



WARRANTS | NOTES | DEFERRED PURCHASE AGREEMENTS

# Market Linked Investment

Product Disclosure Statement – 25 August 2010

MLI Relativity Plus

Deferred Purchase Agreement

- AUD MLI 2010 – 13

# Important information about the Market Linked Investment

**Product Disclosure Statement:** This product disclosure statement ("PDS") is dated 25 August 2010 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 Market Linked Investment ("MLI") is issued by Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832) Australian Financial Services Licence ("AFSL") number 240992 ("Citi", "Issuer", "we" or "us"), a participant of ASX Group. The MLI 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 10 of this PDS. It is important that Investors and potential Investors read the Terms in full as these set out the Investor's rights and obligations in relation to the MLI.

**Capitalised terms:** 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 MLI and any securities recommended, offered, or sold by the Issuer: (i) are not insured or guaranteed 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 Early Maturity and possible delays in payment. The MLI 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 MLI, or assets held by the Issuer, except as specified in the PDS nor are these entities issuers of the MLI. The Issuer is not subject to regulatory supervision by APRA.

**Variation of times and dates:** The Issuer reserves the right to vary the dates and times associated with the offer. This means that the Issuer has the 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 MLI 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 an extensive period having regard to standard market practice. The Issuer may also vary the Maturity Date if an Early Maturity Event occurs or if an Investor requests Early Maturity and that request is accepted by the Issuer. The term "Early Maturity Event" is defined in clause 4.1 of Section 10 of this PDS. The risks associated with Early Maturity are more fully discussed in Section 4 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 MLI, 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 MLI, 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 MLI, the Reference Assets or the Delivery Assets.

**Jurisdiction and selling restrictions:** This PDS is not an offer or invitation in relation to the MLI 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 those places where it is received. Persons into whose possession this document comes should seek advice on and observe those restrictions. The MLI is not available to US persons. Failure to comply with relevant restrictions may violate those laws of the places where the PDS is received.

**Updates relating to this PDS:** The Issuer may make available updated information relating to this PDS. Investors may access this information at [www.citifirst.com.au](http://www.citifirst.com.au) or, alternatively, may request a paper copy of this information free of charge from their licensed financial adviser or by contacting the Issuer on 1300 30 70 70. The information which 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. It is recommended that you review any such additional material before making a decision whether to acquire the MLI. If there is any material adverse change, a supplementary product disclosure statement will be issued.

**Electronic copies:** This PDS is available on the internet at [www.citifirst.com.au](http://www.citifirst.com.au). Any person receiving this PDS electronically should note that applications can only be accepted if the Issuer receives an original, completed Application Form which accompanied the electronic or paper copy of this PDS. A paper copy of this PDS (with attached Application Form) will be sent by the Issuer to any person who requests one, free of charge. To obtain a paper copy free of charge, please call 1300 30 70 70. Alternatively, the operator of your master trust or wrap account service will be able to provide you with paper copies free of charge.

**Cooling off:** Please note that no cooling off rights apply in respect of a purchase of the MLI.

**Social or ethical considerations:** The MLI does not take into account labour standards or environmental, social or ethical standards.

**Nature of Units:** Please note that references to "Units" throughout this PDS means an investment in MLI of an amount equal to the Issue Price or Purchase Price. It is not a unit in a managed investment scheme. The MLI is an agreement between the Investor and Issuer under which the Investor agrees to purchase the Delivery Parcel from the Issuer on a deferred basis governed by the Terms.

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## Part 1 – What is the MLI?

# Key Dates

Event	Date																									
<b>Initial Offer Opening Date:</b>	25 August 2010 at 9:00 am (Sydney time)																									
<b>Initial Offer Closing Date:</b>	24 September 2010 at 5:00 pm (Sydney time)																									
<b>Issue Date:</b>	30 September 2010																									
<b>General Offer Period:</b>	4 October 2010 to 17 August 2015																									
<b>Coupon Observation Periods:</b>	<p>The period starting from (and including) the first Business Day after the later of:</p> <ul style="list-style-type: none"> <li>the Issue Date (for Investors who invest during the Initial Offer Period) or the Purchase Date (for Investors who invest during the General Offer Period); or</li> <li>the previous Coupon Calculation Date,</li> </ul> <p>up to, and including, the next Coupon Calculation Date.</p>																									
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<b>Coupon Payment Dates:</b>	Five (5) Business Days after each Coupon Calculation Date.																									
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<b>Maturity Date:</b>	<p>30 September 2015</p> <p>If an Autocall Event occurs on any Autocall Event Observation Date, the Maturity Date will be deemed to be the Autocall Event Observation Date on which the Autocall Event occurs.</p>																									

The key dates are indicative only and may be changed by the Issuer. All times are Sydney time, Australia, unless otherwise stated.

If you have any questions concerning the information contained in this PDS, please contact Citi on 1300 30 70 70 or email [citifirst.au@citi.com](mailto:citifirst.au@citi.com).

# Term Sheet

<b>Issuer:</b>	Citigroup Global Markets Australia Pty Limited
<b>Guarantor:</b>	Citigroup Inc.
<b>Capital Protection*:</b>	The value of each MLI on the Maturity Date will be no less than the Issue Price (subject to certain restrictions as described in Section 4)*. Investors should note that if they are applying for the MLI during the General Offer Period, Capital Protection applies only to the Issue Price, which may not equal the Purchase Price.
<b>Investment:</b>	The MLI which is an agreement between the Investor and the Issuer governed by the Terms.
<b>Reference Assets:</b>	<p>Each of the following is a 'Reference Asset' and together they are the 'Reference Assets':</p> <ul style="list-style-type: none"> <li>• S&amp;P/ASX 200 Price Index ("<b>S&amp;P/ASX 200</b>");</li> <li>• Hang Seng China Enterprises Index ("<b>HSCEI</b>"); and</li> <li>• S&amp;P 500 Index ("<b>S&amp;P 500</b>").</li> </ul> <p>Investors should note that the risks associated with each Reference Asset are different. Investors should assess whether the risks associated with each Reference Asset are appropriate for them.</p>
<b>Initial Offer Opening Date:</b>	25 August 2010 at 9.00 am (Sydney time)
<b>Initial Offer Closing Date:</b>	24 September 2010 at 5:00 pm (Sydney time)
<b>Issue Date:</b>	30 September 2010
<b>Initial Offer Period:</b>	<p>The period during which Investors can invest in the MLI before the Issue Date.</p> <p>The Initial Offer Period opens on the Initial Offer Opening Date and expires on the Initial Offer Closing Date.</p> <p>During the Initial Offer Period, Units will be issued at the Issue Price.</p>
<b>General Offer Period:</b>	<p>The General Offer Period is the period during which Investors can invest in the MLI after the Issue Date. Any such Investment will be for the balance of the relevant Term, so that it expires on the same Maturity Date as all other Investments.</p> <p>The General Offer Period is <b>4 October 2010 to 17 August 2015</b>.</p> <p>During the General Offer Period, Units will be issued at the Purchase Price. Note that the Purchase Price may not be the same as the Issue Price. Also, during the General Offer Period, Applications will be processed on a weekly basis or such other timing as determined by the Issuer in its discretion. Please contact Citi on 1300 368 301 to obtain the details for the processing of Applications during the General Offer Period.</p> <p>The General Offer Period may include dates where Citigroup Inc. may have earnings releases and potential corporate actions that may adversely affect the credit quality of the MLI. By investing in the MLI, the Investor acknowledges the above. For more details, please refer to Section 4 of this PDS.</p>
<b>Term:</b>	Five (5) years
<b>Maturity Date:</b>	<p>30 September 2015</p> <p>If an Autocall Event occurs on any Autocall Event Observation Date, the Maturity Date will be deemed to be the Autocall Event Observation Date on which the Autocall Event occurs.</p>
<b>Denomination:</b>	Australian dollars
<b>Issue Price:</b>	AUD 1.00 per Unit
<b>Purchase Price:</b>	<p>The 'Purchase Price' is the market price of Units determined by the Issuer at the time of the issue of Units on the Purchase Date. Note that the Purchase Price may not be the same as the Issue Price.</p> <p>The prevailing Purchase Price before the Purchase Date will be available from the Issuer or your licensed financial adviser. Potential Investors should not make an investment decision without considering the prevailing Purchase Price.</p>

<b>Purchase Date:</b>	The 'Purchase Date' is a date in any given week during the General Offer Period in which the Issuer receives cleared funds from the Investor and on which the Issuer issues Units at the Purchase Price.
<b>Investment Amount:</b>	The 'Investment Amount' is the total amount paid in respect of an Investment by the Investor to the Issuer by the Initial Offer Closing Date if the Investment in the MLI is entered into during the Initial Offer Period or the Purchase Date if the Investment in the MLI is entered into during the General Offer Period.
<b>Minimum Investment Amount:</b>	AUD 10,000 and multiples of AUD 1,000 thereafter.
<b>Initial Level:</b>	In respect of each Reference Asset, the Official Closing Level of the Reference Asset on the Issue Date.
<b>Reference Level:</b>	In respect of each Reference Asset, the Official Closing Level of the Reference Asset on the relevant Coupon Observation Date.
<b>Reference Asset Return:</b>	In respect of each Reference Asset:  <b><i>Reference Asset Return (%) = (Reference Level – Initial Level) / Initial Level</i></b>
<b>Relative Return:</b>	The Relative Return will be determined in the following manner as at the date on which it is observed:  <b><i>Min (Reference Asset Return of S&amp;P/ASX 200, Reference Asset Return of HSCEI) – Reference Asset Return of S&amp;P 500</i></b>  For more information on how this is calculated, please refer to 'How is the Relative Return calculated?' in Section 1.
<b>Coupon Barrier Level:</b>	- 6%
<b>Coupon Rate:</b>	The Coupon Rate is a simple (non-compounding) fixed rate to be determined by the Issuer on the Issue Date and notified to the Investor after the Issue Date in the Confirmation. For Investors who apply during the General Offer Period, the Coupon Rate will be the same. However, the potential rate of return for Investors who apply during the General Offer Period will depend upon the Purchase Price that they pay.  The Coupon Rate determined by the Issuer will be a minimum of 12% per annum. As an indication, if Units had been issued as at 23 August 2010, the Coupon Rate would have been 13% per annum.  Please refer to the section "What factors affect the Coupon Rate?" in Section 1 for further details.
<b>Coupon Amount:</b>	On each Coupon Calculation Date, the Coupon Amount per Unit for that corresponding Coupon Observation Period will be calculated in accordance with the following formula:  <b><i>Coupon Amount = (Coupon Rate / 4) x (n/ N) x Issue Price</i></b>  Where:  <b>n</b> = the number of Business Days in the relevant Coupon Observation Period on which the Relative Return is greater than, or equal to, the Coupon Barrier Level.  <b>N</b> = the number of Business Days in the relevant Coupon Observation Period.  For more information on how this is calculated, please refer to 'How are the Coupon Amounts calculated?' in Section 1 of this PDS.
<b>Coupon Observation Dates:</b>	Each Business Day throughout the relevant Coupon Observation Period.
<b>Coupon Observation Period:</b>	The period starting from (and including) the first Business Day after the later of: <ul style="list-style-type: none"> <li>• the Issue Date (for Investors who invest during the Initial Offer Period) or the Purchase Date (for Investors who invest during the General Offer Period); or</li> <li>• the previous Coupon Calculation Date,</li> </ul> up to, and including, the next Coupon Calculation Date.

<b>Coupon Calculation Dates:</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
	30-Dec-10	30-Dec-11	31-Dec-12	30-Dec-13	30-Dec-14
	30-Mar-11	30-Mar-12	28-Mar-13	31-Mar-14	30-Mar-15
	30-Jun-11	29-Jun-12	28-Jun-13	30-Jun-14	30-Jun-15
	30-Sep-11	28-Sep-12	30-Sep-13	30-Sep-14	30-Sep-15
<b>Coupon Payment Dates:</b>	Five (5) Business Days after each Coupon Calculation Date.				
<b>Autocall Event:</b>	<p>An Autocall Event will occur if the Relative Return on an Autocall Event Observation Date is greater than, or equal to, 0%.</p> <p>If an Autocall Event occurs on any Autocall Event Observation Date, the Maturity Date will be deemed to be the Autocall Event Observation Date on which the Autocall Event occurs and the Final Value per Unit will be as specified below.</p>				
<b>Autocall Event Observation Dates:</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	
	30-Mar-12	31-Dec-12	30-Dec-13	30-Dec-14	
	29-Jun-12	28-Mar-13	31-Mar-14	30-Mar-15	
	28-Sep-12	28-Jun-13	30-Jun-14	30-Jun-15	
		30-Sep-13	30-Sep-14	30-Sep-15	
<b>Final Value per Unit:</b>	<p>The Final Value per Unit is calculated as follows, regardless of whether the Investor has invested in the MLI during the Initial Offer Period or the General Offer Period, and regardless of whether an Autocall Event occurs:</p> <p style="text-align: center;"><b><i>100% x Issue Price</i></b></p> <p>Investors should note that the Issue Price may not equal the Purchase Price. As such, Investors applying in the General Offer Period may make a capital loss or gain depending on whether the Purchase Price was greater or less than the Issue Price, as the Final Value per Unit is only calculated by reference to the Issue Price.</p>				
<b>Delivery Asset:</b>	Ordinary shares in Commonwealth Bank of Australia ("CBA") (an ASX listed share, ASX code: CBA)				
<b>Fees:</b>	<p><b>Distributor Fee</b> – An upfront fee payable by the Issuer to distributors of up to 3.00% (including GST if applicable) of the Investment Amount.</p> <p>This fee is payable by the Issuer out of its own funds and is not an additional cost to the Applicant, nor is it deducted from the Applicant's Investment Amount.</p>				

\* Capital Protection only applies to Investments held at Maturity provided that Early Maturity does not occur. Capital Protection safeguards the MLI from market risks up to the value of the Issue Price, and is subject to the credit worthiness of Citigroup Global Markets Australia Pty Limited and Citigroup Inc. If Investors acquire their Investment during the General Offer Period at a time when the Purchase Price is greater than the Issue Price, they may incur a loss (or make a lower return) compared with Investors who acquire Units during the Initial Offer Period at the Issue Price. For more details, please refer to Section 4 of this PDS.

# Section 1 - Introducing the MLI

## What is the MLI?

The Market Linked Investment (“**MLI**”) is linked to the relative performance of either the S&P/ASX 200 Price Index (“**S&P/ASX 200**”) or the Hang Seng China Enterprises Index (“**HSCEI**”) (whichever provides the lower return) as against the performance of the S&P 500 Index (“**S&P 500**”) (altogether, the “**Reference Assets**”). The Bloomberg codes for these Reference Assets are as follows:

Bloomberg code	Reference Asset
<b>AS51 &lt;Index&gt;</b>	S&P/ASX 200 Price Index
<b>HSCEI &lt;Index&gt;</b>	Hang Seng China Enterprises Index
<b>SPX &lt;Index&gt;</b>	S&P 500 Index

Investors should note that the risks associated with each Reference Asset are different. Investors should assess whether the risks associated with each Reference Asset are appropriate for them.

The MLI offers investors regular income payments (i.e. “**Coupon Amounts**”) with the safety of Capital Protection for Investments held at Maturity, provided that Early Maturity does not occur (subject to the credit worthiness of the Issuer and Citigroup Inc.). The MLI may suit investors who have the view that the Relative Return (i.e. the Reference Asset Return of either the S&P/ASX 200 or the HSCEI (whichever provides the lower return) minus the Reference Asset Return of the S&P 500) will generally be greater than, or equal to, negative six per cent (i.e. -6%) (i.e. “**Coupon Barrier Level**”) on any given Business Day throughout the respective Coupon Observation Period.

Investors should be aware that the Coupon Amount for the respective Coupon Observation Period could equal zero if the Relative Return is continually less than the Coupon Barrier Level throughout the respective Coupon Observation Period (i.e. if the Reference Asset Return of either the S&P/ASX 200 or the HSCEI (whichever provides the lower return) minus the Reference Asset Return of the S&P 500 is less than – 6%). Investors should also be aware that their exposure is not based on the average performance of the Reference Assets and, therefore, the negative performance of one Reference Asset will not be offset by the positive performance of the other Reference Asset.

The MLI offers Investors a medium-term investment of five (5) years subject to the occurrence of an Autocall Event. An Autocall Event can occur on the date falling eighteen (18) months after the Issue Date and the dates falling Quarterly, thereafter, for the duration of the Term (“**Autocall Event Observation Dates**”). An Autocall Event will occur if the Relative Return on any Autocall Event Observation Date is greater than, or equal to, zero per cent (i.e. 0%). If an Autocall Event occurs on any of the designated Autocall Event Observation Dates, the Autocall Event will automatically trigger the termination of the MLI. For more details, please see “What is an Autocall Event and what is its effect?” later in this section.

Capital Protection safeguards the MLI from market risks up to the value of the Issue Price for Investments held at Maturity, provided that Early Maturity does not occur. All payments, and Capital Protection, are subject to the credit worthiness of Citigroup Global Markets Australia Pty Limited and Citigroup Inc. If Investors acquire their Investment during the General Offer Period at a time when the Purchase Price is greater than the Issue Price, they may incur a loss (or make a lower return) compared with Investors who acquire Units during the Initial Offer Period at the Issue Price. For more details, please refer to Section 4 of this PDS.

The MLI is classified as a “security” under the Corporations Act because it gives Investors an equitable 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. It cannot be dealt with separately to the rest of the MLI.

