UBS AG
Form 424B2
April 09, 2019

The information in this Preliminary Prospectus Supplement is not complete and may be changed. We may not sell these Warrants, until the prospectus supplement, the index supplement and the accompanying prospectus (collectively, the "Offering Documents") are delivered in final form. The Offering Documents are not an offer to sell these Warrants and we are not soliciting offers to buy these Warrants in any State where the offer or sale is not permitted.

Subject to Completion
PRELIMINARY PROSPECTUS SUPPLEMENT
Dated April 9, 2019
Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-225551
(To Prospectus dated October 31, 2018
and Index Supplement dated October 31, 2018)
UBS AG $ Put Spread Warrants linked to the S&P 500® Index expiring October 11, 2019

Investment Description
The put spread warrants (the “Warrants”) are cash-settled warrants issued by UBS whose return is linked to the S&P 500® Index (the “index”). The Warrants are European-style put spread warrants that will expire worthless if the arithmetic average of the closing level of the index on each of the averaging dates (the “index ending level”) is equal to or greater than the “strike level”, which is equal to 95.00% of the index starting level. The “index starting level” is the closing level of the index on the trade date. If the index ending level is less than the strike level, the Warrants will be automatically exercised and you will receive a cash payment per Warrant on the cash settlement payment date equal to the notional amount *multiplied by* the lesser of (i) the index change and (ii) the spread cap percentage, as discussed below. The “index change” is the quotient, expressed as a percentage, of (a) the strike level minus the index ending level divided by (b) the index starting level. The Warrants are European-style and will be automatically exercised on the expiration date if the index ending level is less than the strike level; you do not have the right to exercise your Warrants prior to the expiration date. **Investing in the Warrants involves significant risks. The Warrants are issued “out-of-the money,” meaning that the index ending level must decline by more than 5.00% relative to the index starting level or the Warrants will expire worthless and you will lose all of your initial investment in the Warrants. Even if the index ending level does decline by more than 5.00%, if the decline is less than 7.02% from the index starting level, you will lose a significant portion of your initial investment in the Warrants. Further, the Warrants are put spread Warrants and are subject to the spread cap percentage of 15.00%, meaning that the cash settlement amount is capped at $150.00 per Warrant and that, as a result, you will not benefit from any decline of the index ending level in excess of 20.00% relative to the index starting level. Investing in the Warrants involves a high degree of risk, including the possibility that the Warrants will expire worthless and that you will lose all of your initial investment in the Warrants. Any payment on the Warrants is subject to the creditworthiness of UBS. If UBS were to default on its payment obligations, you may not receive any amounts owed to you under the Warrants and you could lose all of your initial investment.**

Key Terms

Issuer:	UBS AG London Branch (“UBS”)
Term:	6 months
Warrants:	Cash-settled European-style put spread warrants, linked to the S&P 500® Index
Index:	S&P 500® Index
Index Sponsor:	S&P Dow Jones Indices LLC
Trade Date:	

	April 12, 2019, subject to postponement if such day is not a trading day and as described under “General Terms of the Warrants — Market Disruption Events”.
Settlement Date:	April 17, 2019, subject to postponement if such day is not a business day as described under “General Terms of the Warrants — Market Disruption Events”.
Averaging Dates:	October 7, 2019, October 8, 2019, October 9, 2019, October 10, 2019 and October 11, 2019 (which is also the expiration date), each subject to postponement if such day is not a trading day and as described under “General Terms of the Warrants — Market Disruption Events”.
Cash Settlement Payment Date:	October 17, 2019, subject to postponement if such day is not a business day as described under “General Terms of the Warrants — Market Disruption Events”.
Premium/Initial Investment and Minimum Purchase:	$20.20 per Warrant, representing 2.02% of the notional amount per Warrant (references to “initial investment” shall also refer to the “premium”), subject to a minimum purchase of 496 Warrants (for a total minimum premium of $10,019.20).
Notional Amount:	$1,000.00 per Warrant
Automatic Exercise:	The Warrants will be automatically exercised on the expiration date only if the index ending level is less than the strike level. You do not have the right to exercise your Warrants prior to the expiration date.
Payment upon Automatic Exercise:	If the Warrants are automatically exercised, you will receive, for each Warrant you own, the cash settlement amount on the cash settlement payment date.
Cash Settlement Amount:	For each Warrant:
	If the index ending level is less than the strike level, the Warrants will be automatically exercised, and UBS will pay you a cash payment on the cash settlement payment date, calculated as follows: Notional Amount per Warrant x the lesser of (i) the Index Change and (ii) the Spread Cap Percentage **The Warrants are issued “out-of-the money,” meaning that the index ending level must decline by more than 5.00% relative to the index starting level or the Warrants will not be exercised and will expire worthless on the expiration date causing you to lose all of your initial investment in the Warrants.**
Index Change:	The quotient, expressed as a percentage, of (i) the strike level minus the index ending level *divided by* (ii) the index starting level.
Spread Cap Percentage:	15.00%
Index Starting Level:	The closing level of the index on the trade date, as determined by the calculation agent.
Strike Level:	95.00% of the index starting level, as determined by the calculation agent.
Index Ending Level:	The arithmetic average of the closing level of the index on each of the averaging dates, as determined by the calculation agent.
Options Approved Account:	**In order to purchase the Warrants, you must have an options-approved account in which you are approved to purchase put options.**
CUSIP / ISIN:	90281C658 / US90281C6580

