investor is an individual, a complying superannuation entity or a registered charity (in certain circumstances), the Investor will generally be entitled to a refund to the extent that the franking credits attached to the Investor's dividends exceed the Investor's tax liability for the income year.

Where the Investor is a company, any franked dividends the Investor receives will generally give rise to a franking credit in the Investor's franking account.

### 5 Disposal of Delivery Assets

Having regard to the comments above as to the scope of this opinion, i.e. it has been assumed that an Investor holds their investment in Optimiser Plus and the Delivery Assets as capital assets, the eventual disposal of the Delivery Assets should be subject to taxation under the CGT rules of the Act.

#### 5.1 Gain on disposal

An Investor will be required to include in their assessable income, as a capital gain, any excess of the sale proceeds of their Delivery Assets over the tax cost of these assets. The tax cost base of the Delivery Assets will be determined as at the date on which the investment in Optimiser Plus is made, rather than the date on which physical delivery of the Delivery Assets occurs. That is, the cost base will be the Investment Amount paid upon Application (together with any applicable brokerage costs and professional advisory fees). The total cost should be attributed on a pro-rata basis to each Delivery Asset, i.e. each CBA share.

The value of the Delivery Assets on the Maturity and Settlement Dates has no bearing on the tax cost base of the Delivery Assets.

## 5.2 CGT discount concession

An Investor who is a natural person, a trust, or a complying superannuation entity may be entitled to the CGT discount concession on any capital gain realised on the disposal of each Delivery Asset. Individuals and trustees are entitled to a discount of 50%, while complying superannuation entities are entitled to a discount of 33.33% of the net gain.

Investors should note that the CGT discount concession only applies to reduce the net capital gain made in relation to CGT assets which are held for a continuous period of not less than 12 months. This requirement should be met by all Investors, with the exception of those Investors who are permitted to make an Early Maturity within 12 months after making an investment in Optimiser Plus, given that the 12 month period will be measured from the inception of the Investment (i.e. upon entry into Optimiser Plus) and not from the Settlement Date.

## 5.3 Loss on disposal

Any capital loss realised by an Investor upon the disposal of a Delivery Asset may be applied to offset capital gains realised in the same year of income or may be carried forward to future years. Capital losses are not able to be applied against ordinary income.

## 6 Qualifying and traditional securities

### 6.1 Qualifying securities

The Act currently contains provisions, in Division 16E of Part III, that impose tax on an accruals basis on holders of “qualifying securities”, being certain debt-like securities where some or all of the income under that security is deferred. For example, securities issued at a large discount to face value, or where income is otherwise deferred, often bring those rules into operation. Where Division 16E applies, the discount or deferred income is taxed to the holder over the term of the security so as to prevent the deferral of tax.

Division 16E only applies to a “qualifying security”, as that term is defined in the Act. In our view, an investment in Optimiser Plus should not be regarded as comprising a “qualifying security” for this purpose, and accordingly we believe that Division 16E should have no application to an Investor.

### 6.2 Traditional securities

The Act also contains rules, in sections 26BB and 70B, that deem gains and most losses on the acquisition and disposal of “traditional securities” to be of an ordinary rather than a capital nature for tax purposes. An Optimiser Plus investment should not be a “traditional security” for the purposes of these rules.

## 7 Foreign Investment Fund rules

The Foreign Investment Fund (“FIF”) regime has potential application to all interests held by Australian taxpayers in foreign companies and foreign trusts. Broadly speaking, this regime operates to require Australian taxpayers to include in their assessable income an amount of attributed income which is a proxy for the taxpayer’s share of the undistributed profits of the foreign entity. There are a variety of exceptions which may apply to certain taxpayers meeting specifically articulated criteria.

An Investor holding an investment in Optimiser Plus should not be subject to FIF attribution. This is because Investors will only acquire Australian assets; being the rights under the DPA and the Delivery Assets. At no stage will an Investor have any right, entitlement, or expectation in relation to any interests in a foreign company or foreign trust. The fact that the value of the Delivery Assets may be calculated on the basis of foreign Asset Classes and Reference Assets is not relevant for these purposes.

#### **8 The general anti-avoidance rule: Part IVA**

The general anti-avoidance rule, contained in Part IVA of the Act, gives the Commissioner of Taxation (“**Commissioner**”) the power to issue a determination which, generally speaking, cancels a “tax benefit” obtained by a taxpayer in connection with a scheme entered into or carried out by a person where a party to the scheme has a sole or dominant purpose, objectively determined, of obtaining the tax benefit for the taxpayer. An example of a tax benefit is an amount that is not included in the assessable income of a taxpayer, which would have been, or could reasonably be expected to have been, included if the scheme did not take place.

It is difficult to predict how the Commissioner or a Court may form a judgment in the future. Nonetheless, having regard to Investors within the scope of this letter as set out earlier, in our opinion the general anti-avoidance provisions contained in Part IVA should not apply to a given Investor in relation to their investment in Optimiser Plus. However, we note that there may be additional factual circumstances applicable to any given Investor of which we are unaware that could result in a different conclusion being formed in the future by either the Commissioner or a Court.

#### **9 ATO views in relation to DPAs**

At the date of this letter, we are not aware of any definitive public views of the Australian Taxation Office (“**ATO**”) in relation to financial products, such as Optimiser Plus, which are structured as DPAs. It is our understanding that the ATO is, at the time of this letter, considering the taxation treatment of certain transactions involving DPAs. At present, it is unclear if or when any such guidance will be released by the ATO.

As noted earlier, this opinion is based on Australian tax laws and practices applicable as at the date of this letter. Investors should be aware that such laws and practices may change during the term of Optimiser Plus. In particular, the views expressed in this letter may not necessarily accord with any views which the ATO may reach in due course, either as regards DPAs generally or Optimiser Plus in particular. One of the issues that the ATO may review is whether, in its opinion, any gain from a DPA should be effectively subject to the ordinary income tax rather than CGT rules.

**10 Tax reform**

On 3 January 2007, exposure draft legislation was released in relation to proposals to reform the taxation of financial arrangements (“TOFA”). The TOFA proposals will impact upon the tax treatment of a wide range of financial transactions. If the draft was to be enacted in its current form, the new rules would only have mandatory application to financial arrangements acquired on or after 1 July 2008.

Accordingly, given the timing of the transactions anticipated in the PDS (and the currently proposed exceptions to the TOFA regime) the draft legislation, if enacted as proposed, should have no impact on an Investor as regards Optimiser Plus. However, as the draft legislation may change before it is enacted, Investors will need to monitor the progress of the TOFA proposals to determine whether any new rules do in fact have implications for their investment.

**11 Pay-As-You-Go withholding obligations**

Investors may, if they choose, notify the Issuer of their tax file number (“TFN”), Australian business number (“ABN”) or a relevant exemption from the disclosure regulations.

In the event that the Issuer is not so notified, tax will be automatically deducted from any Variable Coupons paid by the Issuer, currently at the rate of 46.5% of the gross payment. This requirement to withhold will continue until such time as the relevant TFN, ABN or exemption notification is given.

Investors will be entitled to claim an income tax credit or refund (as applicable) in their income tax returns in respect of the tax withheld.

**12 GST and stamp duty**

Investors should not be liable to GST or stamp duty by reason of their acquisition, ownership and disposal of an investment in Optimiser Plus and the Delivery Assets.

Yours faithfully

GREENWOODS & FREEHILLS PTY LIMITED

per:



Tony Frost  
Director

## Section 7 - Information about the Issuer

The Issuer of the Optimiser Plus is Citigroup Global Markets Australia Pty Limited ("Citigroup Australia"). Citigroup Australia is a wholly owned subsidiary of Citigroup Inc., and a member of Citigroup. Citigroup Inc. does not guarantee the capital value and/or performance of the Optimiser Plus. Citigroup Inc. guarantees the performance of Citigroup Australia's obligations under this PDS and the Terms of Issue.

The group has been in the Asia Pacific region for more than 100 years and today provides more services in more markets for more clients than any other financial institution. The group counts as valued clients 10 million customers across 18 countries and territories.

### General Information about Citigroup Inc.

Citigroup Inc. (together with its subsidiaries, the "Company") is a diversified global financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers with more than 200 million customer accounts doing business in more than 100 countries. Major brand names under Citigroup's trademark include Citibank, CitiFinancial, Primerica, Smith Barney, and Banamex.

The Company's activities are conducted through the Global Consumer, Corporate and Investment Bank, Global Wealth Management, Global Investment Management and Proprietary Investment Activities business segments. The Company was incorporated in 1988 under the laws of the State of Delaware and is a bank holding company within the meaning of the U.S. Bank Holding Company Act of 1956 registered with, and subject to examination by, the Board of Governors of the Federal Reserve System. At December 31, 2006, the Company had approximately 330,000 employees globally.

The principal executive offices of the Company are located at 399 Park Avenue, New York, New York 10043, U.S.A.

Citigroup Inc. does not guarantee the capital value and/or performance of the Optimiser Plus. Citigroup Inc. guarantees the performance of Citigroup Australia's obligations under this PDS and the Terms of Issue.

### Citigroup in Australia and New Zealand

The group established a presence in Australia in 1971 and in New Zealand in 1982. In 1984, the group's securities and investment banking business commenced operations and in 1985 Citibank Pty Limited (now Citigroup Pty Limited) became the first foreign bank to be granted an Australian banking licence. The Optimiser Plus does not represent a deposit or other liability of Citigroup Pty Limited and it does not stand in any way behind the capital value and/or performance of the Optimiser Plus.

Today, the group provides financial services to more than 1 million consumers and over 900 corporate clients in Australia and New Zealand.

Copies of financial statements of the Issuer can be found on: <http://www.citiwarrants.com.au/library/financials/index.html>

Hard copies of those financial statements can be obtained by calling Citigroup Australia on 1300 308 982.