## How is the MLI structured?

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

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

For more details, please refer to the section titled “What happens at Maturity?” in Section 3 of this PDS.

### What are the Delivery Assets?

On the Settlement Date, the Issuer will be required to deliver to the Investor ordinary shares in CBA. The value of these shares will be equal to the Final Value per Unit at Maturity (as explained below) multiplied by the number of Units held by an Investor.

The Issuer will only deliver a whole number of Delivery Assets (which will include the Portion). If any fraction of a Delivery Asset would otherwise be transferable by the Issuer to the Investor, the Issuer may keep that fraction of the Delivery Asset (which includes the Portion) and pay an amount equal to the value of the fraction of the Delivery Asset foregone, based on the Official Closing Level on the Trading Day immediately following the Maturity Date, provided that the amount exceeds twenty Australian dollars (AUD 20). If the amount does not exceed twenty Australian dollars (AUD 20), the Issuer is entitled to keep that amount and is under no obligation to the Investor to make any payment for the fraction.

### What income does the MLI generate?

The MLI will pay variable Coupon Amounts on a Quarterly basis on the Coupon Payment Dates over the term of investment. The payment of Coupon Amounts is based on the frequency with which the Relative Return (i.e. the Reference Asset Return of either the S&P/ASX 200 or the HSCEI (whichever provides the lower return) minus the Reference Asset Return of the S&P 500) is greater than, or equal to, the Coupon Barrier Level on each Business Day throughout the respective Coupon Observation Period.

In each case, the Coupon Amounts will be calculated by reference to the Coupon Rate.

### What factors affect the Coupon Rate?

The calculation of the Coupon Rate on the Issue Date is influenced by a number of variables that change daily. Some of the major factors that impact the Coupon Rate are as follows:

Variable
Volatility of Reference Assets
Correlation of Reference Assets
Interest rates in AUD

Each of the variables mentioned above is subject to continuous movement. Hence, the Coupon Rate cannot be determined until all Investment Amounts in respect of the Initial Offer Period have been received and are available for investment on the Issue Date. Once this has occurred, the Issuer will set the Coupon Rate at the same level for all Investors as at the Issue Date and it will be fixed throughout the Term. The Coupon Rate will then be communicated to all Investors in the Confirmation.

The Issuer reserves the right to set the Coupon Rate at a rate different from the minimum Coupon Rate indicated in the Term Sheet. In the event that the Issuer sets the Coupon Rate at a rate below the minimum Coupon Rate indicated in the Term Sheet, the Investor will be given the opportunity to withdraw their Application (and receive a full refund of their Investment Amount) or proceed with the offer at the Coupon Rate specified by the Issuer.

### When are the Coupon Amounts calculated?

Coupon Amounts are calculated every Quarter on Coupon Calculation Dates over the term of the Investment (unless an Autocall Event occurs and triggers early Maturity).

The Coupon Calculation Dates are as follows:

Coupon Calculation Dates:	Year 1	Year 2	Year 3	Year 4	Year 5
	30-Dec-10	30-Dec-11	31-Dec-12	30-Dec-13	30-Dec-14
	30-Mar-11	30-Mar-12	28-Mar-13	31-Mar-14	30-Mar-15
	30-Jun-11	29-Jun-12	28-Jun-13	30-Jun-14	30-Jun-15
	30-Sep-11	28-Sep-12	30-Sep-13	30-Sep-14	30-Sep-15

Every Quarter, the Investor will also receive a notice from the Issuer which sets out how the Coupon Amount for the respective Coupon Observation Period has been calculated.

### How are the Coupon Amounts calculated?

Each Coupon Amount is payable Quarterly in arrears with respect to the preceding Coupon Observation Period. Each Coupon Amount accrues on a Business Day basis and has the potential to vary between each Coupon Observation Period as it is contingent on the Relative Return being greater than, or equal to, the Coupon Barrier Level at the close of markets each Business Day. The Coupon Amount is calculated on the respective Coupon Calculation Date and is paid on the respective Coupon Payment Date for that Quarter. Investors will receive a Coupon Amount for each Unit that they hold on the relevant Coupon Calculation Date.

The Coupon Amounts are calculated in accordance with the following formula:

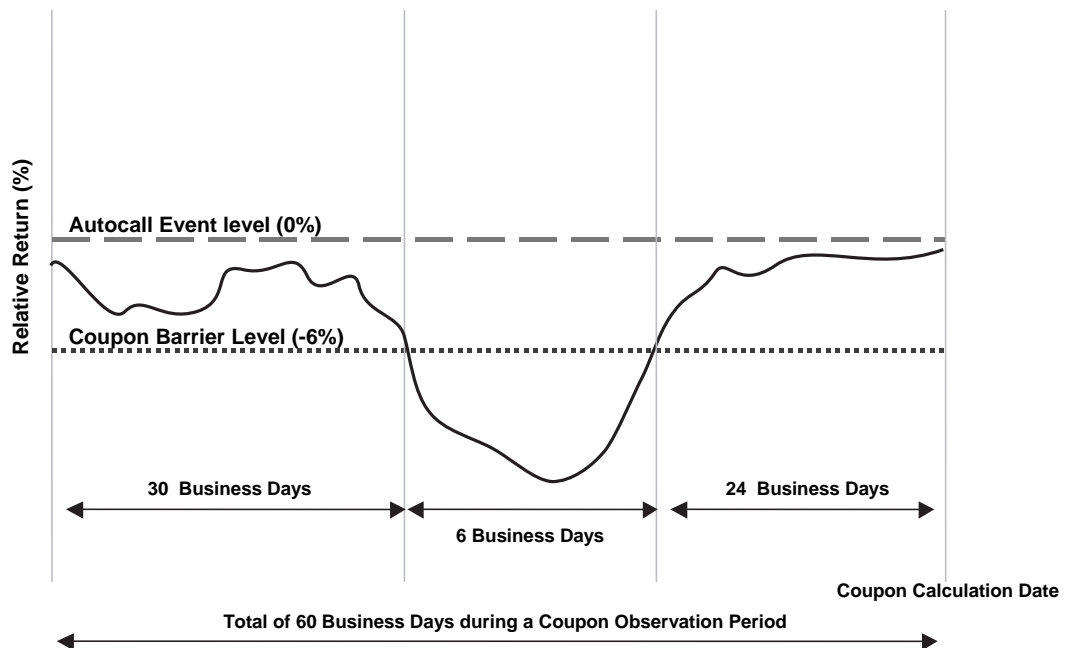
$$\text{Coupon Amount} = (\text{Coupon Rate} / 4) \times (n / N) \times \text{Issue Price}$$

Where:

**n** = the number of Business Days in the relevant Coupon Observation Period on which the Relative Return is greater than, or equal to, the Coupon Barrier Level.

**N** = the number of Business Days in the relevant Coupon Observation Period.

The following graphical example highlights how a Coupon Amount is determined:



In this example, it is assumed that there are a total of 60 Business Days during the Coupon Observation Period and the Coupon Rate is 12% per annum.

Referring to the example above where:

**n** = 30 + 24 (there are a total of 54 Business Days where the Relative Return is greater than, or equal to, the Coupon Barrier Level)

**N** = 60

$$\text{the Coupon Amount is: } (12\% / 4) \times (54 / 60) \times \text{AUD } 1.00 = \text{AUD } 0.027$$

If an Investor holds 100,000 Units, they will receive a Coupon Amount of AUD 2,700 for the Coupon Observation Period.

The above chart illustrates how the Coupon Amount is calculated and shows that the Relative Return is greater than, or equal to, the Coupon Barrier Level (i.e. – 6%) for the first 30 Business Days and also for the last 24 Business Days of the relevant Coupon Observation Period. There are also 6 Business Days during the Coupon Observation Period where the Relative Return is less than the Coupon Barrier Level during the Coupon Observation Period.

Accordingly, there is a total of 54 Business Days where the Coupon Amount is accruing and 6 Business Days where no Coupon Amount has accrued throughout the Coupon Observation Period.

The above example is not a forecast, projection or prediction. Investors are cautioned that the above Coupon Amount calculation is subject to risks and uncertainties and is not a statement about the likely future performance of the MLI.

#### How is the Relative Return calculated?

The Relative Return is based on the performance of either the S&P/ASX 200 or the HSCEI (whichever provides the lower return) as against the S&P 500.

The Relative Return will be determined on each Business Day during each Coupon Observation Period and is calculated in accordance with the following formula:

$$\text{Min (Reference Asset Return of S\&P/ASX 200, Reference Asset Return of HSCEI) – Reference Asset Return of S\&P 500}$$

where Reference Asset Return = (Reference Level – Initial Level) / Initial Level

#### What is an Autocall Event and what is its effect?

An Autocall Event is an event which automatically triggers the termination of the MLI. An Autocall Event will occur if, on any of the Autocall Event Observation Dates set out in the Term Sheet, the Relative Return is greater than, or equal to, zero per cent (i.e.  $\geq 0\%$ ).

There are fifteen (15) Autocall Event Observation Dates, the first falling on the date eighteen (18) months after the Issue Date and then falling on the dates Quarterly, thereafter, throughout the remainder of the Term. If an Autocall Event occurs on any of the Autocall Event Observation Dates, the MLI will terminate early.

If an Autocall Event occurs, the Final Value per Unit will be the Issue Price.

If an Autocall Event occurs, Coupon Amounts will be payable up to, and including, the Autocall Event Observation Date but will not be payable after an Autocall Event occurs.

The Autocall Event Observation Dates are as follows:

<b>Autocall Event Observation Dates:</b>	The date falling eighteen (18) months after the Issue Date and the dates falling Quarterly thereafter throughout the remainder of the Term.			
	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
	30-Mar-12	31-Dec-12	30-Dec-13	30-Dec-14
	29-Jun-12	28-Mar-13	31-Mar-14	30-Mar-15
	28-Sep-12	28-Jun-13	30-Jun-14	30-Jun-15
	30-Sep-13	30-Sep-14	30-Sep-15	

#### What is the investment strategy of the MLI?

The investment strategy of the MLI is to provide:

- an attractive coupon via exposure to the performance of the Reference Assets between the Issue Date and the Maturity Date;

- the potential for Quarterly coupon payments which are contingent on the Relative Return; and
- the safety of Capital Protection, so that the value of each Unit held at Maturity is not less than the Issue Price, provided that Early Maturity does not occur.

Investors should be aware that where Capital Protection applies, the Final Value per Unit is calculated by reference to the Issue Price. If Investors acquire their Investment during the General Offer Period at a Purchase Price greater than the Issue Price, they may incur a loss (or make a lower return) compared with Investors who acquire Units during the Initial Offer Period at the Issue Price.

All payments and Capital Protection are subject to the credit worthiness of Citigroup Global Markets Australia Pty Limited and Citigroup Inc. For more information on how the MLI works, please refer to Section 3 of this PDS. For more details on the risks, please refer to Section 4 of this PDS.

### What are the investment objectives of the MLI?

The investment objectives of the MLI are to provide the potential for Quarterly coupon payments contingent on the Relative Return specified in the Term Sheet being greater than, or equal to, the Coupon Barrier Level, whilst providing Capital Protection on the Final Value per Unit\*. Capital Protection is subject to the credit worthiness of Citigroup Global Markets Australia Pty Limited and Citigroup Inc.

The investment objectives of the MLI do not take into account labour standards or environmental, social or ethical standards.

Investor seeks:	Investor can accept:
Exposure to the relative performance of the S&P/ASX 200 or the HSCEI (whichever provides the lower return) against the S&P 500.	The risks associated with investing in index-linked investments.
Income in the form of variable Coupon Amounts paid Quarterly during the investment period of up to five (5) years.	The possibility of not accruing a Coupon Amount every Quarter if the Relative Return is less than the Coupon Barrier Level for the duration of the relevant Coupon Observation Period.
	The possibility of accruing a Coupon Amount for the relevant Coupon Observation Period that is less than the Coupon Amount for the previous Coupon Observation Period.
A medium-term investment.	The possibility of receiving no Coupon Amount and receiving only the Issue Price at Maturity if the Relative Return is less than the Coupon Barrier Level for the Term.
Capital Protection at Maturity provided that Early Maturity does not occur.*	The possibility of the MLI maturing earlier than the five (5) year term of investment if the Relative Return on any Autocall Event Observation Date is greater than, or equal to, 0%. For example, the MLI could mature early if an Autocall Event occurs on the first Autocall Event Observation Date (i.e. eighteen (18) months after the Issue Date).
No entry, exit, management or brokerage fees payable on Investments held until Maturity.	The possibility that returns could be less than the return you could earn on other investments, including the actual return on the Reference Assets.
	The risks associated with Early Maturity (i.e. the value of the MLI per Unit may be less than the Issue Price and Break Costs may apply).
	An investment period of up to five (5) years.
	The possibility of losing part of your Investment Amount if Early Maturity occurs.

\* Capital Protection only applies to Investments held at Maturity provided that Early Maturity does not occur. Capital Protection safeguards the MLI from market risks up to the value of the Issue Price, and is subject to the credit worthiness of Citigroup Global Markets Australia Pty Limited and Citigroup Inc. Accordingly, if Investors acquire their Investment during the General Offer Period at a time when the Purchase Price is greater than the Issue Price, they may incur a loss (or make a lower return) compared with Investors who acquire Units during the Initial Offer Period at the Issue Price. For more details, please refer to Section 4 of this PDS.

### How is the Final Value per Unit determined at Maturity?

At Maturity, the Final Value per Unit that Investors will receive is the amount calculated as follows, regardless of whether there has been an Autocall Event or whether the Investor has invested in the MLI during the Initial Offer Period or the General Offer Period:

$$100\% \times \text{Issue Price}$$

This means that the Final Value per Unit at Maturity (including if an Autocall Event occurs) can *never* exceed the Issue Price. It is important for Investors to note that if there is any positive Reference Asset Return of any of the Reference Assets, the Investor **will not** be entitled to the positive performance of the Reference Asset. As such, the Final Value per Unit will *never* be greater than the Issue Price but will not be less than the Issue Price, even if an Autocall Event occurs.

If Investors acquire their Investment during the General Offer Period at a time when the Purchase Price is greater than the Issue Price, they may incur a loss (or make a lower return) compared with Investors who acquire Units during the Initial Offer Period at the Issue Price.

On the Settlement Date, the Issuer will be required to deliver to the Investor ordinary shares in CBA. The value of these shares will be equal to the Final Value per Unit on the Maturity Date (as explained above) multiplied by the number of Units held by an Investor. The Issuer will only deliver a whole number of Delivery Assets (which will include the Portion).

### What fees are payable in relation to the MLI?

There are no direct fees or commissions payable by the Investor. The Issuer will pay to financial advisers and approved persons, including Citigroup Pty Limited, an upfront Distributor Fee of up to 3.00% (including GST if applicable) of the Investment Amount. These fees are payable by the Issuer out of its own funds and are at no additional cost to the Investor, nor are these fees deducted from the Investment Amount.

For information on what fees and commissions are payable in connection with an investment in the MLI, please refer to Section 6 of this PDS.

## Section 2 - Information about the Reference Assets and the Delivery Assets

The Coupon Amount payable during the Term is linked to the relative performance of the Reference Assets. At Maturity, the Issuer is required to deliver to Investors the Final Value per Unit multiplied by the number of Units held by the Investor. The Issuer has agreed to deliver that Total Value to the Investor in the form of ordinary shares in CBA (the "**Delivery Assets**") on the Settlement Date if:

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

This section of the PDS provides some further information about the Reference Assets and the Delivery Assets.

### Information on the Reference Assets

Information (including historical data and trading information) about the Reference Assets and the Delivery Asset can be obtained from a variety of sources including ASX, the issuers of the Reference Assets and the Delivery Asset themselves, brokers and investment advisors. Information may also be found on the websites of the issuers of the Reference Assets and the Delivery Asset, ASX website and related sites. Citi takes no responsibility and accepts no liability for, and makes no representation or warranty (whether express or implied) as to the accuracy or completeness of, any information obtained by an Investor about the Reference Assets and the Delivery Asset. Investors should make their own inquiries and, where appropriate, obtain advice in relation to any investment decisions.

Information on the Reference Assets will also be provided on the website of the Issuer at [www.citifirst.com.au](http://www.citifirst.com.au).

### S&P/ASX 200 Price Index

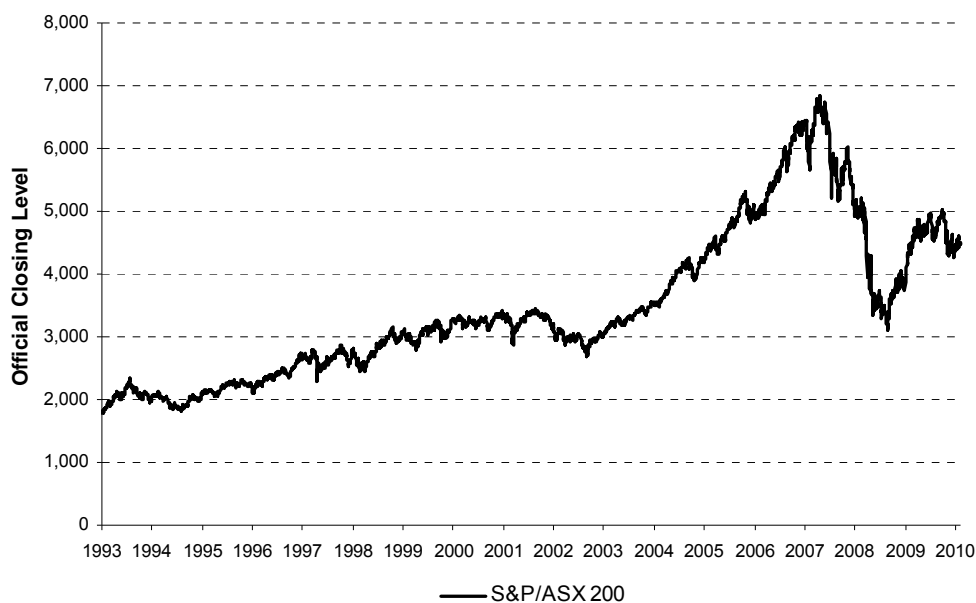
The S&P/ASX 200 Price Index (“**S&P/ASX 200**”) is a market-capitalisation weighted and float-adjusted stock market index of Australian stocks listed on the Australian Securities Exchange (“ASX”) from Standard & Poor’s. It was launched on 31 March 2000 with a value of 3133.3, equal to the value of the All Ordinaries at that date.