You should carefully consider the risks related to an investment in the Warrants described under “Risk Factors” beginning on page S-11 before purchasing any Warrants. Events relating to any of those risks, or other risks and uncertainties, could adversely affect the market value of, and the return on, your Warrants. You may lose a significant portion or all of your initial investment in the Warrants. The Warrants will not be listed or displayed on any securities exchange or any electronic communications network.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these Warrants or passed upon the adequacy or accuracy of this document, the index supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The Warrants are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

	Issue Price to Public[1]	Underwriting Discount[1][2]	Proceeds to UBS AG[1]
Per Warrant	$20.20	$1.10	$19.10
Total	$	$	$

(1) Certain fiduciary accounts will pay a premium of at least $19.10 per $1,000 notional amount of Warrants, and the placement agents, with respect to sales made to such accounts, will forgo any fees.

(2) J.P. Morgan Securities LLC, which we refer to as JPMS LLC, and its affiliates will act as placement agents for the Warrants. The placement agents will forgo fees for sales to certain fiduciary accounts. The placement agents will receive a fee that will not exceed $1.10 per $1,000 notional amount of Warrants. The total fees represent the amount that the placement agents receive from sales to accounts other than such fiduciary accounts.

J.P. Morgan Securities LLC

UBS Investment Bank

Placement Agent

ADDITIONAL INFORMATION ABOUT UBS AND THE WARRANTS

UBS has filed a registration statement (including a prospectus and an index supplement) with the Securities and Exchange Commission (the "SEC") for the offering for which this prospectus supplement relates. Before you invest, you should read the prospectus dated October 31, 2018 titled "Debt Securities and Warrants", relating to our Warrants (the "accompanying prospectus") and the index supplement dated October 31, 2018, which contains information about certain indices to which particular categories of debt securities and warrants that we may offer, including the Warrants, may be linked (the "index supplement") and any other documents related to the Warrants that UBS has filed with the SEC for more complete information about UBS and this offering. You may obtain these documents without cost by visiting EDGAR on the SEC Website at www.sec.gov. Our Central Index Key, or CIK, on the SEC Website is 0001114446.

You may access these documents on the SEC website at www.sec.gov as follows:

- Prospectus dated October 31, 2018:
  http://www.sec.gov/Archives/edgar/data/1114446/000119312518314003/d612032d424b3.htm
- Index Supplement dated October 31, 2018:
  http://www.sec.gov/Archives/edgar/data/1114446/000091412118002083/ub46174419-424b2.htm

References to "UBS," "we," "our" and "us" refer only to UBS AG and not to its consolidated subsidiaries and references to "Warrants" refer to the Put Spread Warrants linked to the S&P 500® Index expiring October 11, 2019 that are offered hereby, unless the context otherwise requires.

You should rely only on the information incorporated by reference or provided in this prospectus supplement or the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these Warrants in any state where the offer is not permitted. You should not assume that the information in this prospectus supplement is accurate as of any date other than the date on the front of the document.

If there is any inconsistency between the terms of the Warrants described in the accompanying prospectus, the index supplement and this document, the following hierarchy will govern: first, this document; second, the index supplement; and last, the accompanying prospectus.

UBS reserves the right to change the terms of, or reject any offer to purchase, the Warrants prior to their issuance. In the event of any changes to the terms of the Warrants, UBS will notify you and you will be asked to accept such changes in connection with your purchase. You may also choose to reject such changes in which case UBS may reject your offer to purchase.

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Prospectus Supplement Summary

The following is a summary of some of the key features of the Warrants, as well as a discussion of factors you should consider before purchasing the Warrants. The information in this section is qualified in its entirety by the more detailed explanations set forth elsewhere in this prospectus supplement and in the accompanying prospectus.

What are the Warrants?

The put spread warrants (the "Warrants") are cash-settled warrants issued by UBS whose return is linked to the performance of the S&P 500® Index (the "index"). For further information concerning the index, see "Description of the Index" herein. The Warrants are European-style put spread warrants that will expire worthless if the arithmetic average of the closing level of the index on each of the averaging dates (the "index ending level") is equal to or greater than the "strike level", which is equal to 95.00% of the index starting level, and you will lose all of your initial investment in the Warrants. The "index starting level" is the closing level of the index on the trade date, as determined by the calculation agent.

If the index ending level is less than the strike level, the Warrants will be automatically exercised and you will receive a cash payment on the cash settlement payment date equal to the notional amount *multiplied* by the lesser of (i) the index change and (ii) the spread cap percentage, as discussed below. The "index change" is the quotient, expressed as a percentage, of (a) the strike level *minus* the index ending level *divided* by (b) the index starting level.

The Warrants are European-style and will be automatically exercised on the expiration date only if the index ending level is less than the strike level. The Warrants will not be exercised and will expire worthless, causing you to lose all of your initial investment in the Warrants, if the index ending level is equal to or greater than the strike level. Furthermore, even if the index ending level does decline by more than 5.00%, you will receive a leveraged gain or incur a leveraged loss on your investment depending on whether the decrease is greater or less than 7.02% from the index starting level. Neither you nor we can exercise the Warrants at any time prior to the expiration date.

¨ **Automatic Exercise:** If the index ending level ***declines*** by more than 5.00% relative to the index starting level, the Warrants will be automatically exercised, and for each Warrant, UBS will pay the cash settlement amount on the cash settlement payment date, calculated as follows:

Cash Settlement Amount = Notional Amount × the lesser of (i) the Index Change and (ii) the Spread Cap Percentage

In this scenario, you will not benefit from any decline in the index ending level of more than 20.00% relative to the index starting level.

