UBS AG
Form 424B2
April 16, 2019

The information in this preliminary pricing supplement is not complete and may be changed. We may not sell these Notes until the pricing supplement, the accompanying product 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 Notes and we are not soliciting offers to buy these Notes in any state where the offer or sale is not permitted.

Subject to Completion

PRELIMINARY PRICING SUPPLEMENT

Dated April 16, 2019

Filed Pursuant to Rule 424(b)(2)

Registration Statement No. 333-225551

(To Prospectus dated October 31, 2018
Index Supplement dated October 31, 2018
Prospectus Supplement dated October 31, 2018 and

Product Supplement dated October 31, 2018)
UBS AG $· Capped Buffered Dual Directional Notes with Downside Leverage Factor

Linked to the performance of the S&P 500® Index due on or about May 5, 2020

Investment Description

UBS AG Capped Buffered Dual Directional Notes with Downside Leverage Factor (the "Notes") are unsubordinated, unsecured debt securities issued by UBS AG ("UBS" or the "issuer") linked to the performance of the S&P 500® Index (the "Underlying Asset"). At maturity, UBS will pay an amount in cash that is based on the direction and percentage change in the level of the Underlying Asset from the Initial Level to the Final Level (the "Underlying Return"). The "Final Level" of the Underlying Asset is the arithmetic average of the Closing Level of the Underlying Asset on each of the "Averaging Dates" specified under "— Key Dates" below. If the Underlying Return is positive, UBS will pay you a cash payment per Note equal to the Principal Amount plus a return equal to the lesser of (i) the Underlying Return and (ii) the Maximum Upside Return of 7.00%. If the Underlying Return is zero or negative and the percentage decline from the Initial Level to the Final Level is equal to or less than the Buffer Amount, UBS will pay you a cash payment per Note equal to the Principal Amount plus a positive return equal to the Contingent Absolute Return, which, due to the buffer feature, will be capped at 11.05%. The "Contingent Absolute Return" is the absolute value of the Underlying Return. If, however, the Underlying Return is negative and the percentage decline from the Initial Level to the Final Level is greater than the Buffer Amount, UBS will pay you a cash payment per Note that is less than the Principal Amount, if anything, resulting in a percentage loss on your initial investment equal to the percentage decline in excess of the Buffer Amount multiplied by the Downside Leverage Factor and, in extreme situations, you could lose all of your initial investment. **Investing in the Notes involves significant risks. The Notes do not pay interest. You may lose some or all of your initial investment. The contingent repayment of principal applies only if you hold the Notes to maturity. Any payment on the Notes, including any repayment of principal, 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 Notes and you could lose all of your initial investment.**

Features

- q **Participation in the Positive Underlying Return up to the Maximum Upside Return:** At maturity, the Notes provide participation in any positive Underlying Return, up to the Maximum Upside Return.
- q **Contingent Inverse (Bearish) Underlying Return Feature:** If the Underlying Return is zero or negative and the percentage decline from the Initial Level to the Final Level is equal to or less than the Buffer Amount, at maturity, UBS will pay you a cash payment per Note equal to the Principal Amount plus a positive return equal to the Contingent Absolute Return.
- q **Contingent Repayment of Principal with Potential for Full Downside Market Exposure:** If the Underlying Return is negative and the percentage decline from the Initial Level to the Final Level is greater than the Buffer Amount, at maturity, UBS will pay you a cash payment per Note that is less than the Principal Amount, if anything, resulting in a percentage loss on your investment equal to the percentage decline in excess of the Buffer Amount multiplied by the Downside Leverage Factor and, in extreme situations, you could lose all of your initial investment. Any payment on the Notes, including any repayment of principal, is subject to the creditworthiness of UBS.

Key Dates*

Pricing Date**	April 18, 2019
Original Issue Date**	April 24, 2019
Averaging Dates	April 24, 2020, April 27, 2020, April 28, 2020, April 29, 2020 and April 30, 2020 (the "Final Valuation Date")
Maturity Date	May 5, 2020

- Expected. See page 2 for additional details.