The S&P/ASX 200 is market-capitalisation weighted which means that a company’s contribution to the S&P/ASX 200 is relative to its total market value (i.e. share price x number of tradable shares). The S&P/ASX 200 is also float-adjusted which means that the absolute numerical contribution to the index is relative to the stock’s value at the float of the stock.

For more information on the S&P/ASX 200, including information about its historical performance, pricing and company information, Investors can visit the ASX website at [www.asx.com.au](http://www.asx.com.au) or Standard & Poor’s website at [www.standardandpoors.com.au](http://www.standardandpoors.com.au).

Citi makes no recommendation, representation or assurance about the performance or prospects of the S&P/ASX 200.

### Historical Performance



Source: Citi.

### Past performance is not a reliable indicator of future performance.

References in this PDS to the S&P/ASX 200 are included solely for the purpose of identification of the Reference Assets. These references are not an express or implied endorsement by ASX or Standard & Poor’s. No member of ASX or Standard & Poor’s group of entities has had any involvement in the preparation of any part of this PDS, accepts responsibility for any statement in this PDS, or has been involved in, or consented to, the issue of this PDS.

### **Hang Seng China Enterprises Index**

The Hang Seng China Enterprises Index (“**HSCEI**”) is a free float adjusted market capitalisation weighted index which tracks the performance of Chinese enterprises listed on the Hong Kong Stock Exchange. It is used to record and monitor daily changes of the largest companies of the Hong Kong Stock Exchange and is the main indicator of the overall market performance in Hong Kong.

For more information on the HSCEI, including information about its historical performance, pricing and company information, Investors can visit the Hang Seng Indices’ (“**HSI**”) website at [www.hsi.com.hk/HSI-Net](http://www.hsi.com.hk/HSI-Net).

Citi makes no recommendation, representation or assurance about the performance or prospects of the HSCEI.

#### **Historical Performance**



Source: Citi.

#### **Past performance is not a reliable indicator of future performance.**

References in this PDS to the HSCEI are included solely for the purpose of identification of the Reference Assets. These references are not an express or implied endorsement by the HSCEI or the Hang Seng Indices. No member of the HSCEI or the HSI has had any involvement in the preparation of any part of this PDS, accepts responsibility for any statement in this PDS, or has been involved in, or consented to, the issue of this PDS.

### **Standard & Poor’s 500 Index**

Standard and Poor’s 500 Index (“**S&P 500**”) is a capitalisation-weighted index of 500 stocks. The index is designed to measure performance of the broad U.S. economy through changes in the aggregate market value of 500 stocks representing all the major industries of the U.S. economy.

For more information on the S&P 500, including information about its historical performance, pricing and company information, Investors can visit S&P 500’s website at [www.standardandpoors.com](http://www.standardandpoors.com).

Citi makes no recommendation, representation or assurance about the performance or prospects of the S&P 500.

### Historical Performance



Source: Citi

#### **Past performance is not a reliable indicator of future performance.**

References in this PDS to S&P 500 are included solely for the purpose of identification of the Reference Assets. These references are not an express or implied endorsement by Standard & Poor's. No member of the Standard & Poor's group of entities has had any involvement in the preparation of any part of this PDS, accepts responsibility for any statement in this PDS, or has been involved in, or consented to, the issue of this PDS.

#### **Information about the Delivery Assets**

The Delivery Assets are ordinary shares in CBA which is one of Australia's leading financial services providers. Financial services offered by CBA include retail, institutional and business banking, funds management, superannuation, insurance, investment and broking services. CBA is currently one of the largest listed companies on the Australian Securities Exchange.

The performance of the MLI and the Final Value per Unit 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 CBA ordinary shares as traded on ASX.

For more information on CBA, including information about its historical share price performance, pricing and company information, Investors can visit CBA's website at [www.commbank.com.au](http://www.commbank.com.au).

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

Citi makes no recommendation, representation or assurance about the performance or prospects of CBA.

### Historical Performance



Source: Citi.

**Past performance is not a reliable indicator of future performance.**

#### **CBA had no involvement in this PDS**

References in this PDS to CBA are included solely for the purpose of identification of the shares that comprise the Delivery Assets and the Delivery Parcel. These references are not an express or implied endorsement by CBA, or any of its related entities, of MLI.

No member of the CBA group of entities has had any involvement in the preparation of any part of this PDS, accepts responsibility for any statement in this PDS, or has been involved in or consented to, the issue of this PDS.

#### **Changes to the Delivery Assets or Reference Assets:**

If an Adjustment Event occurs, the Issuer may:

- (a) substitute the Delivery Asset with any other security or managed investment product quoted and trading on a Relevant Exchange operated by ASX, where that security or managed investment product is in a class of financial products that is a constituent of the S&P/ASX 200 Price Index; and/or
- (b) substitute the Reference Assets with another reference index at the discretion of the Issuer. The new reference asset will be chosen by the Issuer to match as closely as possible the old Reference Asset.

The Issuer will notify Investors of any such changes and 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 Early Maturity. Investors should read clause 5 of the Terms to fully understand their rights and obligations if an Adjustment Event occurs.

## Part 2 – General Information on the MLI

# Section 3 – Information on the MLI

## What are the significant benefits of investing in the MLI?

The significant benefits that an Investor might expect to receive from an investment in the MLI may include:

- **Coupon Amount** - the MLI provides the potential for Quarterly coupon payments, the amount of which is contingent on the Relative Return being greater than, or equal to, the Coupon Barrier Level as specified in the Term Sheet;
- **Capital Protection** – Capital Protection for Investments held at Maturity, provided that Early Maturity does not occur. Capital Protection safeguards the MLI from market risks up to the value of the Issue Price, but is subject to the credit worthiness of Citigroup Global Markets Australia Pty Limited and Citigroup Inc. If Investors acquire their Investment during the General Offer Period at a time when the Purchase Price is greater than the Issue Price, they may incur a loss (or make a lower return) compared with Investors who acquire Units during the Initial Offer Period at the Issue Price. For more details, please refer to Section 4 of this PDS; and
- **Medium term** – a medium-term market-linked investment.

## What are the significant risks of investing in the MLI?

The significant risks that an Investor might expect to receive from an investment in the MLI may include:

- **Autocall Event** – loss of the payment of future Coupon Amounts if an Autocall Event occurs;
- **Relative Return** – there is no guarantee that the Relative Return will be equal to, or above, the Coupon Barrier Level (i.e. -6%) so as to accrue the Coupon Amount payable for the relevant Coupon Observation Period;
- **Variable Coupon Amount** - the possibility of accruing a Coupon Amount for the relevant Coupon Observation Period that is less than the Coupon Amount for the previous Coupon Observation Period;
- **No Coupon Amount** - the possibility of not accruing a Coupon Amount every Quarter if the Relative Return is less than the Coupon Barrier Level for the duration of the relevant Coupon Observation Period;
- **Early Maturity** - in certain circumstances, the MLI may be terminated before Maturity and, where Early Maturity applies, the value of the MLI may be less than the Investment Amount and Break Costs may apply;

- **Tax and change of law** - changes to laws or their interpretation in Australia, including taxation and corporate regulatory laws, could have a negative impact on the return for Investors;
- **Purchase Price** – an Investor who acquires Units during the General Offer Period at a Purchase Price above the Issue Price may incur a loss or make a lower return per Unit at Maturity;
- **Market risks** - there is no guarantee that the return of the MLI will exceed the return generated by other investments;
- **Liquidity risk** – Investors should be aware that although the MLI is transferrable with the consent of the Issuer, there is no guaranteed ability to sell an MLI before Maturity; and
- **Credit risk** - the Investor is exposed to the credit risk of the Issuer and the Guarantor. Capital Protection is subject to the credit worthiness of Citigroup Global Markets Australia Pty Limited and Citigroup Inc. For more details, please refer to Section 4 of this PDS.

## Is the MLI transferable?

The MLI is unlisted and 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 Investment in the MLI without the Issuer's prior written consent.

## When are returns paid?

Coupon Amounts are paid Quarterly throughout the Term unless Early Maturity or an Autocall Event occurs. Every Quarter, the Investor will also receive from the Issuer a notice which sets out how the Coupon Amount for the respective Coupon Observation Period has been calculated. Coupon Amounts are calculated each Quarter after the Issue Date on the Coupon Calculation Dates as specified in the Term Sheet, provided that those dates fall on a Business Day, otherwise the Coupon Amounts will be calculated on the next Business Day.

If the Relative Return is less than the Coupon Barrier Level for the duration of a Coupon Observation Period, no Coupon Amount will be payable for that Coupon Observation Period.

If the Investor is issued Units on a Purchase Date, the Investor will be entitled to the Quarterly Coupon Amounts that relate to Coupon Calculation Dates from, and including, the Purchase Date until the expiry of the relevant Term, unless Early Maturity occurs.

The Coupon Payment Date is five (5) Business Days after each Coupon Calculation Date.

When the Final Value per Unit will be delivered to Investors depends on whether Investors choose to take physical delivery of the Delivery Parcel or elect the Agency Sale Arrangement (see “What happens at Maturity?” below):

- **Physical delivery of the Delivery Parcel:** Investors will receive their Delivery Assets on the Settlement Date or as soon as possible thereafter; or
- **Agency Sale Arrangement:** Investors may choose to receive their Sale Proceeds within 10 Business Days after the Settlement Date or as soon as reasonably practicable.

### **Can Investors purchase Units after the relevant Initial Offer Closing Date?**

An Investor may use the Application Form and apply to the Issuer for Units after the Initial Offer Closing Date during the General Offer Period. The Purchase Date is the date on which the Investor will be issued Units at the Purchase Price.

The prevailing Purchase Price before the Purchase Date will be available from the Issuer or your licensed financial adviser. Potential Investors should not make an investment decision without considering the prevailing Purchase Price.

The Issuer will provide you (or your licensed financial adviser on your behalf) with a Confirmation in relation to each Application which will set out the particulars of your Investment in the MLI, including:

- the Purchase Date and Purchase Price;
- the Maturity Date;
- the Coupon Rate set by the Issuer;
- the Reference Assets, including the Initial Level of each Reference Asset; and
- the number of Units issued.

The Issuer will send the Confirmation to the Investor within 10 Business Days after the Purchase Date.

### **What factors should Investors consider before acquiring Units during the General Offer Period?**

An Investor should consider the following factors before acquiring Units during the relevant General Offer Period:

- the Purchase Price will be determined by Citi, in its absolute discretion, on the Purchase Date and taking into account factors including the current value of issued Units, the price and volatility of the Reference Assets, the Relative Return in the relevant Coupon Observation Period and the prevailing interest rate environment;

- the Investor will not receive any Coupon Amounts in relation to any Coupon Observation Period which occurred prior to the Purchase Date;
- if an Autocall Event occurs, the calculation of the Final Value per Unit will be calculated by reference to the Issue Price. If the Investor purchased Units after the Initial Offer Period at a Purchase Price greater than the Issue Price, this may represent a greater loss per Unit than Investors who invested at the Issue Price; and
- the Investor’s broker or financial adviser may charge a commission or brokerage at their discretion which will be payable by the Investor in addition to the Purchase Price. This is not a fee charged by the Issuer.

Units issued to Investors during the General Offer Period will be subject to the same Terms and receive the same Coupon Amount per Unit and the same Final Value per Unit. In other words, all calculations of amounts per Unit will be the same for all issued Units, regardless of whether the Purchase Price was above or below the Issue Price. Investors should note that Capital Protection will apply only to the Issue Price and not the Purchase Price.

### **What are the currency risks in relation to the MLI?**

For the MLI, direct currency risk is minimised since all payments associated with the MLI are denominated in the same currency.

### **What are the potential tax implications of investing in the MLI?**

Investors who are Australian tax residents should include Coupon Amounts in their ordinary assessable income when received.

The Issuer will withhold interest withholding tax at 10% from Coupon Amounts paid to Investors whose Postal Address or Settlement Account, as provided on the Application Form, is outside Australia.

It is important that potential Investors carefully review the comments in Section 8 of this PDS, which sets out the general tax implications of investing in the MLI. Investors should be aware that Section 8 of this PDS is provided in general terms only and is not tailored to any Investor’s specific circumstances. Investors should seek their own independent advice as to the tax consequences of investing in the MLI.

### **Do Investors in the MLI receive dividends or distributions?**

Investors are not entitled to receive any dividends or distributions on their MLI during the Term.

## 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. These options are:

- **Option 1:** elect to accept physical delivery of the Delivery Parcel on the Settlement Date; or
- **Option 2:** elect to take advantage of the Agency Sale Arrangement and receive the Sale Proceeds.

If Investors do not choose either option, the MLI will automatically default to physical delivery of the Delivery Assets.

The option that is best for each individual Investor depends on their preferences.

### 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 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 any fraction of a Delivery Asset (including the Portion) would otherwise be transferable by the Issuer to the Investor, the Issuer may keep that fraction of the Delivery Asset and pay an amount equal to the value of the fraction of the Delivery Asset foregone, based on the Official Closing Level on the Trading Day immediately following the Maturity Date, provided that the amount exceeds twenty Australian dollars (AUD 20). If the amount does not exceed twenty Australian dollars (AUD 20), the Issuer is entitled to keep that amount and is under no obligation to the Investor to make any payment for the fraction.

### Option 2 - The Agency Sale Arrangement

To take advantage of the Agency Sale Arrangement and to receive the Sale Proceeds of the Delivery Parcel in cash, 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 Investor's behalf and will sell the Investor's Delivery Parcel on the Investor's behalf. If the Issuer is unable to sell the Investor's Delivery Parcel at the Official Closing Level on the Trading Day immediately following the Maturity Date, the Investor authorises the Issuer to use its best endeavours to sell the Delivery Parcel as soon as practicable at the best price the Issuer can obtain. The Issuer will pay the Investor the Sale Proceeds by cheque or directly into the Investor's nominated Settlement Account. The Sale Proceeds will equal the number of Delivery Assets sold multiplied by the Official Closing Level on the Trading Day immediately following the Maturity Date (see the section titled "How is the price of the Delivery Assets calculated?" below). The Investor may therefore receive less than the Total Value. Payment will be made within 10 Business Days after the Settlement Date, or as soon as reasonably practicable thereafter.

If the Delivery Parcel would otherwise include any fraction of a Delivery Asset, 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 ten (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 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, 4:10 pm Sydney time on the Trading Day immediately 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 Official Closing Level; or
- determine the Official Closing Level to be the price determined by the Issuer as its best estimate of the Delivery Asset value at or around 4:10 pm Sydney time on the Trading Day immediately following the Maturity Date (or in the case of 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 the MLI be terminated early?

Investors may terminate their investment in the MLI before the Maturity Date by submitting a completed Investor Sale Form (located at the back of this PDS or available by contacting the Issuer on 1300 30 70 70) to the Issuer and

requesting in writing Early Maturity for the full amount of the Investor's investment in the MLI. 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.

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
- the Issuer will pay an Exit Payment.

If the normal Maturity process applies, then the Investor will receive the Early Maturity Value which means the fair economic value of the Unit 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 Unit at that time, in which case the Issuer may nominate another time to determine the Early Maturity Value.

Without limiting the above, in determining the "Early Maturity Value", the Issuer may deduct any costs, losses or expenses that it incurs in relation to 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. Investors should be aware that these Break Costs can be substantial.

If the Issuer elects to pay an Exit Payment, 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 Exit Payment, the Issuer may adjust the Exit Payment for any costs, losses or expenses that it incurs in relation to 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. Investors should be aware that these Break Costs can be substantial.

The Early Maturity Value or Exit Payment will take into account all accrued Coupon Amounts owing up until the Early Maturity Date. However, Investors will not be paid any Coupon Amounts in respect of the period after the Early Maturity Date.

If an Investor requests Early Maturity, they may receive an amount less than the Investment Amount. Investors should refer to Section 4 of this PDS which discusses the risks associated with Early Maturity Events. Investors should also read clause 4 of the Terms to fully understand their rights and obligations if they request Early Maturity.

It is important to note that the Issuer only provides Capital Protection to Investors who hold the MLI at Maturity provided that Early Maturity does not occur. This Capital Protection ensures that the value of each Unit on the Maturity Date will be no less than the Issue Price but it is also subject to the credit worthiness of Citigroup Global Markets Australia Pty Limited and Citigroup Inc. If

Investors acquire their Investment during the General Offer Period at a time when the Purchase Price is greater than the Issue Price, they may incur a loss (or make a lower return) compared with Investors who acquire Units during the Initial Offer Period at the Issue Price. For more details, please refer to Section 4 of this PDS.