¨ **Expire Worthless if Out-of-the Money:** If the index ending level ***increases, remains flat or declines*** by up to 5.00% relative to the index starting level, the Warrants will expire worthless on the expiration date and you will lose all of your initial investment in the Warrants.

In this scenario, you will lose all of your initial investment and will not receive any cash payment upon expiration.

Investing in the Warrants involves significant risks. The Warrants are issued "out-of-the money," meaning that the index ending level must decline by more than 5.00% relative to the index starting level or the Warrants will expire worthless and you will lose all of your initial investment in the Warrants. Even if the index ending level does decline by more than 5.00%, if the decline is less than 7.02% from the index starting level, you will lose a significant portion of your initial investment in the Warrants. Further, the Warrants are put spread Warrants and are subject to the spread cap percentage of 15.00%, meaning that the cash settlement amount is capped at $150.00 per Warrant and that, as a result, you will not benefit from any decline of the index ending level in excess of 20.00% relative to the index starting level. Investing in the Warrants involves a high degree of risk, including the possibility that the Warrants will expire worthless and that you will lose all of your initial investment in the Warrants. Any payment on the Warrants is subject to the creditworthiness of UBS. If UBS were to default on its payment obligations, you may not *receive any amounts owed to you under the Warrants and you could lose all of your initial investment. See "Risk Factors" beginning on page S-11 for risks related to an investment in the Warrants.*

The "premium" or "initial investment" will be $20.20 per Warrant, representing 2.02% of the notional amount per Warrant.

The "notional amount" will be $1,000.00 per Warrant.

The "index change" is the quotient, expressed as a percentage, of (i) the strike level minus the index ending level *divided by* (ii) the index starting level. The index change may be positive or negative and is calculated as follows:

$$\text{Index Change} = \frac{\text{Strike Level} - \text{Index Ending Level}}{\text{Index Starting Level}}$$

The “spread cap percentage” equals 15.00%.

The “strike level” is a level of the index that is equal to 95.00% of the index starting level, as determined by the calculation agent.

The “index starting level” will equal the closing level of the index on the trade date, as determined by the calculation agent.

The “index ending level” will be equal to the arithmetic average of the closing level of the index on each of the averaging dates, as determined by the calculation agent.

The “trade date” is expected to be April 12, 2019, or if such day is not a trading day, the next following trading day, subject to postponement in the event of a market disruption event as described under “General Terms of the Warrants — Market Disruption Events”.

The “settlement date” is expect to be April 17, 2019 (three business days following the trade date as described further under “Supplemental Plan of Distribution (Conflicts of Interest); Secondary Markets (if any)” herein), or if such day is not a business day, the next following business day, subject to postponement in the event of a market disruption event as described under “General Terms of the Warrants — Market Disruption Events”.

The “averaging dates” are expected to be October 7, 2019, October 8, 2019, October 9, 2019, October 10, 2019 and October 11, 2019 (approximately 6 months following the trade date), or if any such day is not a trading day, the next following valid date, subject to postponement in the event of a market disruption event, as described further under “General Terms of the Warrants — Market Disruption Events”. We also refer to October 11, 2019 as the “expiration date”.

The “cash settlement payment date” is expected to be October 17, 2019 (four business days following the expiration date), or if such day is not a business day, the next following business day, subject to postponement in the event of a market disruption event as described under “General Terms of the Warrants — Market Disruption Events”.

UBS Securities LLC will serve as the calculation agent. For more specific information on the calculation agent, see “General Terms of the Warrants — Role of Calculation Agent.”

The Warrants are unsubordinated, unsecured contractual obligations of UBS and will rank equally with all of our other unsecured contractual obligations and unsecured and unsubordinated debt obligations, with a premium of $20.20 per Warrant, and a minimum purchase of 496 Warrants (for a total minimum premium of $10,019.20). Purchases in excess of the minimum amount may be made in integrals of one Warrant at a premium of $20.20 per Warrant.

For more specific information about the Warrants, see “— What are the steps to calculate the cash settlement amount?” on page S-7, “— Hypothetical examples of how the Warrants perform upon Expiration” on page S-8, and “General Terms of the Warrants” beginning on page S-22.

Selected Purchase Considerations

¨ **The Warrants are issued “out-of-the-money”; loss of entire investment if the index ending level is equal to or greater than the strike level** — The Warrants are issued “out-of-the money” and are intended for investors who believe the index ending level will decline by more than 5.00% relative to the index starting level because, otherwise, the

Warrants will expire worthless and investors will lose all of their initial investment in the Warrants. For example, if the index ending level declines by 2.00% relative to the index starting level you will incur a total loss of your investment. Furthermore, even if the index ending level does decline by more than 5.00%, you will receive a leveraged gain or incur a leveraged loss on your investment depending on whether the decrease is greater or less than 7.02% from the index starting level. For example, based on the foregoing, if the index ending level declines by 6.00% relative to the index starting level, you will receive a cash settlement amount of $10, representing a leveraged net loss of $10.20 per Warrant. Any payment on the Warrants is subject to the creditworthiness of UBS.