**No Citigroup company other than Citigroup Australia makes any statements or representations in this PDS.**

## Section 8 - Additional Information

### Consents

Freehills has given, and not withdrawn, its written consent to being named as having acted as solicitors to the Issuer advising on Australian law in connection with the issue of the Optimiser Plus pursuant to this PDS in the form and context in which it is included. It has, in that capacity, advised and assisted with the drafting of this PDS, particularly the Terms of Issue, but not the drafting of the Tax Considerations and all other comments on taxation matters. Freehills otherwise takes no responsibility for this PDS. Freehills does not make any statement in this PDS nor does any statement in this PDS purport to be based on a statement made by Freehills.

Freehills has not authorised or caused the issue of this PDS.

Greenwood & Freehills Pty Limited has given, and not withdrawn, its written consent to being named as having acted as tax adviser to the Issuer in connection with the issue of the Optimiser Plus pursuant to this PDS in the form and context in which it is included. It has, in that capacity, provided the tax opinion in the Tax Considerations section. Greenwood & Freehills Pty Limited otherwise takes no responsibility for this PDS. Greenwood & Freehills Pty Limited does not make any statement in this PDS nor does any statement in this PDS purport to be based on a statement made by Greenwood & Freehills Pty Limited except for the Tax Considerations section.

### Experts' and advisers' interests

Except as set out in this paragraph, no expert and no firm in which an expert is a partner, has, at the date of this PDS, any material interest in connection with the formation or promotion of either the Issuer or the Optimiser Plus.

Freehills and Greenwood & Freehills Pty Limited will receive fees for their professional services in connection with this PDS as advisers to the Issuer. Some partners or directors of those firms may from time to time have an interest in the Optimiser Plus, the Delivery Assets or shares in a related entity of the Issuer.

### Directors' and related entity interests

Except as set out in this paragraph, the Issuer and its related bodies corporate are not associated with, and have no access to information concerning, the Delivery Assets or the Reference Assets other than that which is in the public domain. Neither the Issuer nor its related bodies corporate, nor any director or proposed director of the Issuer, nor any firm in which a director or proposed director of the Issuer is a partner, has, at the date of this PDS, any material interest in connection with the formation or promotion of either the Issuer, the Optimiser Plus, the Reference Assets or the Delivery Assets except that:

- the Issuer earns brokerage at normal commercial rates on transactions in relation to the Optimiser Plus which it undertakes. This is at no additional cost to the Investor;
- Citigroup companies, as part of their employee remuneration arrangements, conduct an incentive system based on the success of their activities. The directors and senior executive officers of the Issuer, being also employees of a Citigroup company, participate in these incentive remuneration arrangements;
- the Issuer and its related bodies corporate, as part of its investment banking and stockbroking business, has in the past and may from time to time advise or act for the issuer of the Delivery Asset, or advise or act for other clients in relation to the issuer of the Delivery Asset, or publish research reports on the issuer of the Delivery Asset. Investors will not be notified of these activities, or the content of such reports;
- the Issuer or an associate or related body corporate may from time to time hold Delivery Assets for trading purposes, or to hedge the Optimiser Plus. Related bodies corporate of the Issuer may deal in Delivery Assets, options and other derivative contracts in respect of them; and
- Citibank N.A., a related body corporate of the Issuer participates in the daily quotation process whereby the INDEX5 and INDEX2 are calculated, and may be in a position to indirectly influence the level of the Fixed Income Indices.

## Privacy Statement

We will only collect personal information necessary for the products or services you request. The information we collect from you on the Application Form and which we acquire from you or other people during the course of managing the Optimiser Plus is required to process each Optimiser Plus Application, manage your investment and comply with relevant laws.

We may use this information to send you information about other investment products. If at any time you receive information from us about our products and do not wish to receive further correspondence, please let us know. You can also tell us if you do not wish to receive this information from the outset on the Application Form. We may also disclose information about you to third party service providers who assist us in our business operations and service provision.

We store information about you in databases which may be maintained outside Australia by other Citigroup companies. On request, we will provide you with a copy of any personal information that we hold about you. We will inform you beforehand if there is any charge associated with providing this information to you. If you do not provide us with the personal information which we request, we may not be able to provide a service, or may be required by law to take particular actions such as deducting taxation at the top marginal rate, plus the Medicare Levy.

Further information about our privacy practices can be found by requesting a copy of our privacy policy.

If you have any queries please contact the Citigroup Privacy Officer:

Citigroup Privacy Officer  
GPO Box 204  
Sydney NSW 2001  
Telephone: (02) 8225 1000  
E-mail: [privacy.officer@citigroup.com.au](mailto:privacy.officer@citigroup.com.au)

## Section 9 - Terms and Conditions

### Market-Linked Investment ("Optimiser Plus")

These Terms (including those set out in the Term Sheet) form the terms and conditions on which the person named in the Application Form (the "Investor" or "Applicant") agrees to acquire in the future the Delivery Parcel from the Issuer under the Optimiser Plus. Capitalised words are defined in clause 15 of these Terms.

#### 1. Applications and Acceptance

##### 1.1 Offer by the Applicant

An Applicant may make an offer to the Issuer to acquire the Delivery Parcel from the Issuer on a deferred basis in accordance with these Terms:

- (a) by completing and returning to the Issuer a valid Application Form before the Offer Close time; and
- (b) by ensuring that an amount equal to the Investment Amount is received by the Issuer in cleared funds by the Offer Close time.

##### 1.2 Investor bound by Terms

By signing the Application Form and lodging it with the Issuer, the Investor agrees to be bound by these Terms.

##### 1.3 Acceptance of the offer by the Issuer

- (a) The Issuer may decide in its absolute discretion whether or not it will accept the Applicant's offer to acquire the Delivery Parcel from the Issuer.
- (b) If the Issuer decides that it will accept an Application and provided that the Issuer has received the Investment Amount in cleared funds by the Offer Close time (or such other time if otherwise accepted by the Issuer in its discretion), acceptance of the Applicant's offer will take place on, and the parties' rights and obligations under these Terms will commence on, the Issue Date.
- (c) For each A\$1.00 of Investment Amount paid the Applicant will be entitled to one Optimiser Plus with a specified Income Portion and Growth Portion as notified by the Issuer pursuant to the

election of the Investor in accordance with the Application Form.

- (d) Within 10 Business Days of the Issue Date, the Issuer will send to the Investor a notice acknowledging either the acceptance or rejection of the Applicant's offer.

#### 2. Deferred purchase of Delivery Assets

##### 2.1 Purchase of Delivery Assets

The Investor agrees to purchase from the Issuer on the Maturity Date the Delivery Parcel for the Investment Amount (which will be paid by the Investor in accordance with clause 2.2). Following Maturity, the Issuer will deliver the Delivery Parcel to the Investor in accordance with clause 3.

##### 2.2 Payment of the Investment Amount

- (a) The Investor must pay the Investment Amount to the Issuer in cleared funds by the Offer Close time.
- (b) The minimum Investment Amount that will be accepted by the Issuer under these Terms is the minimum amount set out in the Term Sheet.

##### 2.3 Variable Coupon Payment

- (a) Investors will receive a Variable Coupon for the three-month period ending on each Quarter End Date contingent on the performance of the Fixed Income Indices. The Variable Coupon will be the sum of the Accrual Coupon and the Step-Up Coupon.
  - (i) For each Optimiser Plus the Accrual Coupon for any given Quarter is calculated as follows:

$$\text{Income Portion} \times 8\% \times \text{Days Accrued}/365$$

Where:

**Income Portion** means the portion of each Optimiser Plus that gives the Investor exposure to the Variable Coupon, being a percentage notified by the Issuer to each Investor pursuant to the election of the

Investor in the Application Form.

**Days Accrued** means the number of calendar days in the Quarter that the INDEX5 - INDEX2 is at or above -0.175% on a Modified Following Business Day Convention.

- (ii) The Step-Up Coupon for any given Quarter is payable if on the Quarter End Date the INDEX5 - INDEX2 is greater than 0.50%. For each Optimiser Plus the Step-Up Coupon is calculated as follows:

*Income Portion x 8% x Days Actual/365*

The Issuer will pay the Variable Coupon into the Investor's nominated Settlement Account 3 Business Days after the Quarter End Date or as soon as practical thereafter.

### 3. Maturity and Settlement of deferred purchase

#### 3.1 Notice of Maturity

The Issuer will give a Maturity Notice to the Investor approximately twenty (20) Business Days before the Maturity Date.

#### 3.2 Effecting Maturity

- (a) The Investor must complete the deferred purchase of the Delivery Parcel by returning the Maturity Notice to the Issuer on or before the Closing Time, specifying in the Maturity Notice that the Investor will accept physical delivery of the Delivery Parcel or that the Investor will use the Agency Sale Arrangement.
- (b) If the Investor:
- (i) does not lodge a Maturity Notice with the Issuer by the Closing Time; or
  - (ii) returns the Maturity Notice to the Issuer by the Closing Time and the Investor has not elected in the Maturity Notice to accept either physical delivery of the Delivery Parcel or to use the Agency Sale Arrangement,

the Investor will be deemed to have elected physical delivery of the Delivery Parcel and the deferred purchase will complete.

#### 3.3 Physical delivery of the Delivery Assets to the Investor

If the Investor has elected on the Maturity Notice to accept physical delivery of the Delivery Parcel or the Investor is deemed to have so elected under clause 3.2(b):

- (a) the Issuer (either itself or through a nominee) will procure the performance of all acts required of a transferor of marketable securities under the ASTC Settlement Rules to enable the Delivery Parcel to be transferred to the Investor on the Settlement Date or as soon as possible thereafter, free from any security interest or third party interest or restriction on transfer (other than one that has been accepted by the ASX for the purposes of quotation of the property comprising the Delivery Assets); and
- (b) the Investor irrevocably authorises the Issuer and any of its nominees, at the option of the Issuer, to act as the Investor's agent to do all things required to be done, including but not limited to supplying the Investor's HIN, to effect the delivery of the Delivery Parcel to the Investor.