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

Yes. The MLI may be terminated early by the Issuer if an Early Maturity Event occurs. An example of an Early Maturity Event is if any of the Reference Assets are suspended from trading for a period of 24 hours or more for any reason. Investors should refer to Section 4 of this PDS which discusses the risks associated with Early Maturity. Investors should also read clause 4 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 number of Delivery Assets or the Sale Proceeds from the Agency Sale Arrangement will be determined by reference to the Exit Payment or the fair economic value of the MLI at, or around, 5:00 pm Sydney time on the Early Maturity Date as determined by the Issuer in its absolute discretion. The Issuer may also deduct Break Costs in relation to Early Maturity.

### **Can the Issuer change the Terms of the MLI?**

Yes. 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 Section 4 of this PDS which discusses the risks associated with Early Maturity Events or Adjustment Events. Investors should also read clause 5 of the Terms to fully understand their rights and obligations if an Adjustment Event occurs.

### **Does the MLI offer any Capital Protection?**

Yes. The MLI offers Capital Protection. The Issuer will deliver to an Investor the Delivery Assets with a value equal to the Issue Price multiplied by the number of Units held by the Investors if the requirements for Capital Protection apply. Investors should be aware that Capital Protection does not apply if Early Maturity occurs.

The Issuer may terminate the MLI 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 MLI. Clause 4 of the Terms (in Section 10 of this PDS) describes the events that constitute an Early Maturity Event.

The MLI may also be terminated early at the Investor's request. Investors should read clause 4 of the Terms and the section titled "Can the MLI be terminated early?" in this

section to understand their rights and obligations if Early Maturity occurs.

Capital Protection provides that the value of each Unit held at Maturity will be no less than the Issue Price, but does not apply where Early Maturity occurs. Capital Protection is subject to the credit worthiness of Citigroup Global Markets Australia Pty Limited and Citigroup Inc. For more details, please refer to Section 4 of this PDS. Capital Protection is also subject to rounding (see "What happens at Maturity?" earlier in this section).

Investors should also be aware that where Capital Protection applies, the Final Value per Unit is calculated by reference to the Issue Price. Accordingly, Investors who have acquired their Investment at a Purchase Price greater than the Issue Price may incur a loss (or make a lower return) compared with Investors who acquired Units at the Issue Price.

### **Guarantee**

The guarantee given to each Investor by the Guarantor is a continuous, irrevocable and unconditional guarantee of the due and punctual payment of all monies which may become actually or contingently payable to an Investor by the Issuer under, or in conjunction with, the MLI and the due and punctual performance of the Issuer's obligations under the Terms. Each Investor is entitled severally to enforce the guarantee. The guarantee is subject to the credit worthiness of the Guarantor.

Any payments under the guarantee must be made to Investors in the same manner and currency as the Issuer would be required to make to satisfy its obligations under the MLI. 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. If any law requires the Guarantor to withhold on account of any taxes, then the amount payable by the Guarantor will be increased so that after making such withholding the Investor receives the same amount it would have received had no such withholding occurred.

Investors may obtain a copy of the deed of guarantee by contacting the Issuer on 1300 30 70 70.

### **Issue Size**

The Issuer aims to raise at least AUD three (3) million. If less than AUD three (3) million is raised, the Issuer may, in its absolute discretion, issue the MLI anyway. However, the Issuer retains the discretion to reject any Applications. If the Issuer rejects Applications, the Investment Amounts will be returned to Applicants (without interest) either by bank transfer or by cheque at the risk of the Applicant within fourteen (14) Business Days after the Initial Offer Closing Date.

### **Disputes concerning the MLI**

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 MLI directly to the Issuer on 1300 30 70 70. 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 Ombudsman Service ("FOS") at:

Financial Ombudsman Service  
GPO Box 3  
Melbourne, Victoria, 3001  
Telephone: 1300 780 808  
Fax: +61 3 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

FOS is an independent dispute resolution scheme. In order for a complaint to be considered by FOS, the claim involved must be under the equivalent of AUD 150,000.

# Section 4 - Risks of investing in the MLI

## Risk Factors

### **Autocall Event risk**

If an Autocall Event occurs, the Final Value per MLI will be equal to the Issue Price, regardless of whether or not the Investor entered into the MLI during the Initial Offer Period or the General Offer Period.

Investors should be aware that if an Autocall Event occurs, all of the Coupon Amounts which accrued prior to, and including, the date of the Autocall Event will be paid, but no further Coupon Amounts will be payable after the date the Autocall Event occurs.

### **Performance of the Reference Assets**

The value of the Reference Assets will vary over time. The performance of the Reference Assets by way of the Relative Return will have a direct effect on the calculation of the Coupon Amount. Past performance of the Reference Assets is not a reliable indicator of future performance.

If the Relative Return is less than the Coupon Barrier Level for the duration of a Coupon Observation Period, no Coupon Amount will be payable for that Coupon Observation Period.

### **Reinvestment risk**

An Investor may not be able to reinvest Coupon Amounts at, or above, the same Coupon Rate on each Coupon Payment Date during the relevant Term. Each Coupon Amount is calculated using the Issue Price and will not be capitalised.

### **Credit risk**

The Issuer is a wholly owned subsidiary of Citigroup Inc., 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 Citigroup Inc. can be found on [www.citifirst.com.au/about\\_us.html](http://www.citifirst.com.au/about_us.html). Hard copies of those financial statements can be obtained by calling Citi on 1300 30 70 70.

The value of the MLI depends on the ability of the Issuer to perform its obligations under the Terms and the ability of the Guarantor to perform under its guarantee of the Issuer's obligations. These obligations are unsecured contractual obligations of the Issuer and Guarantor and will rank equally with other unsecured obligations and debt of

the Issuer and Guarantor other than liabilities mandatorily preferred by law.

Investors must make their own assessment of the ability of the Issuer and Guarantor to meet their obligations in respect of the MLI. 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 the ability of the Issuer or Guarantor to perform their obligations.

The Issuer also has the right to transfer its obligations by giving notice to Investors in accordance with the Terms (see clause 14.9(a) of the Terms).

### **Early Maturity risk**

In certain circumstances, the MLI may be terminated early where an Investor requests Early Maturity or an Early Maturity Event occurs. If an Early Maturity Event occurs, Investors will be given approximately twenty (20) Business Days' notice of any proposed Early Maturity unless it is otherwise impracticable to do so. The Issuer only provides Capital Protection for the MLI at Maturity. Capital Protection is also subject to the credit worthiness of Citigroup Global Markets Australia Pty Limited and Citigroup Inc. For more details, please refer to "Credit risk" above.

Prior to Maturity, Investors will receive the fair economic value of the MLI or the Exit Payment (as determined by the Issuer) which will be based on various market factors such as performance of the Reference Assets, volatility, interest rates and time remaining to Maturity. This may result in the value of a MLI being less than the Issue Price in instances where Early Maturity applies. In determining the fair economic value or the Exit Payment the Issuer may deduct Break Costs (which may be substantial) in relation to Early Maturity.

Investors should be aware that Coupon Amounts will only be paid until the Early Maturity Date. Coupon Amounts will not be paid after Early Maturity occurs.

### **Liquidity risk**

Investors must be prepared to hold their Units until Maturity.

It is at the Issuer's absolute discretion to permit Early Maturity once a week. The MLI obtains exposure to the Reference Assets using over the counter ("OTC") transactions. These OTC transactions must be unwound to allow Early Maturity and consequently the MLI may be illiquid and Break Costs and Costs and Taxes may be significant.

The MLI is not quoted on ASX or any other financial market. The MLI is transferable with the consent of the Issuer (for more detail please refer to clause 14.9(b) of the Terms) but there is no guaranteed ability to sell a MLI before Maturity.

### **Market risk and economic factors**

The value of the MLI at any time will be affected by a number of market variables that change daily, such as the performance of each Reference Asset, interest rates, volatility, the trading liquidity prevailing and anticipated economic conditions, technological, legal or political conditions, other inter-related factors which affect the performance of markets generally and share markets specifically, and time remaining to Maturity.

There is no guarantee that any Coupon Amount will be payable. The Coupon Amount is based on the Relative Return in comparison to the Coupon Barrier Level. If the Relative Return is less than the Coupon Barrier Level, then no Coupon Amount will accrue in respect of that Business Day.

### **Adjustment Event risk**

There may be adjustments to the Terms of the MLI due to Adjustment Events such as (but not limited to) mergers and disposals, price source disruption, changes to the Issuer's hedging arrangements, trading suspension, material change in the calculation and/or composition of the Reference Assets and/or Delivery Assets and changes in Corporations Act or taxation laws. Investors should read clause 5 of the Terms set out in Section 10 of this PDS.

### **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 which could affect the value of the MLI. These include the powers to nominate Adjustment Events and Early Maturity Events, to substitute the Delivery Assets and/or Reference Assets, 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 MLI as contemplated in the Terms.

### **Tax risk**

We recommend that Investors seek independent tax advice before investing in the MLI. The Issuer is not in the business of providing tax advice and therefore cannot be relied upon to advise on, nor takes any responsibility for, the taxation implications in respect of an investment in the MLI.

In particular, Investors should note that Section 8 of this PDS assumes that Investors will take physical delivery of, and hold, the Delivery Assets for the purposes of deriving assessable dividends.

### **Change of law risk**

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

As set out in Section 8 of this PDS, the ATO has examined deferred purchase agreements. It is important that potential Investors carefully review the comments in Section 8 of this PDS, as regards to the ATO views and implications for the MLI.

### **Factors affecting the Reference Assets**

An Investor in the MLI should be familiar with indices and investments in equity markets generally. In particular, Investors should be familiar with the indices comprising the Reference Assets and economic, political and other aspects relevant to investments in those markets which may have a material effect on their investments.

With respect to the Reference Assets, Investors should note that if the Relative Return is less than the Coupon Barrier Level for the duration of a Coupon Observation Period, no Coupon Amount will be payable for that Coupon Observation Period.

### **Purchase Price risk**

The Purchase Price will vary over the General Offer Period so the Investor's Units may be issued above or below the Issue Price. An Investor holding Units acquired at a Purchase Price above the Issue Price may incur a loss at Maturity. In addition, the Coupon Amounts are determined by reference to the Issue Price, rather than the Purchase Price. An Investor holding Units acquired at a Purchase Price above the Issue Price will receive a lower return per Unit during the Term.

### **Currency risk**

For the MLI, direct currency risk is minimised since all payments associated with the MLI are denominated in the same currency.

### **Interest rates**

Fluctuations in interest rates can affect the value of the MLI prior to the Maturity Date.

### **Performance of the MLI may be different to the performance of the Reference Assets**

Investors should be aware that the return they receive from investing in the MLI may be less than, or greater than, the performance of the Reference Assets.

### **Potential conflicts of interest**

The Issuer and other Citi companies may be, as a result of investment banking or other engagements, in possession of material price sensitive information relating to the Delivery Assets. However, consistent with our long

standing policy to hold in confidence the affairs of our customers, we will not use confidential information obtained from customers, except in connection with our services to that customer. We may also conduct transactions as principal or as agent in various financial instruments, including the Delivery Assets and the Reference Assets. These investment banking activities, trading activities or any other activities of Citi may affect (positively or negatively) the price at which the Delivery Assets trade or the level of the Reference Assets at any point in time.

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

### ***Capital Protection***

The Final Value per Unit is protected where Capital Protection applies.

Capital Protection only applies to Units held on the relevant Maturity Date and provided that Early Maturity does not occur. Capital Protection safeguards the MLI from market risks but is subject to the credit worthiness of Citigroup Global Markets Australia Pty Limited and Citigroup Inc.

The MLI 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 MLI.

The MLI is subject to investment risks, including the risk that the fair economic value received on Early Maturity may be less than the Investment Amount.

Any Investor who acquires Units during the General Offer Period may pay a Purchase Price greater than the Issue Price. Where Capital Protection applies, the Final Value per Unit is calculated by reference to the Issue Price. Therefore, Investors who acquired their Investment at a Purchase Price greater than the Issue Price may incur a loss compared with Investors who acquired Units during the Initial Offer Period at the Issue Price.

### ***Investment decisions***

The information in this PDS is intended to provide Investors and their professional advisers with the 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 MLI and the risks, rights and obligations associated with the MLI. 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 MLI.

Readers should not rely on this PDS as the sole or principal basis for a decision to invest in the MLI, Delivery Assets or any other financial product and should seek independent financial, legal and taxation advice before making a decision to invest.

# Section 5 - Scenario analyses

The calculations and charts in this section are illustrative examples designed to indicate how an investment in the MLI could perform under different scenarios. In each of the following numerical examples, assume that the Investor has subscribed for 100,000 Units with an Investment Amount of AUD100,000 during the Initial Offer Period and does not elect to use the Agency Sale Arrangement at Maturity. Each scenario assumes that Early Maturity does not occur, the Coupon Rate is set at 12% per annum and any returns to Investors are based on Units acquired during the Initial Offer Period and not the General Offer Period.

These scenarios have been included solely so that Investors may gain insight into the possible returns that an Investor may receive over the Term of the MLI. The Coupon Amounts and Final Value per Unit calculations below are not forecasts, projections or predictions. Investors are cautioned that the Reference Asset Return, Coupon Amounts and Final Value per Unit calculations are subject to risks and uncertainties, and are not a statement about likely future performance.

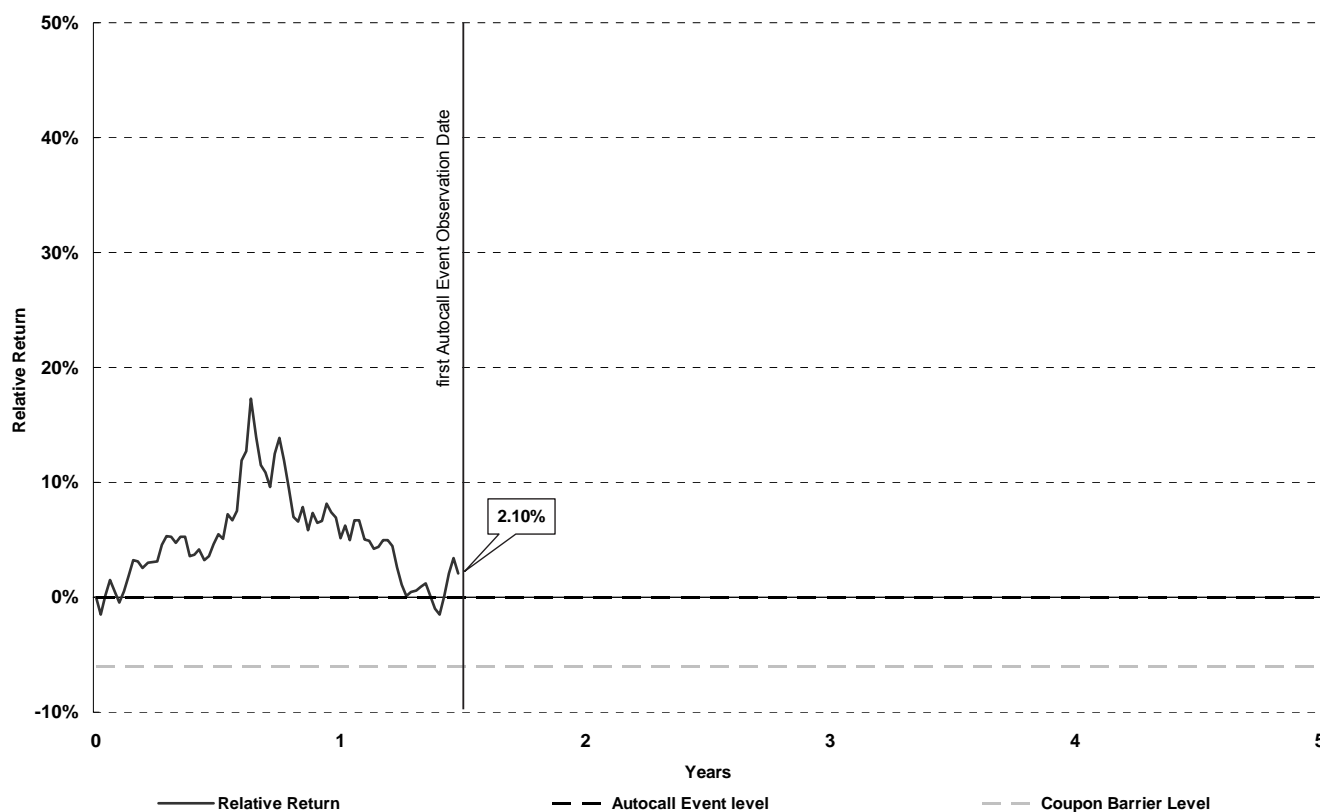
Investors whose Postal Address or Settlement Account, as provided on the Application Form, is outside Australia will be subject to interest withholding tax on Coupon Amounts paid by the Issuer. The rate of interest withholding tax is currently 10% and will be deducted from the payments shown below.

These hypothetical numerical examples do not take into consideration tax implications or any costs associated with the MLI.

Investors should be aware that their entitlement to receive the Final Value per Unit are obligations of the Issuer and Guarantor. If the Issuer and the Guarantor default on their obligations to pay any of these amounts, you will be an unsecured creditor in relation to that defaulted obligation.