Cash settlement amount is capped based on spread cap percentage — The Warrants provide the opportunity to earn a return, if any, based on the notional amount rather than the premium, through a leveraged investment from possible decreases in the level of the index in excess of the strike level, subject to the spread cap percentage. The Warrants are put spread Warrants and are subject to the spread cap percentage of 15.00%, meaning that the cash settlement amount, if any, is capped at $150.00 per Warrant. Thus the Warrants are intended for investors who believe that the index ending level will decline by more than 7.02% but by no more than 20.00% relative to the index starting level.

- **The return on the Warrants will be based on the closing level of the index on each averaging date** — The calculation agent will determine whether the Warrants will expire worthless or be automatically exercised on the expiration date, and will determine the cash settlement amount, if any, based only on the index ending level. You will benefit only from any decrease in the index ending level relative to the index starting level as the cash settlement amount is based on the closing level of the index on each averaging date. As a result, your return on the Warrants may be lower than if your return was based on the closing level on another day or period during the term of the Warrants or based solely on the closing level of the index on the expiration date.
- **Automatic exercise; worthless expiration** — The Warrants will be automatically exercised or will expire worthless on the expiration date and are not exercisable at your discretion.
- **Minimum purchase** — minimum purchase of 496 Warrants (for a total minimum premium of $10,019.20).
- **Options-approved account** — You must have an options-approved account in which you are approved to purchase put options.
- **Tax consequences** — Pursuant to the terms of the Warrants, UBS and you agree, in the absence of a statutory or regulatory change or an administrative determination or judicial ruling to the contrary, to characterize the Warrants as prepaid derivative contracts (including, potentially, as options) for U.S. federal income tax purposes. If your Warrants are so treated, you should recognize gain or loss upon the taxable disposition of your Warrants in an amount equal to the difference between the amount that you realize and your tax basis in your Warrants. Such gain or loss should be short-term capital gain or loss. In general, your tax basis in a Warrant should be equal to the amount you paid to acquire the Warrant. The deductibility of capital losses is subject to limitations. Prior to the taxable disposition of your Warrants, you should generally not recognize any taxable income, gain or loss in respect of your Warrants. You are urged to review carefully the section entitled "Material U.S. Federal Income Tax Consequences" herein and consult your tax advisor concerning your tax situation.

What are some of the risks of the Warrants?

An investment in the Warrants involves significant risks. Some of these risks are summarized here, but we urge you to read the more detailed explanation of risks in "Risk Factors" beginning on page S-11.

- **Warrants are issued "out-of-the-money"** —The Warrants are issued "out-of-the money," meaning that the index ending level must decline by more than 5.00% relative to the index starting level or the Warrants will expire worthless and you will lose all of your initial investment in the Warrants. This feature increases the risk of a substantial or total loss on your initial investment in the Warrants.
- **Risk of loss even if the Warrants have value on the expiration date** — Even if the Warrants have value on the expiration date, if the decline of the index ending level relative to the index starting level is less than 7.02%, you will lose a significant portion of your initial investment in the Warrants. Any payment on the Warrants is subject to the creditworthiness of UBS.
- **Capped leveraged short exposure** — The Warrants are put spread Warrants and are subject to the spread cap percentage of 15.00%, meaning that the cash settlement amount is capped at $150.00 per Warrant and you will not benefit from any decline in the index ending level in excess of 20.00% relative to the index starting level.
- **The return on the Warrants will be based on the closing level of the index on each averaging date** — The calculation agent will determine whether the Warrants will expire worthless or be automatically exercised on the expiration date, and will determine the cash settlement amount, if any, based only on the index ending level. You will benefit only from any decrease in the index ending level relative to the index starting level as the cash settlement amount is based on the closing level of the index on each averaging date. As a result, your return on the Warrants may be lower than if your return was based on the closing level on another day or period during the term of the Warrants or based solely on the closing level of the index on the expiration date.
- **The Warrants will be automatically exercised on the expiration date** — The warrants will be automatically exercised on the expiration date only if the index ending level declines by more than 5.00% relative to the index starting level or the Warrants will expire worthless and you will lose all of your initial investment in the Warrants.

Neither you nor we can exercise the Warrants at any time prior to the expiration date. Accordingly, unless you sell the Warrants prior to the expiration date, you will not be able to capture any beneficial changes in the level of the index prior to the expiration date. Further, you do not have a choice as to whether the Warrants will be automatically exercised on the expiration date. Accordingly, you will not be able to benefit from any decrease in the closing level of the index that occurs on any averaging date other than on the expiration date.

¨ **The Warrants are not standardized options issued by the Options Clearing Corporation** — The Warrants are not standardized options of the type issued by the Options Clearing Corporation (the "OCC"), a clearing agency regulated by the SEC. The Warrants are unsubordinated, unsecured contractual obligations of UBS and will rank equally with all of our other unsecured contractual obligations and unsecured and unsubordinated debt. Thus, unlike purchasers of OCC standardized options who have the credit benefits of guarantees and margin and collateral deposits by OCC clearing members to protect from a clearing member's failure, purchasers of Warrants must look solely to UBS for performance of its obligations to pay the cash settlement amount, if any, upon expiration of the Warrants. Further, the secondary market for the Warrants, if any, will not be as liquid as the market for OCC standardized options and therefore, sales of the Warrants prior to the expiration date might result in a price that is at a discount to the theoretical value of the Warrants based on the then prevailing level of the index and other factors as discussed below under "— Price of Warrants prior to the expiration date".