#### 3.4 Delivery through the Agency Sale Arrangement

If the Investor has elected to use the Agency Sale Arrangement, the Issuer (either itself or through a nominee) will procure the delivery of the Delivery Parcel as follows:

- (a) the Issuer or its nominees are irrevocably authorised to accept physical delivery of the Delivery Parcel for and on behalf of the Investor on the Settlement Date;
- (b) the Investor irrevocably authorises the Issuer or its nominees to sell, and irrevocably directs and authorises the Issuer or any of its nominees to take all actions necessary or desirable to effect the sale by the Issuer or its nominees of, the Delivery Parcel;
- (c) the Issuer or its nominees on behalf of the Issuer will deliver to the Investor's Settlement Account (or pay by cheque to the Investor if no Settlement Account is nominated) the Sale Proceeds, within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter; and

- (d) the Investor acknowledges and agrees that:
- (i) the Issuer or its nominees agree to sell the Delivery Parcel on behalf of the Investor for an amount per Delivery Asset equal to the Closing Price; and
  - (ii) to the maximum extent permitted by law, the Issuer and its nominees are not responsible for any loss, costs or expense incurred by the Investor as a result of using the Agency Sale Arrangement (whether from negligence or otherwise), except to the extent that such loss, cost or expense arises as a result of the Issuer's or the nominee's default, fraud or dishonesty.

The Investor agrees and acknowledges that the Issuer or its nominees will use its best endeavours to sell the relevant Delivery Parcel in accordance with clause 3.4(d)(i). If, for any reason whatsoever, the Issuer is unable to sell the relevant Delivery Parcel at the Closing Price, the Investor irrevocably authorises the Issuer to use its best endeavours to sell the relevant Delivery Parcel as soon as practicable at the best price the Issuer can obtain.

### 3.5 Satisfaction of obligations

Upon delivery of the Delivery Parcel to the Investor in accordance with this clause 3 or payment by the Issuer or its nominee (on behalf of the Issuer) to the Investor of the relevant amount in respect of the Delivery Parcel under clause 3.4(c), the Issuer's obligations to the Investor under these Terms are satisfied and discharged.

### 3.6 Delivery of a whole number of Delivery Assets only

The Issuer or its nominee will not transfer a fractional Delivery Asset or parts of a Delivery Asset. If any fractional unit would be transferable by the Issuer on the Settlement Date, the Issuer will cause to be paid to the Investor (within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter) an amount equal to the value of the fraction of the unit forgone based on the Closing Price provided that such amount exceeds twenty Australian Dollars (A\$20.00). If the amount does not exceed A\$20.00, the Issuer is under no obligation to the Investor to make any

payment for the fractional unit. Upon payment of the amount under this clause, the Issuer is discharged of its obligation to deliver the fraction of the unit forgone.

## 4. Early Maturity

### 4.1 Early Maturity by the Issuer

The Issuer may at any time (in its absolute discretion) nominate any of the following events as an Early Maturity Event:

- (a) an event considered to be an Early Maturity Event as described in the PDS;
- (b) an Adjustment Event occurs or is proposed to occur where, in the Issuer's reasonable opinion, it is not possible or desirable to deal with the occurrence of that event in accordance with clause 5;
- (c) where a Reference Asset is an Index, the Index is suspended or ceases to be published for a period of 24 hours or more;
- (d) where there is a suspension or a material limitation of trading in securities which together comprise a material percentage weight of an Index for a period of 24 hours or more;
- (e) where there is a suspension or material limitation of trading in financial products generally on the exchange to which a Reference Asset corresponds or relates or which a Reference Asset represents for a period of 24 hours or more;
- (f) where there is a suspension or material limitation of trading in an Index (or any equivalent contract) traded on a Relevant Exchange (or any successor) for a period of 24 hours or more or where trading in the Australian Dollar Exchange Rate becomes illiquid or inaccessible or restricted by government policy or law for a period of 24 hours or more;
- (g) if the Issuer determines in good faith that the performance of its obligations in relation to or under these Terms has or will become, in circumstances beyond the reasonable control of the Issuer, impossible, unlawful, illegal or otherwise prohibited as a result of compliance with any applicable present or future law, rule, regulation, judgement, order or directive of any government, administrative, legislative or judicial authority or power;

- (h) a Hedging Event as described in clause 5.2; or
- (i) any actual or proposed event that may reasonably (in the Issuer's opinion) be expected to lead to any of the events referred to in paragraphs (a) to (h) above occurring.

If any event occurs which constitutes both an Adjustment Event as defined in clause 15.1 and an Early Maturity Event as defined in this clause, the Issuer may in its discretion treat that event as either an Adjustment Event or Early Maturity Event.

#### 4.2 Early Maturity at the request of the Investor

The Investor may only request an Early Maturity by giving written notice to the Issuer before the last Business Day of each calendar month. An Early Maturity can only be requested in respect of the full amount of the Investor's holding of Optimiser Plus. It is in the Issuer's absolute discretion to accept or reject the request for Early Maturity. If the Issuer accepts, the Issuer will in its absolute discretion determine an Early Maturity Date as soon as practicable on the next occurring last Business Day of a calendar month after the request is received and will complete accordingly.

#### 4.3 Determination that there will be an Early Maturity

Where the Issuer has nominated an event as an Early Maturity Event, the Issuer may in its absolute discretion determine that there will be an Early Maturity and may specify a date as the Early Maturity Date.

#### 4.4 Early Maturity Mechanism

- (a) If the Issuer determines that there will be an Early Maturity in accordance with clause 4.1 only or if the Investor has requested an Early Maturity, the Early Maturity will take place as follows:
  - (i) The Issuer will, before the Early Maturity Date, notify the Investor that Early Maturity will occur on the Early Maturity Date in accordance with clause 3 of these Terms. The notice issued by the Issuer under this clause shall serve as the Maturity Notice. The Issuer will specify in the Maturity Notice whether Early Maturity will occur by the normal Maturity process in accordance with clause 4.4(a)(ii) or by Refund in accordance

with clause 4.4(a)(iii).

- (ii) If specified in the Maturity Notice and subject to clause 4.4(b), Early Maturity will take place in accordance with the procedures set out in clauses 3.2 to 3.6 of these Terms.
  - (iii) If specified in the Maturity Notice, Early Maturity will occur by the Issuer paying to the Investor the Refund to the Investor's Settlement Account (or by paying the Refund by cheque to the Investor if no Settlement Account is nominated) by the Settlement Date or as soon as practicable thereafter.
  - (iv) After the Delivery Parcel is delivered to the Investor under clause 3.3(a) or after the Issuer (or its nominee) pays the Investor the Refund in accordance with clause 4.4(iii) or after the relevant amount in respect of the Delivery Parcel under clause 3.4(c) is paid to the Investor's Settlement Account as a result of an Early Maturity Event occurring, all obligations of the Issuer to the Investor under these Terms are deemed to be satisfied in full and the Issuer is discharged from its obligations under these Terms.
- (b) If there is an Early Maturity by the Investor or by the Issuer under clause 4.1 only, for the purposes of determining the Delivery Parcel, the definition of "Delivery Parcel" in clause 15.1 does not apply and instead the following definition will be applied: "Delivery Parcel" means the number of Delivery Assets to be delivered by the Issuer to the Investor on the Settlement Date as determined by the following formula:

$$\text{Delivery Parcel} = \frac{\text{Early Maturity Value} \times \text{number of Optimiser Plus held by Investor}}{\text{Closing Price}}$$

#### 4.5 Substitution of Delivery Assets

The Issuer may, in its reasonable opinion, determine that it is not possible to transfer the Delivery Assets comprising the Delivery Parcel to the Investor. In this case, Maturity will take place in accordance with clause 3 (or, in the case of an Early Maturity, in accordance

with clause 4.4(a)) except that the Issuer may substitute the Delivery Asset for any other security quoted and trading on ASX (including any other security or any other fund or entity listed on ASX) and deliver that substituted security in accordance with these Terms as if the definition of "Delivery Asset" was amended to refer to the substituted security.

#### 4.6 No Capital Protection on Early Maturity

If there is an Early Maturity, whether it arises because of an Early Maturity Event or because the Investor has requested an Early Maturity, the capital protection will not apply and the Issuer does not guarantee to deliver to the Investor a Delivery Parcel based on either the Final Value or equal to the Issue Price. For the avoidance of doubt, where there is an Early Maturity (and the Issuer elects the normal Maturity processes to apply) the Delivery Parcel will only be determined in accordance with clause 4.4(b).

#### 4.7 Adjustments to this clause

Where the Issuer determines that any of the provisions of this clause 4 are not appropriate in any particular circumstances, or that any event which is not dealt with in clause 4 should have been dealt with, it may make any alterations to the effect of this provision or to any other Term that it considers to be appropriate.

### 5. Adjustment Events and Hedging Events

#### 5.1 Adjustment Events

If an Adjustment Event occurs or is proposed to occur on or before the Maturity Date, the Issuer may in its discretion elect to do any or all of the following:

- (a) substitute the Delivery Assets with any other security quoted and trading on ASX; and/or
- (b) substitute an Index with any other index published by either the Index Sponsor or any other recognised provider; and/or
- (c) adjust or amend any variable, formula, amount or calculation as set out or used in these Terms (including without limitation the Term Sheet);
- (d) adjust, amend or substitute the definition of Delivery Asset, Reference Asset and/or vary any of the terms referred to in the PDS under the heading "Changes to the Delivery Assets or the Reference Assets"; and/or
- (e) determine to suspend any of the necessary calculations referred to in these Terms as appropriate until reliable values can be obtained, in a manner consistent with the PDS provided that in the reasonable opinion of the Issuer the adjustment in accordance with the above paragraphs is appropriate to put both the Issuer and the Investor in substantially the same economic position as the Investor and the Issuer would have been in had the Adjustment Event not occurred. If in the reasonable opinion of the Issuer it is not possible or desirable to deal with the occurrence of the Adjustment Event in accordance with this clause 5, the Issuer may nominate the event as an Early Maturity Event and may deal with that event in accordance with clause 4. The Issuer will notify Investors of any adjustment that it proposes to make under this clause before the adjustment occurs or as soon as reasonably practicable after the adjustment occurs.