## Bullish Scenario

In this first scenario, we describe an investment in the MLI where the Relative Return is continually positive throughout the first eighteen (18) months of the Term, resulting in an Autocall Event on the first Autocall Event Observation Date (i.e. eighteen (18) months after the Issue Date).



Autocall Event Observation Dates	Official Closing Level			Reference Asset Return			Relative Return **	Autocall Event occurred?
	S&P/ASX 200	HSCEI	S&P 500	S&P/ASX 200	HSCEI	S&P 500		
30-Sep-10 *	4,500	12,100	1,100	N/A	N/A	N/A	N/A	N/A
30-Mar-12	4,712	12,463	1,124	4.7%	3.0%	2.2%	0.8%	Yes

\* Investors should note that the first date in the above table is not an Autocall Event Observation Date but the expected Issue Date. It has been included merely as a reference point from which all Reference Asset Returns are calculated.

\*\* The Relative Return in the above table is shown as at the first Autocall Event Observation Date (i.e. 18 months after the Issue Date). Investors should note that the Relative Return for each Business Day in the respective Coupon Observation Periods prior to the first Autocall Event Observation Date may have varied.

The Relative Return is based on the performance of either the S&P/ASX 200 or the HSCEI (whichever provides the lower return) as against the S&P 500. The Relative Return is calculated in accordance with the following formula:

***Min (Reference Asset Return of S&P/ASX 200, Reference Asset Return of HSCEI) – Reference Asset Return of S&P 500***

*where Reference Asset Return = (Reference Level – Initial Level) / Initial Level*

On 30 March 2012, the Reference Asset Return for each Reference Asset in this example is S&P/ASX 200: 4.7%  $[(4,712 - 4,500)/4,500]$ , HSCEI: 3.0%  $[(12,463 - 12,100)/12,100]$ , S&P 500: 2.2%  $[(1,124 - 1,100)/1,100]$ . The Relative Return for this example on 30 March 2012 would then be calculated as  $\text{Min}(4.7\%, 3.0\%) - 2.2\% = 3.0\% - 2.2\% = 0.8\%$

Coupon Observation Period			Potential Coupon Amount Calculation			
No.	Initial observation date	Final observation date	Business Days where Relative Return closes at or above the Coupon Barrier Level	Business Days where Relative Return closes below the Coupon Barrier Level	Total Business Days in Coupon Observation Period	Coupon Amount (AUD)
1	4-Oct-10	30-Dec-10	57	0	57	0.03
2	31-Dec-10	30-Mar-11	57	0	57	0.03
3	31-Mar-11	30-Jun-11	56	0	56	0.03
4	5-Jul-11	30-Sep-11	61	0	61	0.03
5	3-Oct-11	30-Dec-11	58	0	58	0.03
6	3-Jan-12	30-Mar-12	57	0	57	0.03
<b>Total Coupon Amount</b>						<b>AUD 0.18</b>

In this example, an Autocall Event has occurred on the first Autocall Event Observation Date (i.e. Relative Return is greater than, or equal to, 0%), and, consequently, the MLI will terminate early on this date. Also, as can be seen in the above tables, the Coupon Amount has accrued for every Business Day up until the Autocall Event (as the Relative Return is greater than, or equal to, the Coupon Barrier Level on every Business Day up until the Autocall Event). Thus, an Investor that held 100,000 Units would receive Coupon Amounts totalling AUD 18,000 (AUD 0.18 x 100,000) during the Term.

As an example, the Coupon Amount during the first Coupon Observation Period is calculated as follows:

$$\text{Coupon Amount} = (\text{Coupon Rate} / 4) \times (n/N) \times \text{Issue Price} = (12\% / 4) \times (57/57) \times \text{AUD } 1.00 = \text{AUD } 0.03 \text{ per Unit}$$

Where:

**n** = 57 (there are a total of 57 Business Days where the Relative Return is greater than, or equal to, the Coupon Barrier Level during the Coupon Observation Period),

**N** = 57 (total of 57 Business Days during the Coupon Observation Period)

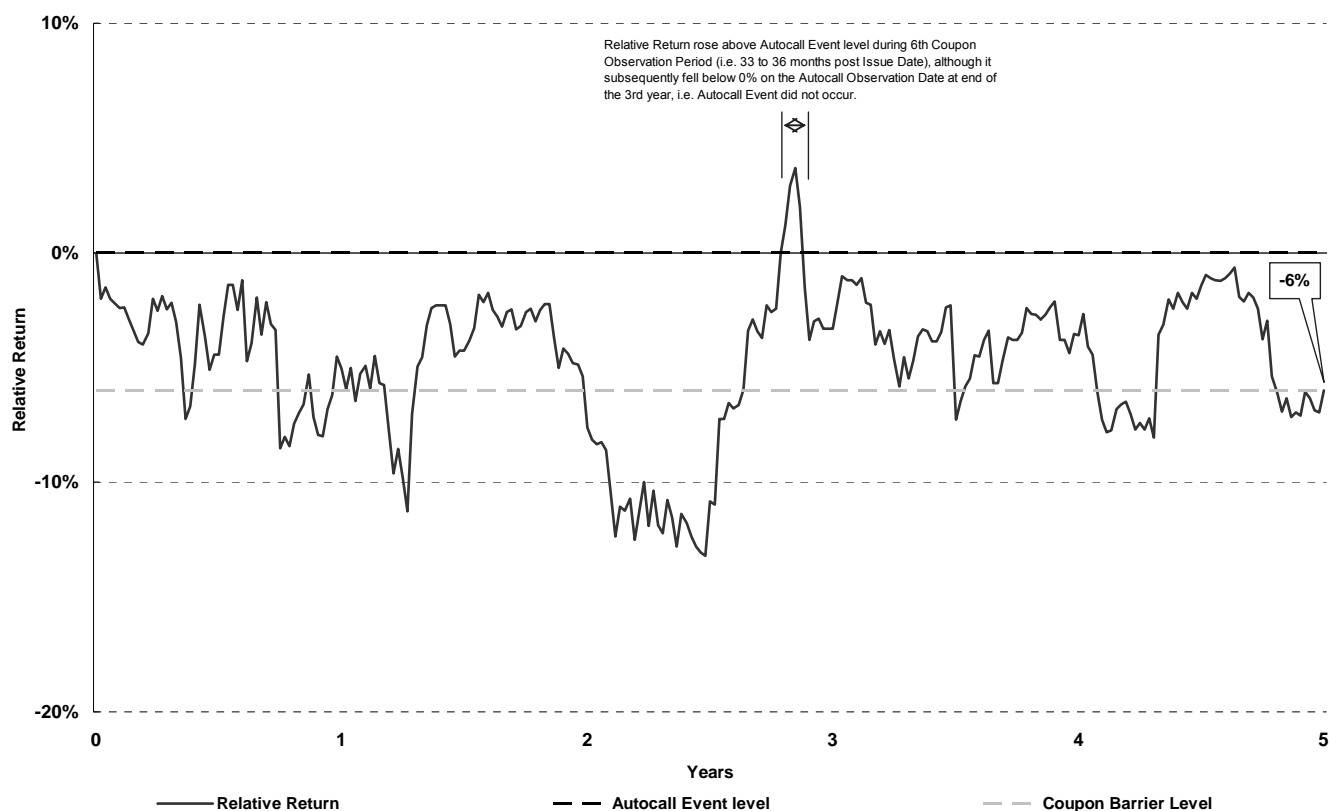
The Coupon Amount for each subsequent Coupon Observation Period is similarly calculated. As the Relative Return is greater than, or equal to, the Coupon Barrier Level on every Business Day, the investor has accrued a Coupon Amount for each Business Day up until the Autocall Event.

As the Autocall Event has occurred, the Investor would receive a Delivery Parcel representing 100% of the Investment Amount (i.e. AUD 100,000 in this example) on the Settlement Date in respect of the first Autocall Event Observation Date.

In overall terms, over the eighteen (18) month life of the Investment, the Investor would receive six (6) Coupon Amounts and a Delivery Parcel totalling AUD 118,000 (AUD 18,000 in Coupon Amounts + AUD 100,000 in Delivery Parcel).

## Moderate Scenario

In this scenario, we describe an investment in the MLI where the Relative Return continually fluctuates around the Coupon Barrier Level over the Term.



Autocall Event Observation Dates	Official Closing Level			Reference Asset Return			Relative Return **	Autocall Event occurred?
	S&P/ ASX 200	HSCEI	S&P 500	S&P/ ASX 200	HSCEI	S&P 500		
30-Sep-10 *	4,500	12,100	1,100	N/A	N/A	N/A	N/A	N/A
30-Mar-12	4,559	11,810	1,121	1.3%	-2.4%	1.9%	-4.3%	No
29-Jun-12	4,613	12,027	1,129	2.5%	-0.6%	2.6%	-3.2%	No
28-Sep-12	4,577	11,459	1,125	1.7%	-5.3%	2.3%	-7.6%	No
31-Dec-12	4,568	11,011	1,132	1.5%	-9.0%	2.9%	-11.9%	No
28-Mar-13	4,500	11,265	1,143	0.0%	-6.9%	3.9%	-10.8%	No
28-Jun-13	4,635	12,245	1,141	3.0%	1.2%	3.7%	-2.5%	No
30-Sep-13	4,590	12,185	1,144	2.0%	0.7%	4.0%	-3.3%	No
30-Dec-13	4,658	11,906	1,133	3.5%	-1.6%	3.0%	-4.6%	No
31-Mar-14	4,730	11,701	1,144	5.1%	-3.3%	4.0%	-7.3%	No
30-Jun-14	4,802	12,124	1,144	6.7%	0.2%	4.0%	-3.8%	No
30-Sep-14	4,874	12,148	1,144	8.3%	0.4%	4.0%	-3.6%	No
30-Dec-14	4,946	11,689	1,144	9.9%	-3.4%	4.0%	-7.4%	No
30-Mar-15	5,018	12,415	1,144	11.5%	2.6%	4.0%	-1.4%	No
30-Jun-15	5,094	12,124	1,144	13.2%	0.2%	4.0%	-3.8%	No
30-Sep-15	5,171	11,858	1,144	14.9%	-2.0%	4.0%	-6.0%	No

\* Investors should note that the first date in the above table is not an Autocall Event Observation Date but the expected Issue Date. It has been included merely as a reference point from which all Reference Asset Returns are calculated.

\*\* The Relative Return in the above table is shown as at each Autocall Event Observation Date throughout the term of investment. Investors should note that the Relative Return for each Business Day within the relevant Coupon Observation Periods prior to each Autocall Event Observation Date may have varied. The Relative Return is based on the performance of either the S&P/ASX 200 or the HSCEI (whichever provides the lower return) as against the S&P 500. The Relative Return is calculated in accordance with the following formula:

**Min (Reference Asset Return of S&P/ASX 200, Reference Asset Return of HSCEI) – Reference Asset Return of S&P 500**

where Reference Asset Return = (Reference Level – Initial Level) / Initial Level

On 30 March 2012, the Reference Asset Return for each Reference Asset in this example is S&P/ASX 200: 1.3% [(4,559-4,500)/4,500], HSCEI: -2.4% [(11,810-12,100)/12,100], S&P 500: 1.9% [(1,121-1,100)/1,100]. The Relative Return for this example on 30 March 2012 would then be calculated as Min (1.3%, -2.4%) – 1.9% = -2.4% - 1.9% = -4.3%.

Coupon Observation Period			Potential Coupon Amount Calculation			
No.	Initial observation date	Final observation date	Business Days where Relative Return closes at, or above, the Coupon Barrier Level	Business Days where Relative Return closes below the Coupon Barrier Level	Total Business Days in Coupon Observation Period	Coupon Amount (AUD)
1	4-Oct-10	30-Dec-10	57	0	57	0.0300
2	31-Dec-10	30-Mar-11	48	9	57	0.0253
3	31-Mar-11	30-Jun-11	56	0	56	0.0300
4	5-Jul-11	30-Sep-11	9	52	61	0.0044
5	3-Oct-11	30-Dec-11	40	18	58	0.0207
6	3-Jan-12	30-Mar-12	43	14	57	0.0226
7	2-Apr-12	29-Jun-12	57	0	57	0.0300
8	3-Jul-12	28-Sep-12	56	5	61	0.0275
9	3-Oct-12	31-Dec-12	0	57	57	0.0000
10	2-Jan-13	28-Mar-13	0	56	56	0.0000
11	2-Apr-13	28-Jun-13	32	24	56	0.0171
12	2-Jul-13	30-Sep-13	61	0	61	0.0300
13	2-Oct-13	30-Dec-13	58	0	58	0.0300
14	31-Dec-13	31-Mar-14	53	5	58	0.0274
15	1-Apr-14	30-Jun-14	51	5	56	0.0273
16	2-Jul-14	30-Sep-14	61	0	61	0.0300
17	3-Oct-14	30-Dec-14	13	44	57	0.0068
18	31-Dec-14	30-Mar-15	44	13	57	0.0232
19	31-Mar-15	30-Jun-15	59	0	59	0.0300
20	2-Jul-15	30-Sep-15	14	47	61	0.0069
<b>Total Coupon Amount</b>						<b>AUD 0.4193</b>

In this example, no Autocall Event occurs and, consequently, the MLI runs for the full five (5) year term. Also, as can be seen in the above tables, the Coupon Amount has accrued for some, but not all, Business Days during the Term (as the Relative Return is not greater than, or equal to, the Coupon Barrier Level on every Business Day). Thus, an Investor that held 100,000 Units would receive twenty (20) Coupon Amounts totalling AUD 41,930 (AUD 0.4193 x 100,000) during the Term.

As an example, the Coupon Amount during the first Coupon Observation Period is calculated as follows:

$$\text{Coupon Amount} = (\text{Coupon Rate} / 4) \times (n/N) \times \text{Issue Price} = (12\% / 4) \times (57/57) \times \text{AUD } 1.00 = \text{AUD } 0.03 \text{ per Unit.}$$

Where:

**n** = 57 (there are a total of 57 Business Days where the Relative Return is greater than, or equal to, the Coupon Barrier Level during the Coupon Observation Period),

**N** = 57 (total of 57 Business Days during the Coupon Observation Period).

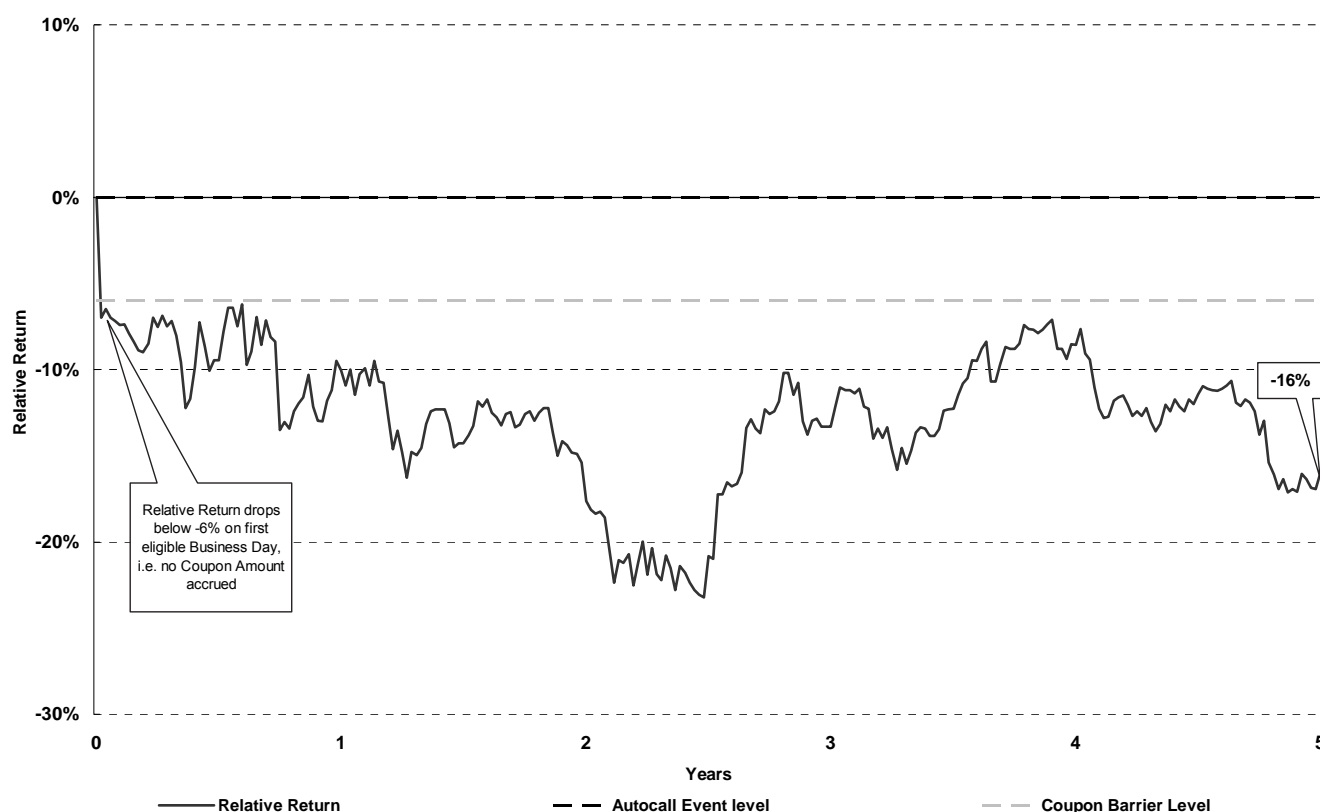
The Coupon Amount for each subsequent Coupon Observation Period is similarly calculated

As no Autocall Event has occurred, the Investor would receive a Delivery Parcel representing 100% of the Investment Amount (i.e. AUD 100,000 in this example) on the Settlement Date in respect of the Maturity Date.