** We expect to deliver the Notes against payment on or about the fourth business day following the trade date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), trades in the secondary market generally are required to settle in two business days (T+2), unless the parties to a trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes in the secondary market on any date prior to two business days before delivery of the Notes will be required, by virtue of the fact that each Note initially will settle in four business days (T+4), to specify alternative settlement arrangements to prevent a failed settlement of the secondary market trade.

Notice to investors: the Notes are significantly riskier than conventional debt instruments. UBS is not necessarily obligated to repay the full Principal Amount of the Notes at maturity, and the Notes may have the full downside market risk of an investment in the Underlying Asset. This market risk is in addition to the credit risk inherent in purchasing a debt obligation of UBS. You should not purchase the Notes if you do not understand or are not comfortable with the significant risks involved in investing in the Notes.

You should carefully consider the risks described under "Key Risks" beginning on page 3 and under "Risk Factors" beginning on page PS-9 of the accompanying product supplement before purchasing any Notes. Events relating to any of those risks, or other risks and uncertainties, could adversely affect the market value of, and the return on, your Notes. You may lose some or all of your initial investment in the Notes. The Notes will not be listed or displayed on any securities exchange or any electronic communications network.

Note Offering

These preliminary terms relate to the Notes. The return on the Notes is subject to, and will not exceed, the "Maximum Upside Return". The Notes are offered at a minimum investment of 10 Notes at $1,000 per Note (representing a

$10,000 investment), and integral multiples of $1,000 in excess thereof.

Underlying Asset	**Bloomberg Ticker**	**Maximum Upside Return**	**Buffer Amount**	**Downside Leverage Factor**	**Initial Level**	**CUSIP**	**ISIN**
S&P 500® Index	SPX	7.00%	11.05%	Approximately 1.1242	•	90270KB65	US90270KB650

The estimated initial value of the Notes as of the Pricing Date is expected to be between $958.90 and $988.90. The range of the estimated initial value of the Notes was determined on the date hereof by reference to UBS' internal pricing models, inclusive of the internal funding rate. For more information about secondary market offers and the estimated initial value of the Notes, see "Key Risks — Fair value considerations" and "Key Risks — Limited or no secondary market and secondary market price considerations" on page 4 herein.

See "Additional Information about UBS and the Notes" on page ii. The Notes will have the terms specified in the accompanying product supplement relating to the Notes, dated October 31, 2018, the index supplement, the accompanying prospectus and this document.

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

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

Offering of Notes	**Issue Price to Public(1)**		**Underwriting Discount(1)(2)**		**Proceeds to UBS(2)**	
	Total	**Per Note**	**Total**	**Per Note**	**Total**	**Per Note**
Notes linked to the performance of the S&P 500® Index	$•	$1,000.00	$•	$10.00	$•	$990.00

(1) Certain fiduciary accounts will pay a purchase price of $990.00 per $1,000 Principal Amount of the Notes, 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 Notes. The placement agents will forgo fees for sales to certain fiduciary accounts. The placement agents will receive a fee from the issuer or one of our affiliates that will not exceed $10.00 per $1,000 Principal Amount of Notes. 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

Investor Suitability

UBS has filed a registration statement (including a prospectus, as supplemented by an accompanying product supplement for the Notes, and an index supplement), with the Securities and Exchange Commission (the “SEC”), for the Notes to which this document relates. Before you invest, you should read these documents and any other documents relating to the Notes 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:

- Market-Linked Securities product supplement dated October 31, 2018: http://www.sec.gov/Archives/edgar/data/1114446/000091412118002085/ub47016353-424b2.htm
- Index Supplement dated October 31, 2018: http://www.sec.gov/Archives/edgar/data/1114446/000091412118002083/ub46174419-424b2.htm
- Prospectus dated October 31, 2018: http://www.sec.gov/Archives/edgar/data/1114446/000119312518314003/d612032d424b3.htm