¨ **The Warrants are suitable only for investors with options-approved accounts** — The Warrants will be sold only to investors with options-approved accounts approved for the purchase of put options. Investors considering purchasing the Warrants should be experienced with respect to options and options transactions generally and put options specifically, and reach an investment decision only after carefully considering, with their advisors, the suitability of the Warrants in light of their particular circumstances.

¨ **Market risk** — The return on the Warrants, which may be negative, is directly linked to the performance of the index and indirectly linked to the value of the index constituent stocks. The level of the index can rise or fall sharply due to factors specific to the index or its index constituent stocks, such as stock price volatility, earnings, financial conditions, corporate, industry and regulatory developments, management changes and decisions and other events, as well as general market factors, such as general stock and commodity market volatility and levels, interest rates and economic and political conditions. In addition, the Warrants have an increased sensitivity to market risk. Because your investment in the Warrants provides for leveraged short exposure to the index, changes in the level of the index (both positive and negative) will have a greater impact on the value of the Warrants prior to the expiration date and the cash settlement amount, if any, on your Warrants on the expiration date.

¨ **The time remaining to the expiration date may adversely affect the market value of the Warrants** — A portion of the market value of a warrant at any time depends on the level of the index at such time relative to the strike level and is known as the "intrinsic value" of the Warrant. If the level of the index is less than the strike level at any time, the Warrant is considered "in-the-money"; whereas, if the level of the index is greater than the strike level at any time, the Warrant is considered "out-of-the money." As the Warrants are issued out-of-the money, the intrinsic value of the Warrant at the trade date (and any other date that the level of the index is less than the strike level) will be zero. However, if the Warrant is in-the-money at any time, the intrinsic value of the Warrant will be positive (as limited by the spread cap percentage). Another portion of the market value of a warrant at any time prior to expiration depends on the length of time remaining until the expiration date and is known as the "time value" of the warrant. At the trade date, the time value of the warrant represents its entire value; thereafter, the time value generally diminishes until, at expiration, the time value of the warrant is zero. Assuming all other factors are held constant, the risk that the Warrants will expire worthless will increase the more the level of the index increases above the strike level and the shorter the time remaining until the expiration date. Therefore, the market value of the Warrants will reflect both the rise and decline in the level of the index and the time remaining to the expiration date, among other factors. See also "Risk Factors — Risks Related to Liquidity and Secondary Market Issues" below.

¨ **Owning the Warrants is not the same as taking a short position in the index constituent stocks** — The return on your Warrants may not reflect the return you would realize if you actually took a short position in the index or index constituent stocks. For instance, a hypothetical short position in the index or the index constituent stocks would not have a return that is limited by the spread cap percentage and is likely to have tax consequences that are different from an investment in the Warrants. The return on a hypothetical short position in the index or index constituent stocks would also depend primarily upon the relative decline or increase in the level of such index or index constituents stocks during the term of the Warrants, and not on whether the Warrants are automatically exercised or, if the Warrants are automatically exercised, whether the decline of the index ending level from the strike level will result in a positive return on your initial investment.

In addition, you will not have to make payments with respect to any dividend payments or other distributions during the term of the Warrants, and any such dividends or distributions will not be factored into the determination of whether the Warrants will be automatically exercised or the calculation of the cash settlement amount, if any. Additionally, if you owned a short position in the index constituent stocks you could receive certain interest payments (the short interest rebate) from the entity that lends you the index constituent stocks for your short sale.

- **No assurance that the investment view implicit in the Warrants will be successful** — It is impossible to predict whether and the extent to which the level of the index will rise or fall. There can be no assurance that the index ending level will be less than the index starting level by more than 5.00%. There can also be no assurance that the index ending level will decline by 7.02% or more relative to the index starting level and consequently, whether the decline of the index ending level will result in a positive return on your initial investment. The level of the index will be influenced by complex and interrelated political, economic, financial and other factors that affect the issuers of the index constituent stocks (each, an "index constituent stock issuer"). You should be willing to accept the risks associated with the relevant markets tracked by the index and the index constituent stocks, and the risk of losing a significant portion or all of your initial investment.
- **No interest payments** — UBS will not pay any interest with respect to the Warrants.
- **There may be little or no secondary market for the Warrants** — The Warrants will not be listed or displayed on any securities exchange or any electronic communications network. A secondary trading market for the Warrants may not develop. UBS Securities LLC and other affiliates of UBS intend, but are not required, to make a market in the Warrants and may stop making a market at any time. The price, if any, at which you may be able to sell your Warrants prior to the expiration date could be at a substantial discount from the premium and to the intrinsic value of the Warrants and, as a result, you may suffer substantial losses.
- **Credit risk of UBS** — The Warrants are unsubordinated, unsecured contractual obligations of the issuer, UBS, and are not, either directly or indirectly, an obligation of any third party. Any payment to be made on the Warrants, including any repayment of your initial investment, depends on the ability of UBS to satisfy its obligations as they come due. As a result, the actual and perceived creditworthiness of UBS may affect the market value of the Warrants. In the event UBS were to default on its obligations, you may not receive any amounts owed to you under the terms of the Warrants and you could lose all of your initial investment.
- **Price of Warrants prior to the expiration date** — The market price of the Warrants will be influenced by many unpredictable and interrelated factors, including the level of the index; the volatility of the index; any dividends paid on the index constituent stocks; the time remaining to the expiration date of the Warrants; interest rates in the markets; geopolitical conditions and economic, financial, political and regulatory or judicial events; and the creditworthiness of UBS.
- **Impact of fees on the secondary market price of the Warrants** — Generally, the price of the Warrants in the secondary market is likely to be lower than the premium because the premium includes, and secondary market prices are likely to exclude, the underwriting discount, hedging costs, issuance costs and projected profits. Furthermore, assuming no change in market conditions or any other relevant factors after purchase of the Warrants, the Warrants will be subject to a decline in value over time (generally known as time decay).
- **Potential UBS impact on price** — Trading or transactions by UBS or its affiliates in any index constituent stocks and/or listed and/or over-the-counter options, futures or other instruments with returns linked to the performance of the index or the index constituent stocks, may adversely affect the performance of the index and, therefore, the market value of, and any amount payable on, the Warrants.
- **Potential conflict of interest** — UBS and its affiliates may engage in business with the index constituent stock issuers or trading activities related to the index or any index constituent stock, which may present a conflict between the interests of UBS and you, as a holder of the Warrants. There are also potential conflicts of interest between you and the calculation agent, which will be an affiliate of UBS and which will make potentially subjective judgments. The calculation agent will determine the closing level of the index on each averaging date, the index ending level, whether the warrants will expire worthless and the cash settlement amount, if any. The calculation agent can also postpone the determination of the index starting level or the closing level on the trade date or any averaging date, respectively.
- **Potentially inconsistent research, opinions or recommendations by UBS** — UBS and its affiliates publish research from time to time on financial markets and other matters that may influence the value of the Warrants, or express opinions or provide recommendations that are inconsistent with purchasing or holding the Warrants. Any research,