In overall terms, over the five (5) year life of the Investment, the Investor would receive twenty (20) Coupon Amounts and a Delivery Parcel totalling AUD 141,930 (AUD 41,930 in Coupon Amounts + AUD 100,000 in Delivery Parcel).

## Bearish Scenario

In this scenario, we describe an investment in the MLI where the Relative Return is continuously lower than the Coupon Barrier Level over the Term.



Autocall Event Observation Dates	Official Closing Level			Reference Asset Return			Relative Return **	Autocall Event occurred?
	S&P/ASX 200	HSCEI	S&P 500	S&P/ASX 200	HSCEI	S&P 500		
30-Sep-10*	4,500	12,100	1,100	N/A	N/A	N/A	N/A	N/A
30-Mar-12	5,184	15,090	1,424	15.2%	24.7%	29.5%	-14.3%	No
29-Jun-12	4,926	15,269	1,342	9.5%	26.2%	22.0%	-12.5%	No
28-Sep-12	4,679	16,584	1,313	4.0%	37.1%	19.4%	-15.4%	No
31-Dec-12	4,445	16,873	1,307	-1.2%	39.4%	18.8%	-20.0%	No
28-Mar-13	4,223	15,739	1,262	-6.2%	30.1%	14.7%	-20.9%	No
<i>up until</i>	...	...	...	...	...	...	...	...
30-Sep-15	3,621	13,494	1,061	-19.5%	11.5%	-3.5%	-16.0%	No

\* Investors should note that the first date in the above table is not an Autocall Event Observation Date but the expected Issue Date. It has been included merely as a reference point from which all Reference Asset Returns are calculated.

\*\* The Relative Return in the above table is shown as at each Autocall Event Observation Date throughout the term of investment. Investors should note that the Relative Return for each Business Day within the relevant Coupon Observation Periods prior to each Autocall Event Observation Date may have varied. The Relative Return is based on the performance of either the S&P/ASX 200 or the HSCEI (whichever provides the lower return) as against the S&P 500. The Relative Return is calculated in accordance with the following formula:

**$\text{Min}(\text{Reference Asset Return of S\&P/ASX 200}, \text{Reference Asset Return of HSCEI}) - \text{Reference Asset Return of S\&P 500}$**

where  $\text{Reference Asset Return} = (\text{Reference Level} - \text{Initial Level}) / \text{Initial Level}$

On 30 March 2012, the Reference Asset Return for each Reference Asset in this example is S&P/ASX 200: 15.2% [(5,184-4,500)/4,500], HSCEI: 24.7% [(15,090-12,100)/12,100], S&P 500: 29.5% [(1,424-1,100)/1,100]. The Relative Return for this example on 30 March 2012 would then be calculated as  $\text{Min}(15.2\%, 24.7\%) - 29.5\% = 15.2\% - 29.5\% = -14.3\%$ .

Coupon Observation Period			Potential Coupon Amount Calculation			
No.	Initial observation date	Final observation date	Business Days where Relative Return closes at, or above, the Coupon Barrier Level	Business Days where Relative Return closes below the Coupon Barrier Level	Total Business Days in Coupon Observation Period	Coupon Amount (AUD)
1	4-Oct-10	30-Dec-10	0	57	57	0.00
2	31-Dec-10	30-Mar-11	0	57	57	0.00
3	31-Mar-11	30-Jun-11	0	56	56	0.00
...	<i>up until</i>	...	...	...	...	...
24	2-Jul-15	30-Sep-15	0	61	61	0.00
<b>Total Coupon Amount</b>						<b>AUD 0.00</b>

In this example, no Autocall Event occurs and, consequently, the MLI runs for the full five (5) year term. Also, as can be seen in the above tables, no Coupon Amount has accrued for any Business Days during the Term (as the Relative Return is lower than the Coupon Barrier Level on every Business Day throughout the relevant Coupon Observation Periods). Thus, an Investor that held 100,000 Units would receive no Coupon Amounts during the Term.

As an example, the Coupon Amount during the first Coupon Observation Period is calculated as follows:

$$\text{Coupon Amount} = (\text{Coupon Rate} / 4) \times (n/N) \times \text{Issue Price} = (12\% / 4) \times (0/57) \times \text{AUD } 1.00 = \text{AUD } 0.00 \text{ per Unit}$$

Where:

$n = 0$  (there are a total of zero (0) Business Days where the Relative Return is greater than, or equal to, the Coupon Barrier Level during the Coupon Observation Period)

$N = 57$  (total of 57 Business Days in the Coupon Observation Period).

The Coupon Amount for each subsequent Coupon Observation Period is similarly calculated..

As no Autocall Event has occurred, the Investor would receive a Delivery Parcel representing 100% of the Investment Amount (i.e. AUD 100,000 in this example) on the Settlement Date in respect of the Maturity Date.

In overall terms, over the five (5) year life of the Investment the Investor would receive Coupon Amounts and a Delivery Parcel totalling AUD 100,000 (AUD 0 in Coupon Amounts + AUD 100,000 in Delivery Parcel).

# Section 6 - Fees associated with the MLI

Investors do not pay any direct fees to the Issuer associated with an investment in the MLI.

There will be no commission, establishment fee or ongoing management fee payable to the Issuer in respect of the MLI.

There may be relevant fees or commissions payable by the Investor to their broker or financial adviser in respect of Units issued at the Purchase Price. These fees are not charged by the Issuer.

If Early Maturity occurs, the Issuer may charge the Investor any Costs and Taxes and 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, unwind 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 the MLI and its responsibilities as Issuer of the MLI. However, the calculation of the Relative Return, Coupon Amounts and Final Value per Unit is as set out in this PDS and is independent of any income or profits earned by the Issuer.

The Issuer will pay to distributors, including Citigroup Pty Limited, an upfront Distributor Fee of up to 3.00% (including GST if applicable) of the Investment Amount.

These fees are payable by the Issuer out of its own funds and are not an additional cost to the Investor, nor are these fees deducted from the Investment Amount.

Fees and Costs	Amount	How and when paid
<b>Distributor Fee:</b> An upfront fee payable in connection with the distribution of the MLI	Up to 3.00% (including GST if applicable) of the Investment Amount	This upfront fee is paid by Citi at no additional cost to Investors

For example, if you invest AUD 1,000,000, the Distributor Fee payable by the Issuer to the distributor would be up to AUD 30,000 (i.e. AUD 1,000,000 x 3.00%). This is paid by the Issuer to the distributor at no additional cost to Investors.

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 the disclosure of all fees. Investors should always discuss fees and their benefits with a financial adviser.

# Section 7 - Information about the Issuer and Guarantor

## Who are the Issuer and the Guarantor?

The Issuer of the MLI is Citigroup Global Markets Australia Pty Limited. The Issuer is a wholly owned subsidiary of Citigroup Inc., and a member of the Citigroup Inc. group of companies ("Group"). Citigroup Inc. guarantees the performance of the Issuer's obligations under this PDS and the Terms, but does not guarantee the performance of the MLI.

The Issuer has previously provided credit rating information in retail disclosure documents. However, due to changes in the regulatory environment, most credit rating agencies are no longer consenting to the inclusion of credit rating information in retail disclosure documents issued in Australia. Therefore no credit ratings have been included in this document.

The Group has been in the Asia Pacific region for more than one hundred (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. is a leading global financial services company, has more than 200 million customer accounts and does business in more than 140 countries, providing consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, and wealth management. Additional information may be found at [www.citigroup.com](http://www.citigroup.com) or [www.citi.com](http://www.citi.com).

At 31 December 2009, Citi had approximately 265,300 full-time employees and 3,700 part-time employees.

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

## Citi 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. 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 [www.citifirst.com.au/about\\_us.html](http://www.citifirst.com.au/about_us.html).

Hard copies of those financial statements can be obtained free of charge by calling Citi on 1300 30 70 70.

**No Citi company other than the Issuer makes any statement or representation in this PDS.**

# Section 8 - Tax considerations

This section is general in nature and does not take into account the specific taxation circumstances of each Investor. The Issuer is not in the business of providing tax advice and cannot be relied upon to do so. Accordingly, Investors should not rely on this section and should obtain taxation advice specific to their own circumstances.

This section is a summary of the taxation consequences arising for Investors who are Australian resident taxpayers, including individuals, companies, trusts, and complying superannuation funds, who hold the MLI on capital account to Maturity, and who take physical delivery of the Delivery Assets on the Settlement Date and hold the Delivery Assets for the purpose of deriving assessable dividends, rather than utilising the Agency Sale Arrangement.

This section is based on the law, and administrative practice of the ATO, as at the date of this PDS. Subsequent changes in the law or its administration by the ATO may affect the tax consequences to Investors.

## Coupon Amounts

Investors should include the Coupon Amounts in their assessable income in the year they are received.

## Capital Gains Tax

For Investors who invest during the Initial Offer Period a capital gain or loss cannot arise on the Maturity Date of the MLI.

For Investors who invest during the General Offer Period, the Investment Amount may be greater or less than the Issue Price. Accordingly a gain or loss may arise on the Maturity Date of the MLI. Based on the approach adopted by the ATO in Taxation Determination TD 2008/21, any gain or loss on Maturity of the MLI should be on capital account and subject to Capital Gains Tax.

Investors should note that any gain or loss would not be on capital account where the transaction was entered into as an ordinary incident of carrying on a business or in a business operation or commercial transaction carried out with a profit-making purpose by the Investor. Such Investors should obtain tax advice specific to their circumstances as the comments below do not apply to them.

Based on the approach adopted by the ATO in Taxation Determination TD 2008/22, Investors will be subject to Capital Gains Tax on the Maturity Date of the MLI whether or not they take delivery of the Delivery Assets or elect to sell the Delivery Assets using the Agency Sale Arrangement.

The amount of any capital gain or loss will be the market value of the MLI at the Maturity Date less the Investment Amount paid by the Investor on Application. For Investors who invest during the Initial Offer Period this amount will

be nil. For Investors who invest during the General Offer Period this amount will be the difference between the Issue Price and their Purchase Price.

A capital loss realised by the Investor may be applied to offset capital gains (before any discounting) 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.

A capital gain computed above should first be reduced by any capital losses from other sources before applying any CGT discount. Investors who hold the MLI for at least twelve (12) months, who are natural persons, should apply the 50% CGT discount to the amount of any capital gain. Investors who hold the MLI for at least twelve (12) months, who are trusts or complying superannuation funds, should apply the one-third CGT discount.

Regardless of whether they invested during the Initial Offer Period or the General Offer Period, Investors who take delivery of the Delivery Assets on the Settlement Date rather than utilising the Agency Sale Arrangement will be subject to Capital Gains Tax upon any subsequent sale of the Delivery Assets. Based on the approach adopted by the ATO in Taxation Determination TD 2008/22, the amount of that capital gain or loss will be the sale proceeds of the Delivery Assets less the market value of the MLI at the Maturity Date. Accordingly, the capital gain or loss on sale of the Delivery Assets will only reflect the change in value of the Delivery Assets after the Maturity Date of the MLI. Investors who hold the Delivery Assets for at least twelve (12) months after the Maturity Date of the MLI, should apply the CGT discount to the amount of any capital gain on the same basis as discussed above.

## Discount Securities

The return on discount securities is brought to tax on an accruals basis over the life of the security. Based on the approach adopted by the ATO in Tax Determination TD 2008/21, the MLI should not be regarded as a discount security.

## Traditional Securities

Gains and most losses on disposal or maturity of traditional securities are excluded from being on capital account. However, based on the approach adopted by the ATO in Taxation Determination TD 2008/21, the MLI should not be regarded as a traditional security.

## Financial Arrangements

An investment in the MLI may constitute a financial arrangement. New rules for the taxation of financial arrangements apply to financial arrangements acquired after 1 July 2010. However, unless Investors elect otherwise, on the basis that the MLI is not a discount

security, the financial arrangement rules will not apply to the MLI for those Investors who are:

- individuals; or
- superannuation funds, or managed investment schemes, with assets of less than \$100 million; or
- non-financial sector investors with assets of less than \$300 million, financial assets less than \$100 million, and turnover less than \$100 million.

Other Investors should obtain tax advice in relation to the application of the financial arrangement rules specific to their own circumstances.

### **General Anti-Avoidance Rule**

The Tax Act contains a general anti-avoidance rule which gives the ATO power to cancel a tax benefit where a taxpayer enters into a scheme where there was a dominant purpose of deriving the tax benefit. While the application of this rule can only be determined by considering the specific circumstances of each Investor, in general the rule should not apply to Investors in the MLI.

### **GST**

The MLI should not give rise to any liability for Investors to pay Goods & Services Tax.

# Section 9 - Additional information

## Consents

Freehills has given, and not withdrawn, its written consent to being named as lawyers to the issue in the form and context in which it is named. Freehills has not provided any taxation advice in, or in relation to, this PDS and has not authorised or caused the issue of this PDS. Freehills does not make, or purport to make, any statement in this PDS or any statement on which a statement in this PDS is based except as stated in this paragraph. Freehills takes no responsibility for any part of this PDS to the maximum extent permitted by law other than references to its name to which it has consented.

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

## 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 MLI.

Freehills will receive fees for its professional services in connection with this PDS as advisers to the Issuer. Some partners of Freehills may, from time to time, have an interest in the MLI, the Delivery Assets, the Reference Assets or securities 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 MLI, the Reference Assets or the Delivery Assets except that:

- the Issuer earns brokerage at normal commercial rates on transactions in relation to the MLI which it undertakes. This is at no additional cost to the Investor;
- Citigroup Inc. group 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 Inc. group company, participate in these incentive remuneration arrangements;
- the Issuer and its related bodies corporate, as part of its investment banking and stock-broking business, may, from time to time, advise or act for the issuer of the Reference Assets or the financial instruments dependent on the Delivery Asset, or advise or act for other clients in relation to an Index Provider, the Reference Assets or the issuer of the Delivery Asset, or publish research reports on an Index Provider or the

Delivery Asset. Investors will not be notified of these activities, or the content of such reports; and

- the Issuer or an associate or related body corporate may from time to time hold securities or financial instruments dependent on the Delivery Assets for trading purposes, including market making, or to hedge the MLI. Related bodies corporate of the Issuer may deal in securities, financial instruments dependent on the Delivery Assets, options and other derivative contracts in respect of them.

## 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 (such as distributors of the MLI and your licensed broker or financial adviser) during the course of managing the MLI is required to process your MLI Application, manage your Investment and comply with relevant laws.

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

We may also disclose information about you to process your Application, manage your Investment, comply with relevant laws or as otherwise permitted under the *Privacy Act 1988* (Cth).

We store information about you in databases which may be maintained outside Australia by other Citigroup Inc. group companies. On request, we will provide you with a copy of any personal information which 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, issue the MLI 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 Citi Privacy Officer:

Citi Privacy Officer  
 GPO Box 204  
 Sydney NSW 2001  
 Telephone: +61 2 8225 1000  
 E-mail: [privacy.officer@citi.com.au](mailto:privacy.officer@citi.com.au)

# Section 10 - Terms and conditions

## Market Linked Investment ("MLI")

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 MLI. 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 Initial Offer Closing Date for Investments where Units will be issued at the Issue Price, or, if applicable, the Purchase Date for Investments where Units will be issued at the Purchase Price; and
- (b) by ensuring that an amount equal to the Investment Amount is received by the Issuer in cleared funds by the Initial Offer Closing Date or, if applicable, the Purchase Date.

### 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 Initial Offer Closing Date or, if applicable, the Purchase Date (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 or, if applicable, the Purchase Date.
- (c) Subject to clause 1.3(d), for each AUD 1.00 of Investment Amount paid by the Initial Offer Closing Date, the Applicant will be entitled to one Unit. For Applications received after the Initial Offer Closing Date, the Applicant will be entitled to the number of Units equal to the Investment Amount divided by the Purchase Price.

- (d) Within 10 Business Days after the Issue Date or, if applicable, the Purchase 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 of these Terms). Following Maturity, the Issuer will deliver the Delivery Parcel to the Investor in accordance with clause 3 of these Terms.

### 2.2. Payment of the Investment Amount

- (a) The Investor must pay the Investment Amount to the Issuer in cleared funds by the Initial Offer Closing Date or, if applicable, the Purchase Date.
- (b) The minimum Investment Amount that will be accepted by the Issuer under these Terms is the Minimum Investment Amount set out in the Term Sheet.

## 3. Maturity and Settlement of deferred purchase

### 3.1. Notice of Maturity

The Issuer will give a Maturity Notice to the Investor approximately 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 Issuer:
  - (i) does not receive the Investor's Maturity Notice by the Closing Time; or
  - (ii) receives the Investor's Maturity Notice 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 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 after 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 Official Closing Level on the Trading Day immediately following the Maturity Date; 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 Official Closing Level on the Trading Day immediately following the Maturity Date, 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. Payment of Coupon Amounts by the Issuer

In respect of each MLI held on a Coupon Calculation Date, the Issuer must pay the Coupon Amount applicable to that MLI as set out in the Term Sheet on the Coupon Payment Date for that Coupon Calculation Date.