References to “UBS,” “we,” “our” and “us” refer only to UBS AG and not to its consolidated subsidiaries and references to “Notes” refer to the Capped Buffered Dual Directional Notes with Downside Leverage Factor that are offered hereby, unless the context otherwise requires. Also, references to the “accompanying product supplement” mean the UBS product supplement, dated October 31, 2018, references to the “index supplement” mean the UBS index supplement, dated October 31, 2018 and references to the “accompanying prospectus” mean the UBS prospectus titled “Debt Securities and Warrants,” dated October 31, 2018.

This document, together with the documents listed above, contains the terms of the Notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including all other pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in “Key Risks” herein and in “Risk Factors” beginning on page PS-9 in the accompanying product supplement, as the Notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisors before deciding to invest in the Notes.

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

UBS reserves the right to change the terms of, or reject any offer to purchase, the Notes prior to their issuance. In the event of any changes to the terms of the Notes, 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.

Investor Suitability

The Notes may be suitable for you if:

- You fully understand the risks inherent in an investment in the Notes, including the risk of loss of all of your initial investment.
- You can tolerate a loss of some or all of your initial investment and are willing to make an investment that may have the full downside market risk of an investment in the Underlying Asset or the equity securities constituting the Underlying Asset (the "Underlying Equity Constituents").
- You believe that the level of the Underlying Asset will increase from the Initial Level to the Final Level and that the percentage of appreciation is unlikely to exceed the Maximum Upside Return indicated on the cover hereof, or you believe that the level of the Underlying Asset will decline and that the percentage decline from the Initial Level to the Final Level will be equal to or less than the Buffer Amount.
- You understand and accept that your potential return on any increase in the level of the Underlying Asset is limited to the Maximum Upside Return and you are willing to invest in the Notes based on the Maximum Upside Return indicated on the cover hereof.
- You understand and accept that your potential positive return from any decline in the level of the Underlying Asset is limited by the buffer feature and you are willing to invest in the Notes based on the Buffer Amount indicated on the cover hereof.
- You can tolerate fluctuations in the price of the Notes prior to maturity that may be similar to or exceed the downside fluctuations in the level of the Underlying Asset.
- You do not seek current income from your investment and are willing to forgo any dividends paid on the Underlying Equity Constituents.
- You are willing to hold the Notes to maturity and accept that there may be little or no secondary market for the Notes.
- You understand and are willing to accept the risks associated with the Underlying Asset.
- You are willing to assume the credit risk of UBS for all payments under the Notes, and understand that if UBS defaults on its obligations you may not receive any amounts due to you including any repayment of principal.
- You understand that the estimated initial value of the Notes determined by our internal pricing models is lower than the issue price and that should UBS Notes LLC or any affiliate make secondary markets for the Notes, the price (not including their customary bid-ask spreads) will temporarily exceed the internal pricing model price.

The Notes may not be suitable for you if:

- You do not fully understand the risks inherent in an investment in the Notes, including the risk of loss of all of your initial investment.
- You require an investment designed to provide a full return of principal at maturity.
- You cannot tolerate a loss of some or all of your initial investment or are unwilling to make an investment that may have the full downside market risk of an investment in the Underlying Asset or its Underlying Equity Constituents.
- You believe that the level of the Underlying Asset will decline during the term of the Notes and that the percentage decline of the Underlying Asset from the Initial Level to the Final Level is likely to be greater than the Buffer Amount, or you believe that the level of the Underlying Asset will increase from the Initial Level to the Final Level by a percentage that is more than the Maximum Upside Return.
- You seek an investment that has unlimited return potential on any increase in the level of the Underlying Asset without a cap on appreciation or you are unwilling to invest in the Notes based on the Maximum Upside Return indicated on the cover hereof.
- You do not understand or do not accept that your potential positive return from any decline in the level of the Underlying Asset is limited by the buffer feature, or you are not willing to invest in the Notes based on the Buffer Amount indicated on the cover hereof.
- You cannot tolerate fluctuations in the price of the Notes prior to maturity that may be similar to or exceed the downside fluctuations in the level of the Underlying Asset.