opinions or recommendations expressed by UBS or its affiliates may not be consistent with each other and may be modified from time to time without notice. Investors should make their own independent investigation of the merits of investing in the Warrants and the index to which the Warrants are linked.

¨ **Uncertain tax treatment** — Significant aspects of the tax treatment of the Warrants are uncertain. You are urged to consult your tax advisor about your own tax situation and to read “Material U.S. Federal Income Tax Consequences” herein.

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The Warrants generally may be a suitable investment for you if:

- You are approved for trading options with your broker-dealer, including the purchase of put options.
- You fully understand the risks inherent in an investment in the Warrants, including the risks of trading put options and seek leveraged short exposure to the index.
- You fully understand that the Warrants are out-of-the money on the trade date.
- You understand and accept that if the index ending level is equal to or greater than the strike level, the Warrants will expire worthless resulting in a loss of all of your initial investment.
- You understand and accept that your potential return is limited by the predetermined spread cap percentage and you believe that the index is unlikely to decrease by more than 20.00% relative to the index starting level.
- You fully understand the Warrants are leveraged investments that involve a high degree of risk that may result in a loss of a significant portion of your initial investment even if the Warrants have value on the expiration date.
- You believe the level of the index will decline from the index starting level to the index ending level by more than 7.02% but by no more than 20.00% relative to the index starting level.
- You are willing to invest in the Warrants based on the premium and notional amount indicated on the cover hereof.
- You can tolerate a loss of a significant portion or all of your initial investment.
- You seek increased sensitivity to the market risk of the index and can tolerate fluctuations in the price of the Warrants prior to the expiration date that will far exceed the fluctuations in the level of the index.
- You do not seek current income from your investment.
- You understand and are willing to accept the risks associated with the index.
- You are willing to hold the Warrants until the expiration date and accept that there may be little or no secondary market for the Warrants.
- You are willing to assume the credit risk of UBS for all payments under the Warrants, and understand that if UBS defaults on its obligations you may not receive any amounts due to you including any repayment of your initial investment.

The Warrants generally may not be a suitable investment for you if:

- You are not approved for trading options with your broker-dealer, including the purchase of put options.
- You do not fully understand the risks inherent in an investment in the Warrants, including the risks of trading put options or you do not seek leveraged short exposure to the index.
- You do not understand that the Warrants are out-of-the money on the trade date.
- You do not understand or cannot accept that if the index ending level is equal to or greater than the strike level, the Warrants will expire worthless resulting in a loss of all of your initial investment.
- You do not understand and/or accept that your potential return is limited by the predetermined spread cap percentage or you believe that the index is likely to decrease by more than 20.00% relative to the index starting level.
- You do not fully understand the Warrants are leveraged investments that involve a high degree of risk that may result in a loss of a significant portion of your initial investment even if the Warrants have value on the expiration date.
- You require an investment designed to provide a full return of your initial investment after the expiration date.
- You believe the level of the index will appreciate from the index starting level to the index ending level or that the index ending level will decline by less than 7.02% or by more than 20.00% relative to the index starting level.
- You are not willing to invest in the Warrants based on the premium or notional amount indicated on the cover hereof.
- You do not seek increased sensitivity to the market risk of the index and cannot tolerate fluctuations in the price of the Warrants prior to the expiration date that will far exceed the downside fluctuations in the level of the index.
- You seek current income from this investment.
- You do not understand or are not willing to accept the risks associated with the index.
- You are unable or unwilling to hold the Warrants to the expiration date or you seek an investment for which there will be an active secondary market.
- You are not willing to assume the credit risk of UBS for all payments under the Warrants.

The suitability considerations identified above are not exhaustive. Whether or not the Warrants are a suitable investment for you will depend on your individual circumstances, and you should reach an investment decision only after you and your investment, legal, tax, accounting, and other advisors have carefully considered the suitability of an investment in the Warrants in light of your particular circumstances. You should also review carefully the "Risk Factors" beginning on page S-11 of this prospectus supplement.