#### 5.2 Hedging Event

The Issuer has discretion, to be exercised in good faith and in a reasonably commercial manner, to make such adjustments to the Terms if a Hedging Event occurs or is proposed to occur, where:

- (a) on or prior to the Valuation Date or any other relevant date, the Issuer is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to holdings of Optimiser Plus, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s) (a "**Hedging Disruption**"); or
- (b) on or prior to the Valuation Date or any other relevant date, the Issuer would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to holdings of Optimiser Plus, or (ii) realise, recover or remit the proceeds

of any such transaction(s) or asset(s) (an **"Increased Cost of Hedging"** and together with the Hedging Disruption, each a **"Hedging Event"**), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging,

then the Issuer shall, in its sole and absolute discretion, determine if such Hedging Event has a material effect on holdings of Optimiser Plus and, if so, (i) the Issuer may make such adjustments (as described in clause 5.1 above) to any of the Terms and Conditions of the Optimiser Plus as it determines appropriate to account for any such Hedging Event and determine the date(s) on which any such adjustments will be effective. If in the reasonable opinion of the Issuer it is not possible or desirable to deal with the occurrence of the Hedging Event in accordance with this clause 5, the Issuer may nominate the event as an Early Maturity Event and may deal with that event in accordance with clause 4. The Issuer will notify Investors of any adjustment that it proposes to make under this clause before the adjustment occurs or as soon as reasonably practicable after the adjustment occurs.

## 6. Accretions

These Terms do not confer on the Investor any right or interest in respect of Accretions to the Delivery Assets. Accretions to the Delivery Assets may lead to adjustments as provided for in clause 5 of these Terms.

## 7. The Issuer's obligations are unsecured

The Issuer's obligations under these Terms or in relation to the deferred purchase of the Delivery Assets are direct, unconditional and unsecured obligations of the Issuer and these obligations rank equally with the Issuer's existing unsecured debt.

## 8. Interest in the Delivery Assets

For each Optimiser Plus an Investor holds, the Investor receives a Beneficial Interest in a Portion of the Delivery Assets on the Issue Date. The Investor holds the Beneficial Interest in the Portion of the Delivery Assets until the earlier of Maturity or transfer of each

Optimiser Plus in accordance with clause 14.9.

An Investor may only deal with the Beneficial Interest in accordance with these Terms.

The Issuer or its nominee will hold the Portion of the Delivery Assets for the Investor from the Issue Date until Maturity and will be entitled to retain any dividends or other distributions made in connection with those assets, exercise all voting rights and will not be required to pass any notice of meeting or other material in connection with the Delivery Assets to the Investor.

The Issuer or its nominee may administer its holding of Portions such that Portions of an Investor or Investors may be aggregated.

The Issuer or its nominees has all the powers that a natural person would have in relation to the Portions, subject to these Terms.

The Beneficial Interest for each Optimiser Plus forms part of that Optimiser Plus and may not be severed from the balance of the rights in connection with that Optimiser Plus or dealt with separately in any way.

When an Investor Deals with an Optimiser Plus in any way, then without the need for any additional writing or action, the same dealing between the same parties shall occur in respect of the corresponding Beneficial Interest. When an Investor Deals with a Beneficial Interest in any way, then without the need for any additional writing or action, the same Dealing between the same parties shall occur in respect of the corresponding Optimiser Plus. For example, when an Investor (the "old holder") transfers an Optimiser Plus to another person (the "new holder"):

- (a) all the rights and obligations that attach to that Optimiser Plus, including the Beneficial Interest, are transferred from the old holder to the new holder;
- (b) the old holder's interest in the Optimiser Plus will be removed from the Register and the new holder will be added to the Register; and

the old holder ceases to have any rights in relation to the Optimiser Plus or the Beneficial Interest.

If any Investor purports to Deal with an Optimiser Plus without an equivalent dealing in the corresponding Beneficial Interest, or if any Investor purports to deal with a Beneficial Interest without an equivalent Dealing in the corresponding Optimiser Plus, or if any Investor

purports to contract out of this clause in any way, any such Dealing will be void and the Optimiser Plus and the Beneficial Interest will remain with the Investor recorded on the register of holders.

At Maturity, the Portion will form part of each Delivery Asset, and so will either:

- be delivered to the Investor if physical delivery applies; or
- be sold and form part of the Sale Proceeds if the Agency Sales Arrangement applies.

The Investor agrees and acknowledges that the agreement to purchase the Delivery Assets as set out in these Terms and the payment of the Investment Amount does not transfer the legal or beneficial interest in the Delivery Assets to the Investor other than the Beneficial Interest in a Portion of the Delivery Assets. The parties agree and acknowledge that the legal or beneficial interest in the balance of the Delivery Assets will transfer to the Investor only on the Settlement Date. If the Issuer fails to deliver the balance of the Delivery Assets to the Investor in accordance with these Terms, the Investor agrees that it will not be entitled to an injunction, specific performance or any other equitable rights or remedies and will be entitled only to damages.

The Issuer or its nominee is indemnified in its capacity as holder of the Portions for all costs, expenses, outgoings, loss or damages paid, suffered or incurred in that capacity, from the Portions so held, unless such cost, expense, outgoing, loss or damage arises by virtue of dishonesty or wilful breach of trust.

The liability of the Issuer or its nominee to Investors or any other person in relation to the holding of Portions, is limited to the extent to which the liability can be satisfied out of the Portions held for Investors, unless the liability arises by virtue of dishonesty or wilful breach of trust.

## 9. Taxes

- (a) The Issuer is not liable for any Taxes or other charge (i) payable by the Investor in relation to or in connection with these Terms; or (ii) payable by any person on, as a consequence of, or in connection with, the purchase, sale or transfer of, or the maturity of the purchase and sale of a Delivery Asset.

- (b) The Investor must pay all Taxes and other charges including goods and services tax, if any, payable:
- (i) by the Investor in relation to or in connection with these Terms; or
  - (ii) by any person on, as a consequence of, or in connection with, the purchase, sale or transfer of, or on the maturity of the purchase and sale of a Delivery Asset.

## 10. Investor's representations and warranties

By signing the Application Form and submitting it to the Issuer, the Investor represents and warrants to the Issuer (as a continuing representation and warranty) that:

- (a) the Investor has full legal capacity to make the Application and be bound by these Terms and has taken all actions that are necessary to authorise the Application and be bound by these Terms;
- (b) the Investor has reviewed these Terms and has made its own independent investigations and appraisals of the taxation, legal, commercial and credit aspects associated with the purchase of the Delivery Assets;
- (c) the Investor has not relied in any way on any statements made by the Issuer or its related entities or their servants, agents, employees or representatives in relation to these Terms or the deferred purchase of the Delivery Assets and the Investor acknowledges that the Issuer has not made any representations to the Investor regarding the suitability or appropriateness of the deferred purchase of Delivery Assets pursuant to these Terms;
- (d) the Investor understands that nothing in these Terms or in any marketing material associated with these Terms can be considered investment advice or a recommendation to buy the Delivery Assets;
- (e) the Investor has obtained all consents which may be required by law to enable the Investor to acquire the Delivery Assets and to become registered as the holder of the Delivery Assets and that the registration of the Investor as the holder of the Delivery Assets will not contravene any law, regulation or ruling or the constitution of the issuer of the Delivery Assets;

- (f) the Optimiser Plus being applied for will not breach or result in a breach of any exchange controls, fiscal, securities or other laws or regulations for the time being applicable to the Optimiser Plus or the Investor and the Investor is not a resident or national of any jurisdiction where the Application for or the Maturity of the Optimiser Plus is prohibited by any law or regulation or where compliance with the relevant laws or regulations would require filing or other action by the Issuer or any of its related bodies corporate; and
- (g) the Investor acknowledges that section 6 of the PDS ("Tax Considerations") is provided only for the benefit of the Issuer and is necessarily general in nature and does not take into account the specific taxation circumstances of each individual Investor. The Investor acknowledges that it has sought its own independent advice on the taxation implications relevant to their own circumstances before making an investment decision.

## 11. Set off Rights

- (a) All monetary obligations imposed on the Investor under these Terms are absolute, free of any right to counterclaim or set off and may only be satisfied once the payment has cleared.
- (b) The Issuer may set off any amount payable to it by the Investor against any amount payable by the Issuer to the Investor. The Issuer may withhold any amount payable by it to the Investor in satisfaction of any amount payable to it by the Investor.

## 12. Notices

- (a) Any notice or statement to be given or demand to be made on the Investor under these Terms:
- (i) will be effectively signed on behalf of the Issuer if it is executed by the Issuer, any of its officers, its solicitor or its attorney;
  - (ii) may be served by being delivered personally to, by being left at, by being e-mailed to, or by being posted in a prepaid envelope or wrapper to the Investor's address (or e-mail address) notified to the Issuer or the Investor's registered office, place of

business, or residence last known to the Issuer, or by being sent to the Investor by facsimile transmission.

- (b) A demand or notice if:
- (i) posted will be deemed served two Business Days after posting;
  - (ii) sent by facsimile or electronic transmission will be deemed served on conclusion of transmission.
- (c) Service by any of these methods will be valid and effectual even if the Investor does not receive the document or if the document is returned to the Issuer unclaimed.

## 13. Amendment of Terms

The Issuer may from time to time by notice sent to the Investor make any modification, variation, alteration or deletion of, or addition to, these Terms ("Change") where:

- (a) the Change is one determined by the Issuer as being required or permitted under either of clauses 4 or 5 of these Terms;
- (b) the Change is necessary or desirable in the reasonable opinion of the Issuer to comply with any statutory or other requirement of law; or
- (c) the Change is desirable to correct an inconsistency or error in these Terms (but only if such Change does not, in the opinion of the Issuer, materially prejudice the interests of the Investor).

The Issuer will give the Investor notice of any Change to these Terms and the Investor will be bound by any such Change at the time the Investor is served with such notice.

## 14. General provisions

### 14.1 Currency

All amounts payable by either party under these Terms will be paid in the Denomination specified in the Term Sheet. All calculations will be performed in currency specified as the "Denomination" in the Term Sheet.

#### 14.2 No merger

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

#### 14.3 Rounding

All calculations made by the Issuer for the purposes of these Terms will be made to not fewer than two decimal places. Other than as provided in these Terms, rounding of numbers will not occur until the final calculation of a relevant amount or number at which time the Investor's entitlements will be aggregated and that aggregate will be rounded so that all money amounts are rounded down to the nearest whole cent and all numbers of Delivery Assets are rounded down to the nearest whole number.