- You seek current income from this investment or prefer to receive any dividends paid on the Underlying Equity Constituents.
- You are unable or unwilling to hold the Notes to maturity or you seek an investment for which there will be an active secondary market.
- You do not understand or are not willing to accept the risks associated with the Underlying Asset.
- You are not willing to assume the credit risk of UBS for all payments under the Notes, including any repayment of principal.

The investor suitability considerations identified above are not exhaustive. Whether or not the Notes 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 Notes in light of your particular circumstances. You should review "Information About the Underlying Asset" herein for more information. You should also review "Key Risks" herein and the more detailed "Risk Factors" in the accompanying product supplement for risks related to an investment in the Notes.

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Preliminary Terms

Issuer	UBS AG London Branch
Principal Amount	$1,000 per Note
Term	Approximately 54 weeks. In the event that we make any change to the expected Pricing Date and Original Issue Date, the Calculation Agent may adjust the Averaging Dates (including the Final Valuation Date) and the Maturity Date to ensure that the stated term of the Notes remains the same.
Underlying Asset	The S&P 500® Index
Payment at Maturity (per Note)	**If the Underlying Return is positive**, UBS will pay you a cash payment equal to: $1,000 + ($1,000 × the lesser of (a) Underlying Return and (b) Maximum Upside Return). ***In this scenario, you will receive a 1% positive return on the Notes for each 1% positive return on the Underlying Asset but, due to the Maximum Upside Return, your return on the Notes will be limited to 7.00%.*** **If the Underlying Return is zero or negative and the percentage decline from the Initial Level to the Final Level is equal to or less than the Buffer Amount,** UBS will pay you a cash payment that is equal to: $1,000 + ($1,000 × Contingent Absolute Return). ***In this scenario, you will receive a 1% positive return on the Notes for each 1% negative return on the Underlying Asset but, due to the buffer feature, your return on the Notes will be limited to 11.05%.*** **If the Underlying Return is negative and the percentage decline from the Initial Level to the Final Level is greater than the Buffer Amount**, UBS will pay you a cash payment that is less than your Principal Amount, if anything, equal to: $1,000 + [$1,000 × (Underlying Return + Buffer Amount) x Downside Leverage Factor]. ***In this scenario, you will suffer a percentage loss on your initial investment equal to the percentage decline in excess of the Buffer Amount multiplied by the Downside Leverage Factor and, in extreme situations, you could lose all of your initial investment.***
Maximum Upside Return	7.00%
Buffer Amount	11.05%
Downside Leverage Factor	The quotient of 1 divided by the difference of 1 and the Buffer Amount, which equals approximately 1.1242.
Underlying Return	The quotient, expressed as a percentage, of the following formula: $\frac{\text{Final Level} - \text{Initial Level}}{\text{Initial Level}}$
Contingent Absolute Return	The absolute value of the Underlying Return. For example, if the Underlying Return is -5%, the Contingent Absolute Return will equal 5%.
Initial Level[(1)]	The Closing Level of the Underlying Asset on the Pricing Date.

Final Level(1)	The arithmetic average of the Closing Level of the Underlying Asset on each of the Averaging Dates.
Averaging Dates(2)	April 24, 2020, April 27, 2020, April 28, 2020, April 29, 2020 and the Final Valuation Date.

(1) As determined by the Calculation Agent and as may be adjusted in the case of certain adjustment events as described under "General Terms of the Securities — Discontinuance of or Adjustments to an Underlying Index; Alteration of Method of Calculation" in the accompanying product supplement.