What are the steps to calculate the cash settlement amount?

Set forth below is an explanation of the steps necessary to calculate the cash settlement amount.

Step 1: Calculate the index ending level

The index ending level is the arithmetic average of the closing level of the index on each averaging date, as determined by the calculation agent.

Step 2: Calculate the index change

The index change is the quotient, expressed as a percentage, of (i) the strike level minus the index ending level *divided by* (ii) the index starting level. Expressed as a formula:

$$\text{Index Change} = \frac{\text{Strike Level} - \text{Index Ending Level}}{\text{Index Starting Level}}$$

Step 3: Determine if the Warrants will be automatically exercised or will expire worthless

- **Automatic Exercise:** If the index ending level ***declines*** by more than 5.00% relative to the index starting level, the Warrants will be automatically exercised for the cash settlement amount.
- **Expire Worthless if Out-of-the Money:** If the index ending level ***increases, remains flat or declines*** by up to 5.00% relative to the index starting level, the Warrants will expire worthless on the expiration date and you will lose all of your initial investment in the Warrants.

In this scenario, you will lose all of your initial investment and will not receive any cash payment upon expiration.

Step 4: If the Warrants are Automatically Exercised, calculate the Cash Settlement Amount

If the Warrants are automatically exercised, UBS will pay for each Warrant the cash settlement amount on the cash settlement payment date, calculated as follows:

Cash Settlement Amount = Notional Amount × the lesser of (i) the Index Change and (ii) the Spread Cap Percentage
Investing in the Warrants involves significant risks. The Warrants are issued “out-of-the money,” meaning that the index ending level must decline by more than 5.00% relative to the index starting level or the Warrants will expire worthless and you will lose all of your initial investment in the Warrants. Even if the index ending level does decline by more than 5.00%, if the decline is less than 7.02% from the index starting level, you will lose a significant portion of your initial investment in the Warrants. Further, the Warrants are put spread Warrants and are subject to the spread cap percentage of 15.00%, meaning that the cash settlement amount is capped at $150.00 per Warrant and that, as a result, you will not benefit from any decline of the index ending level in excess of 20.00% relative to the index starting level. Investing in the Warrants involves a high degree of risk, including the possibility that the Warrants will expire worthless and that you will lose all of your initial investment in the Warrants. Any payment on the Warrants is subject to the creditworthiness of UBS. If UBS were to default on its payment obligations, you may not receive any amounts owed to you under the Warrants and you could lose all of your initial investment. See “Risk Factors” beginning on page S-11 for risks related to an investment in the Warrants.

Hypothetical Examples of How the Warrants Perform Upon Expiration

The examples below are provided for illustrative purposes only and are purely hypothetical. The actual terms of the Warrants will be specified in the final prospectus supplement. The below examples do not purport to be representative of every possible scenario concerning increases or decreases in the level of the index relative to the strike level and the amounts may be rounded for ease of analysis. We cannot predict the index ending level, which is based on the closing level of the index on each averaging date. You should not take these examples as an indication or assurance of the expected performance of the index. The actual terms for the Warrants will be set on the trade date.

Assumptions for Hypothetical Examples and Hypothetical Return Profile:

Term:	6 Months
Premium:	\$20.20 per Warrant, representing 2.02% of the notional amount per Warrant.
Notional Amount:	\$1,000.00 per Warrant.
Automatic Exercise:	The Warrants will be automatically exercised on the expiration date only if the index ending level is less than the strike level. You do not have the right to exercise your Warrants prior to the expiration date.
Payment upon Automatic Exercise:	If the Warrants are automatically exercised, you will receive the cash settlement amount per Warrant, where: Cash Settlement Amount = Notional Amount x the lesser of (i) the Index Change and (ii) the Spread Cap Percentage $\text{Index Change} = \dfrac{\text{Strike Level} - \text{Index Ending Level}}{\text{Index Starting Level}}$
Spread Cap Percentage:	15.00%.
Index Starting Level:	2,800.
Strike Level:	2,660, which is 95.00% of the index starting level.

Example 1: The index ending level is 2,660, a 5.00% decrease from the index starting level.

Because the index ending level is equal to or greater than the strike level, your Warrant will expire worthless, resulting in a loss of all of your initial investment in the Warrant. This example demonstrates that the Warrants are issued out-of-the-money relative to the index starting level.

Example 2: The index ending level is 2,632, a 6.00% decrease from the index starting level.

Because the index ending level is less than the strike level, your Warrant will be automatically exercised and your cash settlement amount will be calculated as follows:

Cash Settlement Amount = Notional Amount × the lesser of (i) the Index Change and (ii) the Spread Cap Percentage
= \$1,000.00 × 1.00% = \$10.00

This example illustrates that a 6.00% decrease in the index ending level relative to the index starting level will result in a cash settlement amount of \$10.00 for each Warrant. In this scenario, the corresponding loss on your initial investment in the Warrants is approximately 50.50%.

Example 3: The index ending level is 2,604, a 7.00% decrease from the index starting level.

Because the index ending level is less than the strike level, your Warrant will be automatically exercised and your cash settlement amount will be calculated as follows:

Cash Settlement Amount = Notional Amount × the lesser of (i) the Index Change and (ii) the Spread Cap Percentage
= $1,000.00 × 2.00% = $20.00
This example illustrates that a 7.00% decrease in the index ending level relative to the index starting level will result in a cash settlement amount of $20.00 for each Warrant. In this scenario, the corresponding loss on your initial investment in the Warrants is approximately 0.99%.