Every Quarter, the Investor will also receive a notice from the Issuer which sets out how the Coupon Amount for the respective Coupon Observation Period has been calculated.

### 3.6. Satisfaction of obligations

- (a) Upon delivery of the Delivery Parcel to the Investor in accordance with this clause 3 or payment by the Issuer (or its nominee) to the Investor of the relevant amount in respect of the Delivery Parcel under clause 3.4(c), and any payment of amounts due under clause 3.5, the Issuer's obligations to the Investor under these Terms are satisfied and discharged.

### 3.7. 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 fraction of a Delivery Asset (including the Portion) would otherwise be transferable by the Issuer on the Settlement Date, the Issuer may keep that fraction of the Delivery Asset and cause to be paid to the Investor (within 10 Business Days after the Settlement Date or as soon as reasonably practicable thereafter) an amount equal to the value of the fraction of the Delivery Asset forgone based on the Official Closing Level on the Trading Day immediately following the Maturity Date, provided that such amount exceeds

twenty Australian dollars (AUD 20). If the amount does not exceed twenty Australian dollars (AUD 20), the Issuer is entitled to keep that amount and is under no obligation to the Investor to make any payment for the fraction of the Delivery Asset. Upon performance of its obligations under this clause, the Issuer is discharged of its obligation to deliver the fraction of the Delivery Asset.

### 3.8. Autocall Events

- (a) The Issuer will give a Maturity Notice to an Investor approximately 20 Business Days before each Autocall Event Observation Date.
- (b) In relation to each Maturity Notice, clause 3.2 applies as if a reference to 'Closing Time' was a reference to 5:00 pm Sydney time on the Trading Day immediately prior to the Autocall Event Observation Date.
- (c) If an Autocall Event occurs, then clauses 3.3 to 3.7 (inclusive) apply as if the Maturity Date is the Autocall Event Observation Date on which the Autocall Event occurred.

## 4. Early Maturity

### 4.1. Early Maturity by the Issuer

The Issuer may at any time (in its absolute discretion) nominate or declare 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 that 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 there is a suspension or material limitation of trading in financial products generally on a Relevant Exchange on which the Delivery Asset or Reference Assets are traded for a period of 24 hours or more;
- (d) where there is a suspension or material limitation of trading in the Delivery Assets or the Reference Assets traded on a Relevant Exchange (or any successor) for a period of 24 hours or more;
- (e) 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;
- (f) a Hedging Event as described in clause 5.2; or

- (g) 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 (f) 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 Early Maturity on a weekly basis by completing and giving the Investor Sale Form to the Issuer. Early Maturity can only be requested in respect of the full amount of the Investor's MLI. 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 after the request is received and will complete accordingly.

### 4.3. Determination that there will be 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 Early Maturity and may specify a date as the Early Maturity Date. The Issuer will give written notice of the Early Maturity Date to each Investor within 10 Business Days after declaring an Early Maturity Event.

### 4.4. Early Maturity mechanism

- (a) If the Issuer determines that there will be Early Maturity in accordance with clause 4.1 only or if the Investor has requested Early Maturity, 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 Exit Payment 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 Exit Payment to the Investor's Settlement Account (or by paying the Exit Payment by cheque to the Investor if no Settlement Account is nominated) within 10

Business Days after 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 Exit Payment in accordance with clause 4.4(a)(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 Early Maturity by the Issuer under clause 4.1 only or if the Investor has requested Early Maturity, 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:

***Delivery Parcel =***

***Early Maturity Value × no. of Units held by Investor***

***Official Closing Level for the Delivery Asset on the Trading Day immediately following the Early Maturity Date***

#### **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 Early Maturity, in accordance with clause 4.4(a)) except that the Issuer may substitute any other security or managed investment product quoted and trading on a Relevant Exchange operated by ASX (including any other security or any other fund or entity listed on ASX, provided that other security or managed investment product is in a class of financial products that is a constituent of the S&P/ASX 200 Price Index) for the Delivery Asset and deliver that substituted security or managed investment product in accordance with these Terms as if the definition of "Delivery Asset" was amended to refer to the substituted security.

#### **4.6. Capital Protection does not apply to Early Maturity**

If there is Early Maturity, whether it arises because of an Early Maturity Event or because the Investor has requested Early Maturity, Capital Protection will not apply and the Issuer does not guarantee to deliver to the Investor a Delivery Parcel either based on the Final Value per Unit or equal to the Issue Price. For the avoidance of doubt, where there is 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(c).

#### **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 or managed investment product quoted and trading on a Relevant Exchange operated by ASX, where that other security or managed investment product is in a class of financial products that is a constituent of the S&P/ASX 200 Price Index; and/or
- (b) substitute the Reference Assets with another reference asset at the discretion of the Issuer;
- (c) adjust or amend any variable, formula, amount or calculation as set out or used in these Terms (including without limitation the Term Sheet); and/or
- (d) adjust, amend or substitute the definition of Delivery Asset and/or vary any of the terms referred to in the PDS under the heading "Changes to the Delivery Assets or 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,
- (f) substitute an index with any other index at the discretion of the Issuer,

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 or declare 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 any day 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 the MLI, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s) (a "Hedging Disruption"); or
- (b) on any day 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 the MLI, 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 credit worthiness 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 the MLI and, if so, the Issuer may make such adjustments (as described in clause 5.1 above) to any of the Terms of the MLI 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 MLI an Investor holds, the Investor receives a Beneficial Interest on the Issue Date or, if applicable, the Purchase Date. The Investor holds the Beneficial Interest until the earlier of Maturity or transfer of each MLI 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 or, if applicable, the Purchase Date until the Maturity Date 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 nominee) has all the powers that a natural person would have in relation to the Portions, subject to these Terms.

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

When an Investor deals with an MLI 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 MLI. For example, when an Investor (the "old holder") transfers an MLI to another person (the "new holder"):

- (a) all the rights and obligations that attach to that MLI, including the Beneficial Interest, are transferred from the old holder to the new holder;
- (b) the old holder's interest in the MLI will be removed from the Register and the new holder will be added to the Register; and
- (c) the old holder ceases to have any rights in relation to the MLI or the Beneficial Interest.

If any Investor purports to deal with an MLI 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 MLI, or if any Investor purports to contract out of this clause in any way, any such dealing will be void and the MLI and the Beneficial Interest will remain with the Investor recorded on the Register.

At the Maturity Date, the Portion will form part of each Delivery Parcel, 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 Sale 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 (subject to clause 3.6(b)).

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 charges payable by:
  - (i) the Investor in relation to or in connection with these Terms; or
  - (ii) 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 (including GST) and other charges, if any, payable by:
  - (i) the Investor in relation to or in connection with these Terms; or

- (ii) 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 MLI 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 MLI or the Investor and the Investor is not a resident or national of any jurisdiction where the Application for or the Maturity of the MLI 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 8 of this 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 its 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; and
  - (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 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 (2) Business Days after posting; or
  - (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 a 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 corresponding Denomination specified in the Term Sheet. All calculations will be performed in currency specified as the "Denomination" in the Term Sheet and any necessary foreign exchange will be calculated by applying the AUD spot rate as at the date of that calculation.

### 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 a director, secretary or authorised officer of 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**

For valuable consideration the Investor irrevocably appoints the Issuer, its nominees and any of their directors and secretaries or any employee whose title includes the words "director", "head" or "manager" severally as attorney of the Investor to do (either in the name of the Investor or the name of the attorney) all acts and things that the Investor is obliged to do under the 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.
- (c) 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.
- (d) When an Investor deals with an MLI in a manner that does not involve the transfer of legal ownership of the MLI, the Issuer has no duty to record the dealing on the Register. Each

Beneficial Interest corresponding to a particular MLI will pass to a new investor upon registration of a transfer of the MLI in the Register. The Issuer and the registrar are entitled to rely on the Register as the definitive record of ownership of MLIs.

#### **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 Postal 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

- (a) The words defined in the Term Sheet have a meaning ascribed to them in the Term Sheet.
- (b) 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 Delivery Asset;

**"Adjustment Event"** means, in respect of each Reference Asset, and each Delivery Asset (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); or
  - (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; or

- (b) where the Relevant Asset is an index:

- (i) the Relevant Asset is suspended or ceases to be published for a period of 24 hours or more;

- (ii) the Relevant Asset is not calculated and announced by the Index Provider, but is calculated and announced by a successor to the Index Provider;
- (iii) the Relevant Asset is replaced by a successor index using the same or a substantially similar formula for and method of calculation;
- (iv) there is a Suspension or material limitation on trading of securities generally on a Relevant Exchange for a period of 24 hours or more; or
- (c) 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) or (b) above occurring; or
- (d) 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; or
- (e) any circumstances arise which are described in the PDS as potentially giving rise to an Adjustment Event; or
- (f) any other event which the Issuer reasonably declares to be an Adjustment Event;

**"AFSL"** means Australian Financial Services Licence;

**"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;

**"All Ordinaries"** means the index known as All Ordinaries Index;

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

**"Application"** means an offer by the Applicant 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 or available on the Issuer's website at [www.citifirst.com.au](http://www.citifirst.com.au);

**"APRA"** means Australian Prudential Regulation Authority;

**"ASIC"** means Australian Securities and Investment Commission;

**"ASTC"** means the ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532);

**"ASTC Settlement Rules"** means the settlement rules of the ASTC as amended or varied from time to time;

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

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

"**ASX Group**" is comprised of ASXO, ASX and any of its related bodies corporate;

"**ASXO**" means ASX Operations Pty Ltd (ABN 42 004 523 782);

"**ATO**" means the Australian Taxation Office;

"**AUD**" means Australian currency;

"**Autocall Event**" has the meaning given in the Term Sheet;

"**Autocall Event Observation Date**" has the meaning given in the Term Sheet;

"**Beneficial Interest**" means the equitable interest in the Portion of Delivery Assets, which is part of each MLI;

"**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 MLI;
- (b) the termination or reversal of any arrangements or hedge position entered into by the Issuer in connection with any MLI which is terminated early; or
- (c) any loss of profits that the Issuer may suffer by reason of the early termination of a MLI;

"**Business Day**" means a day on which all of the relevant stock exchanges are open for business in Sydney, Hong Kong and New York, but does not include a Saturday, Sunday or public holiday;

"**Capital Gains Tax**" or "**CGT**" each mean the provisions of the Tax Act dealing with the taxation of capital gains;

"**Capital Protection**" has the meaning given in the Term Sheet;

"**CBA**" means Commonwealth Bank of Australia;

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

"**CHES**" means Clearing House Electronic Sub-register System;

"**Citi**" means the Issuer (being Citigroup Global Markets Australia Pty Limited);

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

"**Confirmation**" means a notice given by the Issuer to an Investor in relation to each Application confirming the terms of the MLI, including the relevant Issue Date or Purchase Date (if applicable), Maturity Date, Coupon Rate, Term and number of Units issued;

"**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 Arrangement, if applicable;

"**Coupon Amount**" has the meaning given in the Term Sheet;

"**Coupon Barrier Level**" has the meaning given in the Term Sheet;

"**Coupon Calculation Dates**" has the meaning given in the Term Sheet;

"**Coupon Observation Dates**" has the meaning given in the Term Sheet;

"**Coupon Payment Dates**" has the meaning given in the Term Sheet;

"**Coupon Observation Period**" has the meaning given in the Term Sheet;

"**Coupon Rate**" has the meaning given in the Term Sheet;

"**Delivery Asset**" means the security specified in the Term Sheet as the "Delivery Asset" (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, subject to clause 4.4(c) of the Terms, the number of Delivery Assets to be delivered by the Issuer to the Investor on the Settlement Date as determined by the following formula:

$$\frac{\text{Final Value per Unit} \times \text{no. of Units held by Investor}}{\text{Official Closing Level for the Delivery Asset on the Trading Day immediately following the Maturity Date}}$$

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

"**Distributor Fee**" has the meaning given in the "Fees" section of the Term Sheet;

"**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 Early Maturity will take place on the specified Early Maturity Date;

**"Early Maturity Value"** means the fair economic value of a Unit 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 Unit 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 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;

**"Exit Payment"** 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 Exit Payment, the Issuer may adjust the Exit Payment for any costs, losses or expenses that it incurs in relation to 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;

**"Fees"** has the meaning given in the Term Sheet;

**"Final Value per Unit"** has the meaning given in the Term Sheet;

**"General Offer Period"** has the meaning given in the Term Sheet;

**"GST"** means goods and services tax and has the same meaning as in the *A New Tax System (Goods & Services Tax) Act 1999* (Cth) as amended from time to time, or in any subsequent act dealing with a tax of a similar nature;

**"Guarantor"** has the meaning given in the Term Sheet;

**"Hedging Disruption"** has the meaning given in clause 5.2(a) of these Terms;

**"Hedging Event"** has the meaning given in clause 5.2 of these Terms;

**"HIN"** means Holder Identification Number;

**"HSCEI"** means the index known as the Hang Seng China Enterprises Index;

**"Increased Cost of Hedging"** has the meaning given in clause 5.2(b) of these Terms;

**"Index Provider"** means the entity who is responsible for the calculation and dissemination of an index.

**"Initial Level"** has the meaning given in the Term Sheet;

**"Initial Offer Closing Date"** has the meaning given in the Term Sheet;

**"Initial Offer Opening Date"** has the meaning given in the Term Sheet;

**"Initial Offer Period"** has the meaning given in the Term Sheet;

**"Investment"** has the meaning given in the Term Sheet;

**"Investment Amount"** has the meaning given in the Term Sheet;

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

**"Investor Sale Form"** means the form used to request Early Maturity, located at the back of this PDS or available on the Issuer's website at [www.citifirst.com.au](http://www.citifirst.com.au);

**"Issue Date"** has the meaning given in the Term Sheet;

**"Issue Price"** has the meaning given in the Term Sheet;

**"Issuer"** has the meaning given in the Term Sheet;

**"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 Early Maturity under clause 4 of these Terms, 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 clauses 3.1 or 4.4(a) of these Terms as the case may be;

**"Minimum Investment Amount"** has the meaning given in the Term Sheet;

**"MLI"** means a deferred purchase agreement between the Issuer and the Investor 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. The total number of Units held by the Investor will be notified by the Issuer to the Investor in the notice provided by the Issuer in accordance with clause 1.3(d) of the Terms;

**"Official Closing Level"** means:

- (a) for the purpose of determining the Official Closing Level of the Delivery Assets at the Maturity Date, either the price paid by the Issuer to acquire the Delivery Assets or the amount determined in accordance with paragraph (b);

- (b) in respect of a security on a specified day, the last traded price of the security as reported and disseminated by the Relevant Exchange at the close of trading on the Relevant Exchange on that specified day (or in the case of a day that is not a Trading Day, the Trading Day immediately following the specified day), unless it is not possible to determine the price of the security at that time, in which case the Issuer may either:
- (i) nominate another time to determine the Official Closing Level; or
  - (ii) determine the Official Closing Level to be the price determined by the Issuer as its best estimate of the security value at the close of trading on the Relevant Exchange on the specified day; or
- (c) in respect of an exchange traded financial product on a specified day, the last traded price of the financial product as reported and disseminated by the Relevant Exchange at the close of trading of that Relevant Exchange (or in the case of a day that is not a Trading Day, the Trading Day immediately following the specified day), unless it is not possible to determine the price of the financial product at that time, in which case the Issuer may either:
- (i) nominate another time to determine the Official Closing Level; or
  - (ii) determine the Official Closing Level to be the price determined by the Issuer as its best estimate of the financial product at the close of trading of the Relevant Exchange on the specified day; or
- (d) in respect of an index on a specified day, the official closing level of the index, at the close of trading of the Relevant Exchange, as reported by the price source;

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

**"Postal Address"** means the postal address nominated by the Investor as the Postal Address in the Application Form completed by the Investor;

**"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 MLI;

**"Purchase Date"** has the meaning given in the Term Sheet;

**"Purchase Price"** has the meaning given in the Term Sheet;

**"Quarter"** or **"Quarterly"** means a period of three (3) calendar months;

**"Reference Asset"** has the meaning given in the Term Sheet;

**"Reference Asset Return"** has the meaning given in the Term Sheet;

**"Reference Level"** has the meaning given in the Term Sheet;

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

**"Relative Return"** has the meaning given in the Term Sheet;

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

- (a) any security, the primary exchange upon which that security is traded;
- (b) any exchange traded financial product, the primary exchange upon which that financial product is traded; and
- (c) an index, the primary exchange upon which the financial products which primarily constitute that index are traded,

as determined in the absolute discretion of the Issuer;

**"S&P/ASX 200"** means the index known as the S&P/ASX 200 Price Index;

**"S&P 500"** means the index known as the S&P 500 Index;

**"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 (including the Portion) sold multiplied by the Official Closing Level on the Trading Day immediately following the Maturity Date less any Costs and Taxes applicable to the sale of the Delivery Parcel (subject to clause 3.4 of these Terms);

**"Settlement Account"** means the transactional banking account held with an authorised deposit-taking institution which is nominated by the Investor as the Settlement Account in the Application Form completed by the Investor;

**"Settlement Date"** means the fifth 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;

**"Suspension"** means a cessation of the trading or quotation of financial products, as formally announced by the Relevant Exchange and does not include a trading halt;

**"Tax"** or **"Taxes"** means any income tax (including tax on capital gains), goods and services tax, withholding tax, stamp duties, registration and any other duties, 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;

"**Tax Act**" means the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth) as applicable;

"**Term**" has the meaning given in the Term Sheet;

"**Term Sheet**" means the term sheet set out in this PDS and headed "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 10 of this PDS;

"**Total Value**" means the Final Value per Unit x the number of Units held by the Investor;

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

"**Unit**" means an investment in MLI of an amount equal to the Issue Price for Units issued during the Initial Offer Period, or the Purchase Price for Units issued during the General Offer Period;

"**US**" means United States of America; 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; and
  - (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).