Final Valuation Date(2)	April 30, 2020.

Investment Tmeline

Pricing Date The Initial Level is observed and the final terms of the Notes are set.

Averaging Dates The Closing Level of the Underlying Asset is observed on each of the Averaging Dates. The Final Level and the Underlying Return are calculated on the Final Valuation Date.

Maturity Date

If the Underlying Return is positive, UBS will pay you a cash payment per Note equal to:

$1,000 + ($1,000 × the lesser of (a) Underlying Return and (b) Maximum Upside Return).

In this scenario, you will receive a 1% positive return on the Notes for each 1% positive return on the Underlying Asset but, due to the Maximum Upside Return, your return on the Notes will be limited to 7.00%.

If the Underlying Return is zero or negative and the percentage decline from the Initial Level to the Final level is equal to or less than the Buffer Amount, UBS will pay you a cash payment per Note that is equal to:

$1,000 + ($1,000 × Contingent Absolute Return).

In this scenario, you will receive a 1% positive return on the Notes for each 1% negative return on the Underlying Asset but, due to the buffer feature, your return on the Notes will be limited to 11.05%.

If the Underlying Return is negative and the percentage decline from the Initial Level to the Final Level is greater than the Buffer Amount, UBS will pay you a cash payment per Note that is less than your Principal Amount, if anything, equal to:

$1,000 + [$1,000 × (Underlying Return + Buffer Amount) x Downside Leverage Factor]

In this scenario, you will suffer a percentage loss on your initial investment equal to the percentage decline in excess of the Buffer Amount multiplied by the Downside Leverage Factor and, in extreme situations, you could lose all of your initial investment.

Investing in the Notes involves significant risks. You may lose some or all of your initial investment. Any payment on the Notes, including any repayment of principal, 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 Notes and you could lose all of your initial investment.

(2)

Subject to postponement by the Calculation Agent as described under “General Terms of the Securities — Market Disruption Events” in the accompanying product supplement.

2

Key Risks

An investment in the Notes involves significant risks. Some of the key risks that apply to the Notes are summarized here, but we urge you to read the more detailed explanation of risks relating to the Notes generally in the "Risk Factors" section of the accompanying product supplement. We also urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the Notes.