#### 14.4 Certificates

Any document or thing required to be certified by the Investor or the Issuer must be certified by the Investor (if an individual) or a director, secretary or authorised officer of the Investor (if a company) or the Issuer, as the case requires, or in any other manner that the Issuer may approve.

#### 14.5 Execution by attorneys

Each attorney executing the Application Form which binds the Investor to these Terms states that he, she or it has no notice of revocation or suspension of the power of attorney under which the attorney executes the Application Form.

#### 14.6 Power of attorney

The Investor irrevocably appoints the Issuer and its nominees and any of their directors, secretaries and managers from time to time jointly and severally as attorney of the Investor to do (either in the name of the Investor or the attorney) all acts and things that the Investor is obliged to do under these Terms or which, in the opinion of the Issuer, are necessary or desirable in connection with the Delivery Assets or the protection of the Issuer's interests or the exercise of the rights, powers and remedies of the Issuer, including without limitation the authority to sell the Delivery Assets on

behalf of the Investor in accordance with clause 3.4(b).

#### 14.7 Invalid or unenforceable provisions

If a provision of these Terms is invalid or unenforceable in a jurisdiction, it is to be read down or severed in that jurisdiction to the extent of the invalidity or unenforceability, and that fact does not affect the validity or enforceability of that provision in another jurisdiction or the remaining provisions.

#### 14.8 Waiver and exercise of rights

A single or partial exercise of a right by the Issuer does not preclude another exercise or attempted exercise of that right or the exercise of another right. Failure by the Issuer to exercise or delay in exercising a right does not prevent its exercise or operate as a waiver.

#### 14.9 Assignment and transfer of interests

- (a) The Issuer may transfer its rights and obligations under these Terms at any time by giving notice to the Investor (and in the case of the Issuer transferring obligations, the power of attorney in clause 14.6 will extend to any novation deed or agreement that the Issuer considers desirable to give effect to the transfer of obligations).
- (b) The rights and obligations under these Terms may, with the prior consent of the Issuer:
  - (i) be assigned by the Investor; or
  - (ii) be made the subject of any encumbrance, charge, trust or fiduciary obligation.

Any action that purports to do so without the prior consent of the Issuer is invalid, void and without effect as between the Investor, the Issuer and any third party.

When an Investor deals with an Optimiser Plus in a manner that does not involve the transfer of legal ownership of the Optimiser Plus, the Issuer has no duty to record the dealing on the register of holders. Each Beneficial Interest corresponding to a particular Optimiser Plus will pass to a new Investor upon registration of a transfer of the Optimiser Plus in the Register. The Issuer and the registrar are entitled to rely on the Register as the definitive record of ownership of all Optimiser Plus.

#### 14.10 Recording conversations

The Investor acknowledges that conversations between the Investor and the Issuer (or any officer of the Issuer) may be tape-recorded. The Investor consents to the tape-recording and to its use (or any transcript of the recording) in any proceedings that may be commenced in connection with these Terms.

#### 14.11 Calculations and references to dates and times

Calculations or determinations made on or by reference to a particular day, are to be made on or by reference to that day in the place and time zone of the Relevant Exchange to which that calculation or determination relates.

#### 14.12 Payments by the Issuer

All amounts payable by the Issuer under these Terms will be paid to the Investor's Settlement Account. If the Investor has not nominated a Settlement Account, payment will be made by the Issuer drawing a cheque made payable to the Investor which will be sent to the address provided by the Investor on its Application Form, and on doing so the Issuer is discharged of its obligations under these Terms.

#### 14.13 Governing law and jurisdiction

These Terms are governed by the laws of New South Wales. The Investor irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

#### 14.14 PDS prevails

Except for clauses 4 and 5 of these Terms, if there is an inconsistency between these Terms and statements made in the PDS, the statements made in the PDS will prevail. If there is an inconsistency between either or both of clauses 4 and 5 of these Terms and statements made in the PDS, clauses 4 and/or 5 of these Terms will prevail.

#### 14.15 Time is of the essence

Time is of the essence in respect of the obligations of the Investor under these Terms.

## 15. Definitions and Interpretation

### 15.1 Definitions

In these Terms, unless the context requires otherwise:

**"Accretions"** means all rights, accretions and entitlements attaching to the Delivery Assets after the Issue Date including without limitation, all voting rights, all dividends and all rights to receive dividends and other distributions or shares, notes, options, units or other financial products exercisable, declared, paid or issued in respect of the Reference Assets or Delivery Asset;

**"Accrual Coupon"** is the amount determined in accordance with clause 2.3(a)(i);

**"Adjustment Event"** means in respect of either any of the Reference Assets or Delivery Asset or Fixed Income Index (the "Relevant Asset" for the purpose of this definition) any of the following events:

- (a) where the Relevant Asset is a security or an interest in a managed investment scheme:
  - (i) the actual or proposed adoption of any procedure, event or action which is or which is likely to result in any cash return of capital, pro-rata cash distribution, capital reduction, liquidator's distributions, share buy-back, bonus issue, rights issue, arrangement, scheme of arrangement, compromise, merger, demerger, reconstruction, compulsory acquisition, redemption, cancellation, replacement, modification, subdivision or consolidation, takeover bid, special dividend, non cash dividend, share split or any other similar or like event (but excludes the payment by the issuer of the Delivery Assets of cash dividends or distributions);
  - (ii) any event which is or which results in the actual or proposed administration, liquidation, winding up or termination of the issuer of the Relevant Asset or other similar or like event (however described);
  - (iii) any event which is or which results in the actual or proposed de-listing of the Relevant Asset or the actual or proposed removal from quotation of the Relevant Asset or the actual or proposed Suspension from trading of the Relevant Asset;
- (b) where the Reference Asset is an Index:
  - (i) the Reference Asset is suspended or ceases to be published for a period of 24 hours or more;
  - (ii) the Reference Asset is not calculated and announced by the Index Sponsor, but is calculated and announced by a successor to the Index Sponsor;
  - (iii) the Reference Asset is replaced by a successor index using the same or a substantially similar formula for and method of calculation;
  - (iv) the Index Sponsor or any successor makes a material change in the formula for or method of calculating the Reference Asset or in any way materially modifies that Reference Asset; or
  - (v) there is a Suspension or material limitation on trading of securities generally on a Relevant Exchange for a period of 24 hours or more;
- (c) where the Reference Asset is a Commodity or the Australian Dollar Exchange Rate:
  - (i) the Commodity price or the Official Level of the Reference Asset is suspended or ceases to be available for a period of 24 hours or more;
  - (ii) there is a material change in the method of calculation of the Commodity price or the Official Level of the Reference Asset;
  - (iii) there is a suspension or material limitation in trading of the Reference Asset or Commodity Future or Commodity Spot on any Relevant Exchange or relevant over-the-counter market for a period of 24 hours or more; or
  - (iv) there is a material change in the content, composition or constitution of the relevant Commodity Index;

- (d) any actual or proposed event that may reasonably (in the Issuer's opinion) be expected to lead to any of the events referred to in paragraphs (a), (b) or (c) above occurring;
- (e) where any force majeure event occurs, or any other event occurs which the Issuer determines in good faith in the performance of its obligations having or becoming, in circumstances beyond its reasonable control, impossible, unlawful, illegal or otherwise prohibited (including without limitation any forced or compulsory divestments of Delivery Assets or Referrable Assets);
- (f) any circumstances arise which are described in the PDS as potentially giving rise to an Adjustment Event; or
- (g) any other event which the Issuer reasonably declares to be an Adjustment Event;

**"Agency Sale Arrangement"** means the agreement by the Issuer to sell the Delivery Parcel for and on behalf of, at the direction of and as agent for the Investor on the Settlement Date in accordance with clause 3.4 of these Terms;

**"Applicant"** means a person who completes an Application Form and lodges it with the Issuer;

**"Application"** means an offer by the Investor to the Issuer to acquire the Delivery Parcel on a deferred basis on the terms and conditions set out in these Terms;

**"Application Form"** means the application form attached to or accompanying this PDS;

**"Asset Class"** means each of Equities, Property and Commodities Asset Classes specified in the Term Sheet;

**"Asset Class Return"** means for a given Asset Class:

- (a) **"Equities Return"** means a percentage determined by the Issuer in accordance with the following formula:

$$\text{EqtyRetn} = \frac{1}{4} x \sum_{I=1}^4 \left( \frac{\text{Underlying}_{I,T}}{\text{Underlying}_{I,0}} - 1 \right)$$

- (b) **"Property Return"** means a percentage determined by the Issuer in accordance with the following formula:

$$\text{PropRetn} = \frac{1}{2} x \sum_{I=3}^5 \left( \frac{\text{Underlying}_{I,T}}{\text{Underlying}_{I,0}} - 1 \right)$$

- (c) **"Commodities Return"** means a percentage determined by the Issuer in accordance with the following formula:

$$\text{ComdtyRetn} = \frac{1}{3} x \sum_{I=6}^8 \left( \frac{\text{Underlying}_{I,T}}{\text{Underlying}_{I,0}} - 1 \right)$$

Where for each of the three formulas above:

**"I"** means an integer between 1 and 10, each representing the Underlying as specified in the definition of Reference Asset.

**"k"** means one of the four Observation Dates set out in the Term Sheet.

**"Underlying<sub>I,T</sub>"** means 
$$\text{Underlying}_{I,T} = \frac{1}{4} x \sum_{k=1}^4 (\text{Underlying}_{I,k})$$

**"Underlying<sub>I,k</sub>"** means the Official Level of Underlying I on the Observation Date k.

**"Underlying<sub>I</sub>"** means the Official Level of Underlying I on the Issue Date.

**"ASTC Settlement Rules"** means the business rules of the ASX Settlement and Transfer Corporation Pty Limited as

approved as the Securities Clearing House under the Corporations Act or any clearing house or other entity which is substituted for it;

**"ASX"** means ASX Limited (ABN 98 008 624 691);

**"ASX Market Rules"** means the market rules of ASX as amended or substituted from time to time;

**"Average Reference Asset Returns"** means the average of the Official Level of each Reference Asset on the Observation Date relative to the Official Level of the Reference Asset on the Issue Date, calculated in accordance with the following formula:

$$\text{"Underlying}_{I,T} \text{" means } \text{Underlying}_{I,T} = \frac{1}{4} \times \sum_{k=1}^4 (\text{Underlying}_{I,k})$$

Where for the formulas above:

**"I"** means an integer between 1 and 10, each representing the Underlying as specified in the definition of Reference Asset.