Example 4: The index ending level is 2,603.44, a 7.02% decrease from the index starting level.

Because the index ending level is less than the strike level, your Warrant will be automatically exercised and your cash settlement amount will be calculated as follows:

Cash Settlement Amount = Notional Amount × the lesser of (i) the Index Change and (ii) the Spread Cap Percentage
= $1,000.00 × 2.02% = $20.20
This example illustrates that a 7.02% decrease in the index ending level relative to the index starting level will result in a cash settlement amount of $20.20 for each Warrant, equal to the premium paid per Warrant. In this scenario, the corresponding return on your initial investment in the Warrants is 0.00%.

Example 5: The index ending level is 2,380, a 15.00% decrease from the index starting level.

Because the index ending level is less than the strike level, your Warrant will be automatically exercised and your cash settlement amount will be calculated as follows:

Cash Settlement Amount = Notional Amount × the lesser of (i) the Index Change and (ii) the Spread Cap Percentage
= $1,000.00 × 10.00% = $100.00
This example illustrates that a 15.00% decrease in the index ending level relative to the index starting level will result in a cash settlement amount of $100.00 for each Warrant. In this scenario, the corresponding return on your initial investment in the Warrants is approximately 395.05%.

Example 6: The index ending level is 2,100, a 25.00% decrease from the index starting level.

Because the index ending level is less than the strike level but the index change is greater than the spread cap percentage, your Warrant will be automatically exercised and your payment upon expiration will be calculated as follows:

Cash Settlement Amount = Notional Amount × the lesser of (i) the Index Change and (ii) the Spread Cap Percentage
= $1,000.00 × 15.00% = $150.00
This example illustrates that a 25.00% decrease in the index ending level relative to the index starting level will result in the capped maximum cash settlement amount of $150.00 for each Warrant. In this scenario, the corresponding return on your initial investment in the Warrants is approximately 642.57%. Because of the spread cap percentage, you will not have participated fully in the decrease in the index ending level relative to the index starting level.

Example 7: The index ending level is 2,940, a 5.00% increase from the index starting level.

Because the index ending level is equal to or greater than the strike level, the Warrants will expire worthless, resulting in a loss of all of your initial investment in the Warrants. This example demonstrates that the Warrants are issued out-of-the-money relative to the index starting level.

Hypothetical Return Profile Upon Expiration of Your Warrants

Any table, chart or calculation showing hypothetical payment amounts in this prospectus supplement is provided for purposes of illustration only. It should not be viewed as an indication or prediction of future investment results. Rather, it is intended merely to illustrate the impact that various hypothetical index ending levels could have on your payment on the cash settlement payment date, as calculated in the manner described herein. Such hypothetical table, chart or calculation is based on levels for the index that may not be achieved and on assumptions regarding terms of the Warrants as specified under “Hypothetical Examples of How the Warrants Perform Upon Expiration”; the actual terms of the Warrants will be specified in the final prospectus supplement. Amounts may also be rounded for ease of analysis.

As calculated herein, the hypothetical payment amounts on your Warrants on the cash settlement payment date may bear little or no relationship to the actual market value of your Warrants on that date or at any other time, including any time over the term of the Warrants that you might wish to sell your Warrants. In addition, you should not view the hypothetical payment amounts as an indication of the possible financial return on an investment in your Warrants, since the financial return will be affected by various factors, including taxes, which the hypothetical information does not take into account. Moreover, whatever the financial return on your Warrants might be, it may bear little relation to—and may be much less than—the financial return that you might achieve were you to invest in a short position on the index or the index constituent stocks. The factors listed under “Risk Factors —Owning the Warrants is not the same as owning a short position in the index constituent stocks”, among others, may cause the financial return on your Warrants to differ from the financial return you would receive by investing in a short position on the index or the index constituent stocks.

We describe various risk factors that may affect the market value of the Warrants, and the unpredictable nature of that market value, under “Risk Factors” beginning on page S-11 of this prospectus supplement.

We cannot predict the levels of the index during the term of your Warrants or, therefore, whether the index ending level will be less than the strike level or whether the index change will be greater than the spread cap percentage. Moreover, the assumptions we make in connection with any hypothetical information herein may not reflect actual events. Consequently, that information may give little or no indication of the cash settlement amount (if any) that may be delivered in respect of your Warrants on the cash settlement payment date, nor should it be viewed as an indication of the financial return on your Warrants or of how that return might compare to the financial return if you were to invest in a short position on the index or the index constituent stocks.

Index Ending Level	Percentage Change from the Index Starting Level	Index Change	Cash Settlement Amount	Cash Settlement Amount *minus* Premium	Cash Settlement Amount *minus* Premium as Percentage Return on Premium
1,260.00	-55.00%	50.00%	$150.00	$129.80	642.574%
1,540.00	-45.00%	40.00%	$150.00	$129.80	642.574%
1,820.00	-35.00%	30.00%	$150.00	$129.80	642.574%
1,960.00	-30.00%	25.00%	$150.00	$129.80	642.574%
2,100.00	-25.00%	20.00%	$150.00	$129.80	642.574%
2,240.00	-20.00%	15.00%	$150.00	$129.80	642.574%
2,310.00					