- **Risk of loss –** The Notes differ from ordinary debt securities in that UBS will not necessarily repay the full Principal Amount of the Notes at maturity. UBS will only pay you the Principal Amount of the Notes if the Underlying Return is zero or positive or if the percentage decline of the Underlying Asset from the Initial Level to the Final Level is equal to or less than the Buffer Amount and will only make such payment at maturity. If the Underlying Return is negative and the percentage decline of the Underlying Asset from the Initial Level to the Final Level is greater than the Buffer Amount, you will lose a percentage of your Principal Amount equal to the percentage decline in excess of the Buffer Amount multiplied by the Downside Leverage Factor and, in extreme situations, you could lose all of your initial investment.
- **The contingent repayment of principal by the issuer applies only if you hold your Notes to maturity —** You should be willing to hold your Notes to maturity. The contingent repayment of principal by the issuer is only available if you hold your Notes to maturity. If you are able to sell your Notes prior to maturity in the secondary market, you may have to sell them at a loss relative to your initial investment even if the percentage decline of the Underlying Asset from the Initial Level to the then-current level is equal to or less than the Buffer Amount.
- **Participation in any positive Underlying Return, subject to the Maximum Upside Return, applies only at maturity —** If you are able to sell your Notes prior to maturity in the secondary market, the price you receive will likely not reflect the full economic value of the Underlying Return and the return you realize may be less than the increase in the level of the Underlying Asset at such time, even if such return is positive and does not exceed the Maximum Upside Return. You can receive the full benefit of the participation in any positive return on the Underlying Asset, subject to the Maximum Upside Return, from UBS only if you hold your Notes to maturity.
- **The Contingent Absolute Return feature applies only at maturity —** You should be willing to hold your Notes to maturity. If you are able to sell your Notes prior to maturity in the secondary market, the price you receive will likely not reflect the full economic value of the Contingent Absolute Return feature, even if the percentage decline of the Underlying Asset from the Initial Level to the then-current level is equal to or less than the Buffer Amount. You can receive the potential benefit of the Contingent Absolute Return only if you hold your Notes to maturity.
- **Your participation in any potential positive Underlying Return is limited to the Maximum Upside Return —** The return potential of the Notes from any positive return on the Underlying Asset is limited to the Maximum Upside Return. Therefore, you will not benefit from any positive Underlying Return in excess of the Maximum Upside Return and your return on the Notes may be less than it would be in a hypothetical direct investment in the Underlying Asset.
- **Your potential positive return from the Contingent Absolute Return feature is limited by the buffer feature** — At maturity, you will receive a return equal to the Contingent Absolute Return only if the Underlying Return is negative and the percentage decline of the Underlying Asset from the Initial Level to the Final Level is equal to or less than the Buffer Amount. If the Underlying Return is negative and the percentage decline of the Underlying Asset from the Initial Level to the Final Level is greater than the Buffer Amount, you will not benefit from the Contingent Absolute Return, and instead you will lose a percentage of your Principal Amount equal to the percentage decline in excess of the Buffer Amount multiplied by the Downside Leverage Factor. As a result, the return on an investment in the Notes may be less than a hypothetical, direct short-position in the Underlying Asset or the Underlying Equity Constituents.
- **Payment at maturity based on average over the Averaging Dates** — The amount payable at maturity will be calculated by reference to the arithmetic average of the Closing Levels of the Underlying Asset on each of the Averaging Dates. Therefore, in calculating the Final Level, beneficial performance of the Underlying Asset as of some Averaging Dates may be moderated, or wholly offset, by the performance of the Underlying Asset on other Averaging Dates. As a result, the Payment at Maturity you receive, if any, may be less than if it were based

solely on the Closing Level of the Underlying Asset on the Final Valuation Date.

¨ **No interest payments —** UBS will not pay any interest with respect to the Notes.

¨ **Credit risk of UBS** — The Notes are unsubordinated, unsecured debt 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 Notes, including any repayment of principal, 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 Notes and, in the event UBS were to default on its obligations, you may not receive any amounts owed to you under the terms of the Notes and you could lose all of your initial investment.

¨ **The probability that the percentage decline in the Final Level from the Initial Level is greater than the Buffer Amount will depend on the volatility of the Underlying Asset** — "Volatility" refers to the frequency and magnitude of changes in the level of the Underlying Asset. All things being equal, the greater the expected volatility of the Underlying Asset as of the Pricing Date, the greater the expectation is as of that date that the Underlying Return will be negative and that the percentage decline in the level of the Underlying Asset from the Initial Level to the Final Level will be greater than the Buffer Amount and, as a consequence, indicates an increased risk of loss. Also, a relatively higher Buffer Amount does not necessarily indicate a relatively low risk of loss because the expected volatility of the Underlying Asset could be high. You should be willing to accept the downside market risk of the Underlying Asset and the potential to lose some or all of your initial investment.

¨ **Market risk** — The return on the Notes, which may be negative, is directly linked to the performance of the Underlying Asset and indirectly linked to the value of the Underlying Equity Constituents, and will depend on whether, and the extent to which, the Underlying Return is positive or negative. The level of the Underlying Asset can rise or fall sharply due to factors specific to the Underlying Asset or its Underlying Equity Constituents and their issuers (the "Underlying Constituent Issuers"), such as stock price volatility, earnings and financial conditions, corporate, industry and regulatory developments, management changes and decisions and other events, as well as general market factors, such as general stock or commodity market volatility and levels, interest rates and economic and political conditions.