**"k"** means one of the four Observation Dates set out in the Term Sheet.

**"Beneficial Interest"** means the beneficial interest in the Portion of Delivery Assets which is part of each Optimiser Plus;

**"Best Performing Investment Profile"** means the Investment Profile with the highest Investment Profile Return;

**"Best Performing Investment Profile Return"** means the Investment Profile Return of the Best Performing Investment Profile;

**"Property Index"** means FTSE EPRA/NAREIT Global Real Estate Index;

**"Break Costs"** means all costs, expenses and losses incurred by the Issuer and notified by the Issuer as payable by the Investor as a result of:

- (a) the acceleration of the Maturity Date or other early termination of any Optimiser Plus;
- (b) the termination or reversal of any arrangements or hedge position entered into by the Issuer in connection with any Optimiser Plus which are terminated early; or
- (c) any loss of profits that the Issuer may suffer by reason of the early termination of any Optimiser Plus.

**"Business Day"** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business in Sydney and Melbourne, but does not include a Saturday, Sunday or public holiday;

**"Change"** has the meaning attributed to it in clause 13;

**"Citigroup Australia"** means Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832 and AFSL No. 240992);

**"Closing Price"** means, as determined by the Issuer in its absolute discretion, either the Closing Price paid by the Issuer to acquire the Delivery Assets or the last traded price of the Delivery Asset as reported and disseminated by ASX at or around 4:05 pm Sydney time on the Trading Day immediately following the Maturity Date (or in the case of an Early Maturity, the Early Maturity Date), unless it is not possible to determine the price of the Delivery Asset at that time, in which case the Issuer may either:

- (i) nominate another time to determine the Closing Price; or
- (ii) determine the Closing Price to be the price determined by the Issuer as its best estimate of the Delivery Asset value at or around 4:05 pm Sydney time on the Trading Day immediately following the Maturity Date (or in the case of an Early Maturity, the Early Maturity Date);

**"Closing Time"** means 5:00pm Sydney time on the Trading Day immediately prior to the Maturity Date;

**"Commodity Index"** means each of S&P GSCI Energy Index, S&P GSCI Precious Metals Index and S&P GSCI

Agriculture Excess Return Index;

**"Corporations Act"** means the Corporations Act 2001 (Cth) as amended from time to time;

**"Costs and Taxes"** means any incidental costs or expenses incurred by the Issuer in relation to the transfer of any Delivery Assets to or for the benefit of the Investor following Maturity (whether by way of physical delivery of the Delivery Assets to the Investor or delivery to a nominee of the Issuer under the Agency Sale Arrangement) plus any Taxes and any costs or expenses including brokerage incurred by the Issuer under the Agency Sale Agreement, if applicable;

**"Delivery Asset"** means one ordinary share in Commonwealth Bank (including the Portion), or any other Delivery Asset specified in the PDS or determined by the Issuer in accordance with these Terms;

**"Delivery Parcel"** means the number of Delivery Assets to be delivered by the Issuer to the Investor on the Settlement Date as determined by the following formula:

$$\frac{(\text{Final Value} \times \text{number of Optimiser Plus held by Investor}) - \text{any applicable Costs and Taxes}}{\text{Closing Price}}$$

**"Denomination"** means the currency specified in the Term Sheet as the "Denomination";

**"Early Maturity"** means the early Maturity of the deferred purchase of the Delivery Assets as determined and completed in accordance with clause 4 of these Terms;

**"Early Maturity Date"** means the date notified to the Investor as such in the Early Maturity Notice;

**"Early Maturity Event"** has the meaning given in clause 4 of these Terms;

**"Early Maturity Notice"** means the notice provided by the Issuer to the Investor notifying the Investor of the occurrence of an Early Maturity Event (if relevant) and that an Early Maturity will take place on specified Early Maturity Date;

**"Early Maturity Value"** means, for an Optimiser Plus, the sum of the Growth Portion Early Maturity Value and the Income Portion Early Maturity Value (as applicable to the particular Optimiser Plus given the Growth Portion and Income Portion of that Optimiser Plus);

**"Equity Index"** means each of EURO STOXX 50, S&P 500, Nikkei 225 and S&P BRIC 40 Index;

**"EURO STOXX 50"** means the Dow Jones EURO STOXX 50 (Price) Index, (Bloomberg: SX5E Index);

**"Final Return"** means the total return per Optimiser Plus at Maturity based on the Issue Price as specified in the Term Sheet;

**"Final Value"** per Optimiser Plus is the amount determined by the Issuer on the Maturity Date as the greater of:

- (a) A\$1.00; and
- (b) A\$1.00 x [1 + (Growth Portion x Participation Rate x Best Performing Investment Profile Return)];

**"Fixed Income Index"** means the INDEX5 and the INDEX2 ;

**"FTSE EPRA/NAREIT Global Real Estate Index"** means the FTSE EPRA/NAREIT Global Real Estate Index, (Bloomberg: "ENGL");

**"Growth Investment Amount"** means the amount of the Issue Price chosen by the Investor to be allocated to the Growth Portion of an Optimiser Plus x number of Optimiser Plus held by the Investor;

**"Growth Portion"** or **"Growth Portion Allocation"** means the portion of each Optimiser Plus that gives the Investor exposure to the Best Performing Investment Profile, being a percentage notified by the Issuer to each Investor pursuant to the election of the Investor in the Application Form;

**"Growth Portion Early Maturity Value"** means the fair economic value of a Growth Portion at or around 5:00 pm Sydney time on the Early Maturity Date as determined by the Issuer in its absolute discretion, unless it is not possible to determine the fair economic value of a Growth Portion at that time in which case the Issuer may nominate another time to determine the Early Maturity Value. Without limiting the foregoing, in determining the

"Early Maturity Value" the Issuer may deduct any costs, losses or expenses that it incurs in relation to the Early Maturity, including without limitation, Costs and Taxes, Break Costs, administrative costs, costs of unwinding any hedge put in place for the purposes of meeting its obligations under these Terms, and any cost of funding or any loss of bargain;

"GST" means goods and services tax;

"HIN" means Holder Identification Number;

"Income Investment Amount" means the amount of the Issue Price chosen by the Investor to be allocated to the Income Portion of an Optimiser Plus x the number of Optimiser Plus held by the Investor;

"Income Portion" or "Income Portion Allocation" means the portion of each Optimiser Plus that gives the Investor exposure to the Variable Coupon, being a percentage notified by the Issuer to each Investor pursuant to the election of the Investor in the Application Form;

"Income Portion Early Maturity Value" means the fair economic value of an Income Portion at or around 5:00 pm Sydney time on the Early Maturity Date as determined by the Issuer in its absolute discretion, unless it is not possible to determine the fair economic value of an Income Portion at that time in which case the Issuer may nominate another time to determine the Early Maturity Value. Without limiting the foregoing, in determining the "Early Maturity Value" the Issuer may deduct any costs, losses or expenses that it incurs in relation to the Early Maturity, including without limitation, Costs and Taxes, Break Costs, administrative costs, costs of unwinding any hedge put in place for the purposes of meeting its obligations under these Terms, and any cost of funding or any loss of bargain;

"Index" means any of EURO STOXX 50, S&P 500, Nikkei 225, S&P BRIC 40, FTSE EPRA/NAREIT Global Real Estate Index and Citi WGBI, S&P GSCI Energy Index, S&P GSCI Precious Metals Index, S&P GSCI Agriculture Excess Return Index;

"INDEX2" means the 2 year Act/365 AUD Quarterly swap rate as per "MID" on Reuter's Page IRSW10AM (10 AM Sydney Time). For each calendar day where no fixing is available, the immediately preceding available fixing will be used. For the last 2 calendar days in a Quarter, the fixing will not be observed, but assumed to be the same as the immediately preceding available fixing;

"INDEX5" means the 5 year Act/365 AUD Semi swap rate as per "MID" on Reuter's Page IRSW10AM (10 AM Sydney Time). For each calendar day where no fixing is available, the immediately preceding available fixing will be used. For the last 2 calendar days in a Quarter, the fixing will not be observed, but assumed to be the same as the immediately preceding available fixing;

"Index Business Day" means, in relation to an Index, a day on which (i) the level of the Index is published by the relevant Index Sponsor and (ii) options and futures contracts relating to the Index may be traded on any exchange on which such contracts are usually traded;

"Index Sponsor" means the entity that is responsible for the calculation and dissemination of the relevant Index, where the Reference Asset is an index or other non-listed reference item or asset;

"Investment Amount" means the actual amount paid by the Investor to the Issuer by the Offer Close time as specified in the Term Sheet. It is the sum of the Income Investment Amount and the Growth Investment Amount;

"Investment Profile" means the Equities-biased, Property-biased and Commodities-biased Investment Profiles specified in the Term Sheet;

"Investment Profile Return" means for a given Investment Profile, a percentage determined by the Issuer in accordance with the following formula:

- (a) **Equities-biased** = 60% x EqtyRetn + 20% x PropRetn + 20% x ComdtyRetn;
- (b) **Property-biased** = 20% x EqtyRetn + 60% x PropRetn + 20% x ComdtyRetn; and
- (c) **Commodities-biased** = 20% x EqtyRetn + 20% x PropRetn + 60% x ComdtyRetn;

**"Investor"** means the person or entity whose Application is accepted by the Issuer in accordance with clause 1 of these Terms;

**"Issue Date"** means the date specified in the Term Sheet as the "Issue Date";

**"Issue Price"** means the amount per Optimiser Plus specified in the Term Sheet as the "Issue Price";

**"Issuer"** means Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832 and AFSL No. 240992);

**"LME"** means the London Metal Exchange Limited or its successor;

**"Maturity"** means the completion by the Investor of the deferred purchase of the Delivery Parcel in accordance with clause 3 of these Terms, and "complete" has a corresponding meaning;