# Section 11 - How to invest in the MLI

The Minimum Investment Amount for the MLI is AUD 10,000 with additional investments in multiples of AUD 1,000 thereafter. If you wish to make an investment in the MLI you will need to complete an Application Form in accordance with the instructions on the following page and attach a cheque (in AUD) 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 Initial Offer Closing Date of 5:00 pm Sydney time on 24 September 2010 or the expiry of the General Offer Period as specified in this PDS.

Applications received during the General Offer Period will be treated as Applications for Units at the Purchase Price. The prevailing Purchase Price is available from the Issuer or your licensed financial adviser.

## 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, or if applicable, the Purchase Date. Within 10 Business Days after accepting your offer, you will be sent an acknowledgement of acceptance which will set out the number of Units acquired and other information confirming your investment in the MLI.

## 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 which becomes the Investor in the MLI (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 MLI?

Applications for the MLI are open to:

- Australian residents;
- non-residents of Australia;
- companies registered in Australia; or
- trust entities,

other than US persons who may not apply for the MLI. A US person is defined as:

- natural person resident in the US;
- partnership or corporate organisation under the law of the US;
- estate of which the administrator is a US Person, or the income of which is subject to US federal tax;
- trust of which the trustee is a US Person, or which is subject to control by a US Person and supervision by a US court;
- agency or branch of a foreign entity located in the US or operated under the laws of the US, or which is subject to control by a US person and supervision by a US court; or
- US citizen or green card holders residing outside the US.

This PDS is not an offer or invitation in relation to the MLI 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 MLI is issued by Citi on the Terms set out in Section 10 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 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.

## Client verification information

If you apply directly to Citi, you must supply the client verification information listed below with your Application Form. Citi will be unable to process your Application if you apply directly to Citi and do not supply the client verification information as requested. Please note that the following client verification information is not required if you apply through a Citi approved distributor (for example Citigroup Pty Limited).

Citi requires the following information for each investor category to satisfy its client verification requirements. Please refer to the appropriate investor category when submitting your Application Form.

### (a) Private Individual Applicants

The following information is required with your Application Form if you are applying for a MLI as a private individual:

- **certified copy** of your current passport or driver's licence;
- **original or certified copy** of a utility bill or bank statement dated within the last three (3) months, evidencing the residential address provided in the Application Form;
- a statement from you stating:
  - (i) your nationality, country of birth and occupation; and
  - (ii) your source of wealth (brief sentence advising how you generated your wealth, e.g. savings from employment, line of business if self-employed).

### (b) Company Applications or Corporate Trustee Applicants

The following information is required with your Application Form if you are applying for a MLI as a company or a corporate trustee:

- full legal name of company (and ABN/ACN if applicable);
- for at least two directors (or one director if sole director company), all of the information requested for private individuals above; and
- in the event of a company acting in the capacity of trustee (e.g. for a superannuation fund), an original or certified copy of the trust deed.

### (c) Individual Trustee or Partnership Applicants

The following information is required with your Application Form if you are applying for a MLI as an individual trustee or partnership:

- certified copy of trust deed, partnership agreement, or deed of formation;

- the names of all trustees, partners, or equivalent officers; and
- for at least two trustees, partners or equivalent officers, all of the information requested for private individuals above.

In all cases, documents must either be an original, or a certified copy of an original. Certified copy means a document that has been certified as a true copy of an original document by one of the persons given in the list below. Faxed copies will not be accepted.

In all cases, Citi reserves the right to request additional information for the purposes of determining the identity, beneficial ownership, or source of funds of an Applicant.

### Categories of acceptable referees

1. a person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described);
2. a judge of a court;
3. a magistrate;
4. a chief executive officer of a Commonwealth court;
5. a registrar or deputy registrar of a court;
6. a Justice of the Peace;
7. a notary public (for the purposes of the Statutory Declaration);
8. a police officer;
9. an agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public;
10. a permanent employee of the Australian Postal Corporation with two (2) or more years of continuous service who is employed in an office supplying postal services to the public;
11. an Australian consular officer or an Australian diplomatic officer (within the meaning of the *Consular Fees Act 1955* (Cth));
12. an officer with two (2) or more continuous years of service with one or more financial institutions (for the purposes of the *Statutory Declaration Regulations 1993* (Cth));
13. a finance company officer with two (2) or more continuous years of service with one or more finance companies (for the purposes of the *Statutory Declaration Regulations 1993* (Cth));
14. an officer with, or authorised representative of, a holder of an Australian financial services licence, having two (2) or more continuous years of service with one or more licensees; or
15. a member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with two (2) or more years of continuous membership.

## Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold the MLI. 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 is 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	Incorrect Form
<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 Susan Jane Smith	John Alfred & Susan Jane Smith
<b>Company:</b> Use company title, not abbreviations	ABC Pty Limited	ABC P/L or ABC Co
<b>Trust:</b> Use the trustee(s) personal name(s) Do not use the name of the trust	Applicant 1: Mrs Susan Jane Smith Account Name: <Susan Smith Family A/C>	Susan 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 & Sons
<b>Superannuation Fund:</b> Use the name of the trustee(s) of the fund Do not use the name of the fund	Applicant 1: Mr John Alfred Smith Account Name: <Superannuation Fund A/C>	John Smith 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(s) provided. You should return your signed and completed Application Form either to us, your stockbroker or financial planner.

Applications close at the Initial Offer Closing Date. Applications received during the General Offer Period will be treated as Applications for Units at the Purchase Price. The prevailing Purchase Price is available from the Issuer or your licensed financial adviser.

Please complete the section headed 'Investment and Payment Details' in the Application Form.

### A. Applicant Details:

Please tick the appropriate box to indicate whether you are a resident or a non resident for Australian tax purposes.

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 the previous page for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Where applicable, please enter the date of birth of each Applicant. Please enter the residential address or registered office of each Applicant.

### B. Tax File Number, Exemption Category or ABN:

Please enter your tax file number ("TFN") or exemption category. Business enterprises may alternatively quote their Australian Business Number ("ABN"). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory. However, if these are not provided, we may be required to deduct tax at the highest marginal rate of tax (including Medicare levy) from distributions.

### C. Postal Address for Correspondence:

Enter your postal address for all correspondence. All communications to you from the Registrar (Computershare Investor Services Pty Limited) 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 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 and Payment Details:

Please insert the investment details and the number of Units you wish to apply for and write the Investment Amount in the space provided. The Investment Amount is the dollar amount that you wish to invest (expressed in AUD) 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 Initial Offer Closing Date the Application may be rejected. You must attach a cheque to your Application Form made payable to "MLI TRUST A/C" and crossed "Not Negotiable" for an amount equal to the Investment Amount.

### 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 MLI (such as 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 under Postal Address.

### G. Tracking of Application:

Please indicate how you found out about the MLI by ticking the appropriate box.

### H/I. Applicant's Declaration and 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.

## Lodgment of Application

Application Forms must be received at the Sydney office of Citi by no later than 5:00 pm Sydney time on **24 September 2010 (for Investments entered into during the Initial Offer Period) or by the expiry of the General Offer Period (for Investments entered into during the General Offer Period).**

Return the Application Form with cheque(s) attached to:

Structured Products Support  
MLI Relativity Plus (MLI 2010 – 13) Offer  
Citigroup Global Markets Australia Pty Limited  
GPO Box 557 Sydney NSW 2001

**APPLICATION FORM – MLI RELATIVITY PLUS (MLI 2010 – 13) OFFER**

**APPLICATIONS CLOSE AT 5:00 PM SYDNEY TIME ON THE INITIAL OFFER CLOSING DATE OR BY THE EXPIRY OF THE GENERAL OFFER PERIOD**

This Application Form is to be used for investing in the MLI, governed by the Terms set out in the Product Disclosure Statement dated 25 August 2010 ("PDS"). Capitalised terms in the Application Form will have the same meaning as given to them in the PDS (unless otherwise defined in this Application Form). If this PDS is distributed electronically, then those receiving it electronically should note that Applicants can only be accepted by the Issuer if the Issuer receives a completed, original Application Form which accompanied the electronic or paper copy of this PDS dated 25 August 2010. Paper copies of this PDS (with attached Application Form and Investor Sale Form) are available from the Issuer free on request.

Applications received during the General Offer Period will be treated as Applications for MLI Relativity Plus (MLI 2010 – 13) at the Purchase Price. The prevailing Purchase Price is available from the Issuer or your licensed financial adviser.

PLEASE RETURN THIS APPLICATION FORM TOGETHER WITH YOUR PAYMENT TO YOUR STOCKBROKER OR FINANCIAL ADVISER, OR ALTERNATIVELY SEND TO:

**Structured Products Support  
MLI Relativity Plus (MLI 2010 – 13) Offer  
Citigroup Global Markets Australia Pty Limited  
GPO Box 557 Sydney NSW 2001**

**FINANCIAL ADVISER / BROKER DETAILS (TO BE COMPLETED BY YOUR FINANCIAL ADVISER / BROKER)**

**FINANCIAL ADVISER/BROKER Stamp**

Please note: by stamping your broker stamp you are hereby representing and warranting to Citigroup Global Markets Australia Pty Limited ("Citi") (AFSL 240992) that you have complied with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) and rules of Australia and any other applicable law or regulation, in your collection and verification of required information and permit Citi to rely on this customer identification and verification (including granting Citi reasonable access to records) for the purposes of Citi fulfilling its legal obligations.

<b>Licensee</b>	<b>Financial Adviser / Broker company name</b>

<b>Financial Adviser / Broker Name</b>	<b>Financial Adviser / Broker email address</b>

<b>Financial Adviser / Broker postal address</b>											
PO Box or Street No. & Name											
Suburb							State			Postcode	
Country											

<b>Financial Adviser / Broker work number</b> ( )	<b>Financial Adviser / Broker fax number</b> ( )	<b>Financial Adviser / Broker mobile number</b>
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Signature of <b>Financial Adviser / Broker</b>		
X	<b>SIGN HERE</b>	Date / /

**INVESTOR DOCUMENTATION (TO BE COMPLETED BY PRIVATE INDIVIDUAL APPLICANTS ONLY)**

I/we have attached the required documents as specified in "Client verification information" in Section 11 of the PDS.

**OFFER PERIOD ELECTION (TO BE COMPLETED BY ALL APPLICANTS)**

1. I/We apply for the MLI during the **Initial Offer Period**, OR

If you tick this box, your investment will be issued at the Issue Price.

2. I/We apply for the MLI during the **General Offer Period**.

If you tick this box, your investment will be issued at the Purchase Price determined by the Issuer on the Purchase Date.

**A APPLICANT DETAILS (TO BE COMPLETED BY ALL APPLICANTS)**

I/We apply for the MLI as indicated in this Application Form on the terms set out in the PDS, Terms and this Application Form.

**Applicant 1 Details** (Individual, Joint, Trust, Company and Superannuation Applicants)

I am a resident and provide my TFN, ABN or exemption details below. If I do not provide my TFN, ABN or exemption details, I understand that tax may be withheld at the maximum rate.

I am a non-resident and my address outside Australia has been provided below. Should an overseas address not be provided, I understand that tax may be withheld at the maximum rate.

Name	Date of Birth
	D D M M Y Y

**Address or registered office (Please note that PO Box is not accepted)**

Street No. & Name	State	Postcode
Suburb		
Country		

Account name (if applicable)

<		>
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**Applicant 2 Details** (Individual, Joint, Trust, Company and Superannuation Applicants)

- I am a resident and I have provided my TFN, ABN or exemption details below. If I do not provide my TFN, ABN or exemption details, I understand that tax may be withheld at the maximum rate.
- I am a non-resident and my address outside Australia has been provided below. Should an overseas address not be provided, I understand that tax may be withheld at the maximum rate.

Name	Date of Birth
	D D M M Y Y

**Address or registered office (Please note that PO Box is not accepted)**

Street No. & Name	State	Postcode
Suburb		
Country		

Account name (if applicable)

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**B TAX FILE NUMBER, EXEMPTION CATEGORY OR ABN (IF APPLICABLE)**

Applicant 1

<		>
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Applicant 2

<		>
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**C POSTAL ADDRESS FOR CORRESPONDENCE**

PO Box or Street No. & Name	State	Postcode
Suburb		
Country		

**D CONTACT DETAILS**

Contact Name

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Daytime Telephone ( )	After Hours Phone ( )	Mobile number
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Email address

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**E INVESTMENT DETAILS AND PAYMENT DETAILS (TO BE COMPLETED BY ALL APPLICANTS)**

Example: Series	(A) Number of Units	(B) Issue Price	(C) = (A x B) Investment Amount
AUD	1 0 0 , 0 0 0	AUD 1.00	A U D 1 0 0 , 0 0 0
Series	(A) Number of Units	(B) Issue Price	(C) = (A x B) Investment Amount

I/We have attached a cheque made payable to "MLI TRUST A/C" for an amount equal to the Investment Amount

**F SETTLEMENT ACCOUNT DETAILS (THE ISSUER WILL PAY ALL AMOUNTS OWED TO YOU INTO THIS ACCOUNT)**

Please make all payments due to me/us under the MLI to the following account

Name of Bank or Financial Institution												Account Title or Name											
Branch Address																							
BSB Number												Account Number											

For the purposes of the instructions given above, you should specify your bank account details here. The bank account must be in the same name as the name inserted above in the "Applicant Details". Third party payments will not be accepted.

**G TRACKING OF APPLICATION (HOW DID YOU FIND OUT ABOUT THE MLI?)**

Financial Adviser  
  Advertisement  
  Accountant  
  Stockbroker  
  Internet  
  Other (specify)

**H APPLICANT'S DECLARATION**

**Power of Attorney:** For valuable consideration I/we irrevocably appoint the Issuer, its nominees and any of their directors and secretaries or any employee whose title includes the words "director", "head" or "manager" severally as my/our attorney to do (either in my/our name or the name of the attorney) all acts and things that I am/we are obliged to do under the Terms or which, in the opinion of the Issuer, are necessary or desirable in connection with the Delivery Assets (as defined in the Terms) 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 under the Agency Sale Arrangement on my/our behalf in accordance with the Terms.

**Representations, warranties and indemnity:**

I/We represent and warrant that:

- I am/we are not bankrupt or insolvent (as the case may be) and am/are able to pay my/our debts as and when they become due and that no step has been taken to make me/us bankrupt or commence winding up proceedings, appoint a controller or administrator, seize or take possession of any of my/our assets or make an arrangement, compromise or composition with any of my/our creditors;
- I am/we are at least eighteen (18) years of age, have full legal capacity to make the Application and be bound by the Terms and have taken all actions that are necessary to authorise the Application and be bound by the Terms. If I am/we are acting as trustee in relation to the holding of the MLI, I/we represent and warrant that I/we have all the power, authority and discretion vested as trustee to apply for and hold the MLI;
- I/we have received and read the whole of the Terms and the PDS (even if the PDS was received electronically) and I/we have made my/our own independent investigations and appraisals of the taxation, legal, commercial and credit aspects associated with the MLI 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 MLI 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 MLI 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 MLI or Delivery Assets;
- I/we have obtained all consents which may be required by law to enable me/us to acquire the MLI and the Delivery Assets and to become registered as the holder of the Delivery Assets; and
- the MLI 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 MLI 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 MLI 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 9 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 or as otherwise permitted under the *Privacy Act 1998* (Cth). 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 wish to be contacted for this purpose.

I/we wish to be contacted by the Issuer about investment opportunities in the future.







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# Directory

## **Issuer**

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

## **Broker**

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

## **Registrar**

Computershare Investor Services Pty Limited  
60 Carrington Street  
Sydney NSW 2000

## **Legal Advisor**

Freehills  
MLC Centre  
Martin Place  
Sydney NSW 2000

# CitiFirst

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CitiFirst offers smart investments across any asset class to suit your individual needs.

## CitiFirst – putting you first

CitiFirst has the investment products and expertise you need to take advantage of global market opportunities fast.

## CitiFirst – first in smart investments

CitiFirst gives you instant access to smart investments that are easy to understand and select.

## CitiFirst – get there first

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**CitiFirst Protection**  
Full capital protection



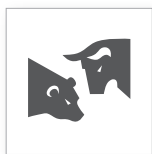
**CitiFirst Performance**  
Some capital protection



**CitiFirst Opportunity**  
No capital protection

CitiFirst is the family name for Citi's offering of warrants, turbos, certificates, funds and notes. Tailored to meet the needs of a broad range of investors, these smart investment solutions fall into three categories, each with a defined level of capital protection.

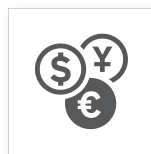
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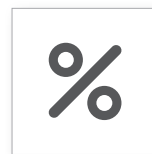
Equities



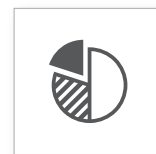
Commodities



Currencies



Interest Rates



Alternative Investments

Five symbols represent the assets underlying a CitiFirst smart investment product. When depicting a product, the relevant underlying asset will be shown as a symbol on the cube.

For details of our CitiFirst product range, please go to [www.citifirst.com](http://www.citifirst.com)