¨ **Fair value considerations.**

o **The issue price you pay for the Notes will exceed their estimated initial value** – The issue price you pay for the Notes will exceed their estimated initial value as of the Pricing Date due to the inclusion in the issue price of the underwriting discount, hedging costs, issuance costs and projected profits. As of the close of the relevant markets on the Pricing Date, we will determine the estimated initial value of the Notes by reference to our internal pricing models and it will be set forth in the final pricing supplement. The pricing models used to determine the estimated initial value of the Notes incorporate certain variables, including the level and volatility of the Underlying Asset and Underlying Equity Constituents, any expected dividends on the Underlying Equity Constituents, prevailing interest rates, the term of the Notes and our internal funding rate. Our internal funding rate is typically lower than the rate we would pay to issue conventional fixed or floating rate debt securities of a similar term. The underwriting discount, hedging costs, issuance costs, projected profits and the difference in rates will reduce the economic value of the Notes to you. Due to these factors, the estimated initial value of the Notes as of the Pricing Date will be less than the issue price you pay for the Notes.

o **The estimated initial value is a theoretical price; the actual price that you may be able to sell your Notes in any secondary market (if any) at any time after the Pricing Date may differ from the estimated initial value** – The value of your Notes at any time will vary based on many factors, including the factors described above and in "—Market risk" above and is impossible to predict. Furthermore, the pricing models that we use are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. As a result, after the Pricing Date, if you attempt to sell the Notes in the secondary market, the actual value you would receive may differ, perhaps materially, from the estimated initial value of the Notes determined by reference to our internal pricing models. The estimated initial value of the Notes does not represent a minimum or maximum price at which we or any of our affiliates would be willing to purchase your Notes in any secondary market at any time.

o **Our actual profits may be greater or less than the differential between the estimated initial value and the issue price of the Notes as of the Pricing Date** – We may determine the economic terms of the Notes, as well as hedge our obligations, at least in part, prior to the Pricing Date. In addition, there may be ongoing costs to us to maintain and/or adjust any hedges and such hedges are often imperfect. Therefore, our actual profits (or potentially, losses) in issuing the Notes cannot be determined as of the Pricing Date and any such differential between the estimated initial value and the issue price of the Notes as of the Pricing Date does not reflect our actual profits. Ultimately, our actual profits will be known only at the maturity of the Notes.

¨ **Limited or no secondary market and secondary market price considerations.**

o **There may be little or no secondary market for the Notes** — The Notes will not be listed or displayed on any securities exchange or any electronic communications network. There can be no assurance that a secondary market for the Notes will develop. UBS Securities LLC and its affiliates may make a market in the offering of the Notes, although they are not required to do so and may stop making a market at any time. If you are able to sell your Notes prior to maturity, you may have to sell them at a substantial loss. The estimated initial value of the Notes does not represent a minimum or maximum price at which we or any of our affiliates would be willing to purchase your Notes in any secondary market at any time.

o **The price at which UBS Securities LLC and its affiliates may offer to buy the Notes in the secondary market (if any) may be greater than UBS' valuation of the Notes at that time, greater than any other secondary market prices provided by unaffiliated dealers (if any) and, depending on your broker, greater than the valuation provided on your customer account statements** — For a limited period of time following the issuance of the Notes, UBS Securities LLC or its affiliates may offer to buy or sell such Notes at a price that exceeds (i) our valuation of the Notes at that time based on our internal pricing models, (ii) any secondary market prices provided by unaffiliated dealers (if any) and (iii) depending on your broker, the valuation provided on customer account statements. The price that UBS Securities LLC may initially offer to buy such Notes following issuance will exceed the valuations indicated by our internal pricing models due to the inclusion for a limited period of time of the aggregate value of the underwriting discount, hedging costs, issuance costs and theoretical projected trading profit. The portion of such amounts included in our price will decline to zero on a straight line basis over a period ending no later than the date specified under "Supplemental Plan of Distribution (Conflicts of Interest); Secondary Market (if any)." Thereafter, if UBS Securities LLC or an affiliate makes secondary markets in the Notes, it will do so at prices that reflect our estimated value determined by reference to our internal pricing models at that time. The temporary positive differential relative to our internal pricing models arises from requests from and arrangements made by UBS Securities LLC with the selling agents of structured debt securities such as the Notes. As described above, UBS Securities LLC and its affiliates are not required to make a market for the Notes and may stop making a market at any time. The price at which UBS Securities LLC or an affiliate may make secondary markets at any time (if at all) will also reflect its then current bid-ask spread for similar sized trades of structured debt securities. UBS Securities LLC reflects this temporary positive differential on its customer statements. Investors should inquire as to the valuation provided on customer account statements provided by unaffiliated dealers.