**"Maturity Date"** means the date specified in the Term Sheet as the "Maturity Date", unless there is an Early Maturity under clause 4, in which case references in these Terms to the Maturity Date are to be read as the date specified by the Issuer in the Early Maturity Notice;

**"Maturity Notice"** means a notice issued by the Issuer in accordance with clause 3.1, 4.1, or 4.4(a) as the case may be;

**"Modified Business Day Convention"** means that the INDEX2 and INDEX5 observation for a calendar day that is not a Business Day will be deemed the same as the Business Day immediately prior;

**"MID"** means the rate of the same name as calculated by AFMA and available from the AFMAdata website;

**"Nikkei 225"** means the Nikkei 225 Index (Bloomberg: NKY Index);

**"NYMEX"** means the New York Mercantile Exchange, Inc. or its successor;

**"Observation Dates"** means the dates specified in the Term Sheet as the "Observation Dates", unless a Reference Asset Level cannot be calculated on an Observation Date, in which case the Observation Date will be deemed to be the following Business Day on which all the Reference Asset Levels can be calculated;

**"Official Level"** means on any day in respect of an Index, the official closing level of the relevant Reference Asset at the close of trading on the Relevant Exchange, as published and disseminated by the relevant Index Sponsor;

**"Offer Close time"** means the time and date specified in the Term Sheet as the "Offer Closes";

**"Optimiser Plus"** means the agreement under which the Investor agrees to purchase the Delivery Parcel from the Issuer on a deferred basis on the terms and conditions set out in these Terms and the PDS including the Term Sheet;

**"Participation Rate"** means the percentage set by the Issuer on or as soon as practicable after the Issue Date that will apply when calculating the Final Value. The Participation Rate will be confirmed to each Investor in their confirmation;

**"Portion"** of the Delivery Assets means 0.001 of one Delivery Asset;

**"Price Source"** means, in respect of a Reference Asset, the publication of (or such other origin of reference, including the Relevant Exchange) containing (or reporting) the Official Level (or prices from which the Official Level is calculated) specified in the definition of Reference Asset or, if not specified, as determined by the Issuer, or in the case of an Index, the Index Sponsor;

**"Product Disclosure Statement"** or **"PDS"** means the product disclosure statement to which these Terms are attached and issued by the Issuer in relation to the invitation to invest in the Optimiser Plus;

**"Quarter"** means from the Quarter Start Date to the Quarter End Date;

**"Quarter Start Date"** means 6 July 2007, 10 October 2007, 8 January 2008, 8 April 2008, 8 July 2008, 7 October 2008, 7 January 2009, 7 April 2009, 7 July 2009, 7 October 2009, 7 January 2010, 7 April 2010, 7 July 2010, 7 October 2010, 7 January 2011 and 7 April 2011;

**"Quarter End Date"** means 9 October 2007, 7 January 2008, 7 April 2008, 7 July 2008, 6 October 2008, 6 January 2009, 6 April 2009, 6 July 2009, 6 October 2009, 6 January 2010, 6 April 2010, 6 July 2010, 6 October 2010, 6 January 2011, 6 April 2011, 6 July 2011;

**"Reference Asset"** (including any financial products substituted in accordance with these Terms) and having those attributes (if any) that are specified in the same row under each of the other columns in the table;

Reference Assets	I	Price Source	Reference Page
<b>EURO STOXX 50</b>	1	Index Sponsor	Not Applicable
<b>Nikkei 225</b>	2	Index Sponsor	Not Applicable
<b>S&amp;P BRIC 40</b>	3	Index Sponsor	Not Applicable
<b>S&amp;P 500</b>	4	Index Sponsor	Not Applicable
<b>FTSE EPRA/NAREIT Global Real Estate Index</b>	5	Index Sponsor	Not Applicable
<b>S&amp;P GSCI Energy Index</b>	6	Index Sponsor	Bloomberg: GSENER Index
<b>S&amp;P GSCI Precious Metals Index</b>	7	Index Sponsor	Bloomberg: GSPMER Index
<b>S&amp;P GSCI Agriculture Excess Return Index</b>	8	Index Sponsor	Bloomberg: GSCAGER Index

**"Reference Asset Level"** means the Official Level of the Reference Asset on each Observation Date;

**"Reference Page"** means, in respect of a Reference Asset, such service, if any, as shall be specified as the information provider for the Official Level of that Reference Asset in the definition of Reference Asset;

**"Refund"** means the amount determined by the Issuer in its absolute discretion and by whatever means the Issuer deems appropriate. Without limiting the foregoing, in determining the Refund, the Issuer may adjust the Refund for any costs, losses or expenses that it incurs in relation to the Early Maturity, including without limitation, Costs and Taxes, Break Costs, administrative costs, costs of unwinding any hedge put in place for the purposes of meeting its obligations under these Terms, and any cost of funding or any loss of bargain;

**"Register"** means the register of Optimiser Plus to be maintained by a registrar chosen by the Issuer;

**"Relevant Exchange"** means in the case of:

- (a) any exchange traded financial product, the primary exchange upon which that financial product is traded;
- (b) an index, the primary exchange upon which the financial products which primarily constitute that index are traded; and
- (c) a Bond Index, any stock exchange or trading market on which the financial products comprising such index trade,

as determined in the absolute discretion of the Issuer;

**"Sale Proceeds"** means the proceeds of the sale of the Delivery Parcel obtained by the Issuer (or its nominee) on behalf of the Investor under the Agency Sale Arrangement, being an amount equal to the number of Delivery Assets (each including the Portion) sold multiplied by the Closing Price less any Costs and Taxes applicable to the sale of the Delivery Parcel;

**"Settlement Account"** means the transactional banking account held with an Australian bank which is nominated by the Investor as the Settlement Account in the Application Form completed by the Investor;

**"Settlement Date"** means the fourth Trading Day after the Maturity Date or such later date as determined by the Issuer in its discretion as is reasonably necessary for the Issuer to fulfil its obligations under these Terms;

**"Spot Price"** means the price of a Commodity Spot that is quoted for immediate (spot) settlement (payment and delivery);

**"Step-Up Coupon"** means the amount calculated in accordance with clause 2.3(a)(ii);

**"Suspension"** means any temporary cessation of the trading or quotation of the Delivery Asset, including a trading halt on the ASX or the Relevant Exchange (as the context requires);

**"S&P 500"** means the Standard & Poor's 500 Index, (Bloomberg: SPX Index);

**"S&P BRIC 40 Index"** means the Standard & Poor's BRIC 40 Index (USD Price Return), (Bloomberg: "SBR");

**"S&P GSCI Agriculture Excess Return Index"** means the S&P GSCI Agriculture Excess Return Index, (Bloomberg: "GSCAGER");

**"S&P GSCI Energy Index"** means the S&P GSCI Energy Index, (Bloomberg: "GSENER");

**"S&P GSCI Precious Metals Index"** means the S&P GSCI Precious Metals Index, (Bloomberg: "GSPMER");

**"Tax"** or **"Taxes"** means any income tax, capital gains tax, goods and services tax, withholding tax, stamp, financial institutions, registration and other duties, bank accounts debits tax and other related taxes, levies, imposts, deductions, interest, penalties and charges payable by any person on, as a consequence of, or in connection with, the purchase, sale or transfer of, or the completion of the purchase and sale of a Delivery Asset;

**"Term of Investment"** means the term, if any, specified in the Term Sheet;

**"Terms"** means these terms and conditions (including the Term Sheet) on which the Investor agrees to acquire the Delivery Parcel from the Issuer as set out in this section 9 of the PDS as amended from time to time;

**"Term Sheet"** means the term sheet set out in this PDS and headed "Term Sheet";

**"Trading Day"** has the meaning given in the ASX Market Rules;

**"Underlying"** has the same meaning as Reference Asset;

**"Variable Coupon"** means the sum determined in accordance with clause 2.3 and is the sum of the Accrual Coupon and the Step-Up Coupon;

**"Valuation Date"** means the Maturity Date; and

**"you"** or **"your"** means Applicant or Investor as the context requires.

## 15.2 Interpretation

- (a) In these Terms, unless the context requires another meaning, a reference:
  - (i) to the singular includes the plural and vice versa;
  - (ii) to a document (including these Terms) is a reference to that document (including any Schedules and Annexures) as amended, consolidated, supplemented, novated or replaced;
  - (iii) to a person (including a party) includes an individual, company, other body corporate, association, partnership, firm, joint venture, trust or Government Agency, and it also includes the person's successors, permitted assigns, substitutes, executors and administrators;
  - (iv) to a law is a reference to that law as amended, consolidated, supplemented or replaced and it includes a reference to any regulation, rule, statutory instrument, by-law or other subordinate legislation made under that law, or any legislation, treaty, judgment, rule of common law or equity or rule of any applicable stock exchange.
- (b) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (c) Headings are for convenience only and do not affect interpretation.
- (d) If a payment or other act must (but for this clause) be made or done on a day that is not a Business Day, then it must be made or done on the next Business Day.
- (e) If a period occurs from, after or before a day or the day of an act or event, it excludes that day.
- (f) These Terms may not be construed adversely to a party only because that party was responsible for preparing them.
- (g) Any term not defined in these Terms and which is defined in the PDS has the same meaning as in the PDS unless the context otherwise requires.
- (h) All references to time are to time in Sydney, Australia (unless otherwise stated).
- (i) Notwithstanding that certain calculations or determinations in this PDS may be expressed to be "on" a certain date, the Issuer may make such calculations or determinations in respect of that date on a date after that date.

## Section 10 - How to invest in Optimiser Plus

The Minimum Investment Amount for the Optimiser Plus is A\$10,000 with additional investments in multiples of A\$1,000 thereafter. If you wish to make an investment in the Optimiser Plus you will need to complete an Application Form in accordance with the instructions on the following page and attach a cheque (in A\$ only) made payable to the "MLI TRUST A/C" and crossed "Not Negotiable". Applications, including cleared funds, must be received by the Issuer no later than the **Offer Closes** time of 5:00 pm AEST on **30 June 2007**.

### Acceptance of Applications

The Issuer may, in its absolute discretion refuse or reject any Application (wholly or in part) without giving a reason. If your Application is rejected, the Issuer will return your Investment Amount (without interest) to you. The Issuer also reserves the right to extend the offer or at any time to close the offer early. If the Issuer decides that it will accept an Application, acceptance of your offer will take place on the Issue Date. Within 10 Business Days of accepting your offer, you will be sent an acknowledgement of acceptance which will set out the number of Optimiser Plus acquired and other information confirming your investment in Optimiser Plus.

### Investing through a master trust or wrap account

Applicants investing through master trusts and wrap accounts should not complete the Application Form attached to this PDS. Instead, Applicants should complete the forms the master trust or wrap account operator requires. Any enquiries should be directed to the operator of the master trust or wrap account. If investing through a master trust or wrap account then it is important to remember that it is generally the operator of that service that becomes the Investor in the Optimiser Plus (not you directly). It follows that the operator has the rights of an Investor and can exercise them in accordance with the master trust or wrap account agreement. The Issuer is not responsible for the operation of any master trust or wrap account service through which you may invest. You may however still rely on the information in this PDS. Enquiries and complaints should be directed to the operator of that service, not to us. Reports on your investment will come from the operator of that service, not from us.

In addition to reading this document, you should read the document that explains the master trust or wrap account.

### Who may apply for the Optimiser?

Application for the Optimiser Plus is open to:

- Australian residents
- non residents of Australia
- companies registered in Australia
- trust entities other than US persons who may not apply for the Optimiser. A US person is defined as any:
  - natural person resident in the USA
  - partnership or corporate organisation under the law of the USA
  - estate of which the administrator is a USA person
  - trust of which the trustee is a USA person
  - agency or branch of a foreign entity located in the USA or operated under the laws of the USA
  - USA citizen or Green card holder residing outside the USA.

This PDS is not an offer or invitation in relation to the Optimiser Plus in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. The distribution of this PDS outside Australia may be restricted by the laws of places where it is distributed and therefore persons into whose possession this document comes should seek advice on and observe those restrictions. Failure to comply with relevant restrictions may violate those laws.

### Applicants are bound by the Terms when they make an Application

The Optimiser Plus is issued by Citigroup Australia on the Terms set out in section 9 of this PDS. Applicants should ensure that you read and understand the Terms. Applicants should note that by signing and lodging an Application Form an Applicant will become bound by the Terms and by the Applicant's declaration set out in the Application Form. Applicants are taken to agree that the interest earned on all application monies (whether accepted or refunded) will belong to the Issuer.

### Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Optimiser Plus. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname are required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct form of registration	Incorrect form of registration
<b>Individual:</b> Use given name(s) in full, not initials	Mr John Alfred Smith	J.A. Smith
<b>Joint Holdings:</b> Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
<b>Company:</b> Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
<b>Trusts:</b> Use trustee(s) personal name(s) Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
<b>Partnerships:</b> Use partners personal name(s) Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
<b>Superannuation Funds:</b> Use the name of the trustee(s) of the fund Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

## How to complete the Application Form

Please complete the Application Form in BLOCK LETTERS in accordance with the instructions below, read the Applicant's Declaration and sign in the appropriate space provided. You should return your signed and completed Application Form either to us, your stockbroker or financial planner. Applications close at the Offer Close time.

**A Application Details:** Enter the full name you wish to appear on the statement of holding. This must be either your own name or the name of a company. Up to 2 joint Applicants may register. You should refer to the table on page 60 for the correct forms of registrable title. Applications using the wrong form of names may be rejected.

**B Tax File Number(s):** Write the Tax File Number (TFN) of each Applicant or reason for exemption. Alternatively, Applicants may enter their Australian Business Number if applicable. While it is not compulsory to provide your TFN, failure to do so may result in withholding tax being deducted from any distribution payments. Non residents or an exempt entity for Australian taxation purposes must declare their status and provide an exemption number, if applicable.

**C Postal Address:** Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applications, only one address can be entered. If you change your address before the Settlement Date, please contact Equity Structured Products Support on 1300 368 301 and notify us of the new details.

**D Contact Details:** Enter your contact details. These are not compulsory but will assist us if we need to contact you.

**E Investment Details & Payment Details:** Please insert the number of Optimisers you wish to apply for and write the Investment Amount in the space provided. The Investment Amount is the Australian

Dollar amount that you wish to invest and must be for an amount equal to or greater than the Minimum Investment Amount specified in the Term Sheet. If the correct amount is not available to us as cleared funds by the Offer Close time the Application will be rejected. You must attach a cheque to your Application Form made payable to "MLI Trust A/C" and crossed "Not Negotiable".

**F Settlement Account Details:** Please provide the account details of the bank account that you would like us to make all payments to in relation to the Optimiser (such as distributions or any payment due to you at Maturity). If you do not complete this section, we will pay any amounts that are due to you by cheque made payable to you and sent to the address nominated by you on the Application Form.

**G Tracking of Application:** Please indicate how you found out about the Optimiser by ticking the appropriate box.

**H Applicant's Declaration & Signature:** Please ensure you read and understand the Applicant's declaration before signing the Application Form. The Application Form must be signed by the Applicant(s) personally, or by the Applicant's attorney(s). Joint Applications must be signed by all Applicants. An Application by a company must be signed by two directors or a director and company secretary. For a proprietary company that has a sole director who is also the sole company secretary, the Application Form should be signed by that director. To sign under a Power of Attorney, a certified copy of the Power of Attorney should accompany the Application Form.

## Lodgement of Application

Application Forms must be received at the Sydney office of Citigroup by no later than 5:00 pm AEST on 30 JUNE 2007. Return the Application Form with cheque(s) attached to:

**Equity Structured Products Support**  
**Citigroup Global Markets - Optimiser Plus Offer**  
**GPO Box 557**  
**Sydney NSW 2001**

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- I/we have reviewed the Terms and PDS and I/we have made my/our own independent investigations and appraisals of the taxation, legal, commercial and credit aspects associated with the Optimiser Plus and the deferred purchase of the Delivery Assets;
- I/we have not relied in any way whatsoever on any statements made by the Issuer or any of its related entities or their servants, agents, employees or representatives in relation to the Terms, the Optimiser Plus or the deferred purchase of the Delivery Assets and I/we acknowledge that the Issuer has not made any representations to me/us regarding the suitability or appropriateness of the Optimiser Plus or the deferred purchase of Delivery Assets;
- I/we understand that nothing in the PDS or any marketing material associated with the PDS can be considered investment advice or a recommendation to invest in the Optimiser Plus or Delivery Assets;
- I/we have obtained all consents which may be required by law to enable me/us to acquire the Optimiser Plus and the Delivery Assets and to become registered as the holder of the Delivery Assets; and
- the Optimiser Plus being applied for will not breach or result in a breach of any exchange controls, fiscal, securities or other laws or regulations for the time being applicable to the Optimiser Plus or me/us and I/we am/are not (a) resident(s) or national(s) of any jurisdiction where the Application for or the Maturity of the Optimiser Plus is prohibited by any law or regulation or where compliance with the relevant laws or regulations would require filing or other action by the Issuer or any of its related bodies corporate;

#### **Privacy Declaration**

I/We have read and understood the Privacy Statement in section 8 of the PDS and agree that information about me/us written on this form will not be collected, used or disclosed for any purpose other than for the purposes stated in the PDS. Where I/we have provided information about any other individual, I/we will make that individual aware of the provisions of the privacy statement.

The Issuer would like to keep in touch with you about future investment opportunities that may be of interest. Please tick this box if you do NOT wish to be contacted for this purpose.

No thanks, I/we prefer NOT to be contacted by the Issuer about investment opportunities in the future.

#### **General Declaration**

I/We whose full name(s) and address(es) appear above, hereby apply for the Optimiser Plus as set out on this Application Form, to be issued in accordance with the Terms issued by the Issuer. I/We have read and understood the Terms and agree to accept the Optimiser Plus on and be bound by the Terms.

I/we acknowledge that the Optimiser Plus:

- (i) is not a deposit or other liability of any insured depository institution (including Citibank, N.A. or Citigroup Pty Limited);
- (ii) is subject to investment risks, including the possible loss of the principal amount invested, in the event of Early Maturity;
- (iii) is not issued or guaranteed by Citibank, N.A. or Citigroup Pty Limited and neither Citibank, N.A. nor Citigroup Pty Limited stand behind the capital value and/or performance of the Optimiser Plus; and
- (iv) section 6 of the PDS ("Tax Considerations") is provided only for the benefit of the Issuer and is necessarily general in nature and does not take into account the specific taxation circumstances of each individual Investor. Investors must seek their own independent advice on the taxation implications relevant to their own circumstances before making any investment decision.

I/we acknowledge that I/we have read and understood the declarations set out above in this Application Form and by signing below I/we agree to be bound by them and make the declarations contained therein. I/we agree to indemnify the Issuer and any of its related bodies corporate against any loss, liability, damage, claim, cost or expense incurred as a result, directly or indirectly, of any such declaration set out in this Application Form proving to be untrue or incorrect.

THIS IS PAGE 3 OF 4 PAGES OF THE APPLICATION FORM. PLEASE READ AND COMPLETE THE APPLICANT'S DECLARATION ON THE FOLLOWING PAGE AND SIGN WHERE INDICATED ON PAGE 4.



## Directory

### **Issuer**

Citigroup Global Markets Australia Pty Limited  
Level 40  
Citigroup Centre  
2 Park Street  
Sydney NSW 2000  
Australia

### **Broker**

Citigroup Global Markets Australia Pty Limited  
Level 40  
Citigroup Centre  
2 Park Street  
Sydney NSW 2000  
Australia

### **Registrar**

Computershare Investor Services Pty Limited  
60 Carrington Street  
Sydney NSW 2000  
Australia

### **Legal Adviser**

Freehills  
MLC Centre  
Martin Place  
Sydney NSW 2000

### **Taxation adviser**

Greenwoods & Freehills Pty Limited  
MLC Centre  
Martin Place  
Sydney NSW 2000

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