o **Economic and market factors affecting the terms and market price of Notes prior to maturity —** Because structured notes, including the Notes, can be thought of as having a debt component and a derivative component, factors that influence the values of debt instruments and options and other derivatives will also affect the terms and features of the Notes at issuance and the market price of the Notes prior to maturity. These factors include the level of the Underlying Asset and the Underlying Equity Constituents; the volatility of the Underlying Asset and the Underlying Equity Constituents; any dividends paid on the Underlying Equity Constituents; the time remaining to the maturity of the Notes; interest rates in the markets; geopolitical conditions and economic, financial, political, force majeure and regulatory or judicial events; the availability of comparable instruments; the creditworthiness of UBS; and the then current bid-ask spread for the Notes. These and other factors are unpredictable and interrelated and may offset or magnify each other.

o **Impact of fees and the use of internal funding rates rather than secondary market credit spreads on secondary market prices** — All other things being equal, the use of the internal funding rates described above under "—Fair value considerations" as well as the inclusion in the issue price of the underwriting discount, hedging costs, issuance costs and any projected profits are, subject to the temporary mitigating effect of UBS Securities LLC's and its affiliates' market making premium, expected to reduce the price at which you may be able to sell the Notes in any secondary market.

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- **Owning the Notes is not the same as owning the Underlying Asset or Underlying Equity Constituents or taking a shortly position directly in the Underlying Asset or Underlying Equity constituents —** The return on your Notes may not reflect the return you would realize if you actually owned the Underlying Asset or the Underlying Equity Constituents. For instance, you will not benefit from any positive Underlying Return in excess of the Maximum Upside Return. Furthermore, you will not receive or be entitled to receive any dividend payments or other distributions during the term of the Notes, and any such dividends or distributions will not be factored into the calculation of the Payment at Maturity on your Notes. In addition, as an owner of the Notes, you will not have voting rights or any other rights that a holder of the Underlying Asset or Underlying Equity Constituents may have.

Further, the Contingent Absolute Return feature of the Notes will not reflect the return you would realize if you actually took a short position directly in the Underlying Asset or its Underlying Equity Constituents. For example, due to the buffer feature, the Notes provide only limited inverse exposure to the decline in the level of the Underlying Asset. Furthermore, to maintain a short position in an Underlying Equity Constituent, you would have to pay dividend payments (if any) to the entity that lends you the Underlying Equity Constituent for your short sale, and you could receive certain interest payments (the short interest rebate) from the lender.

- **There can be no assurance that the investment view implicit in the Notes will be successful** — It is impossible to predict whether and the extent to which the level of the Underlying Asset will rise or fall. There can be no assurance that the Final Level will be greater than the Initial Level or that the percentage decline of the Underlying Asset from the Initial Level to the Final Level will be equal to or less than the Buffer Amount. The Final Level will be influenced by complex and interrelated political, economic, financial and other factors that affect the issuers of the Underlying Equity Constituents. You should be willing to accept the risks associated with the relevant markets tracked by the Underlying Asset in general and its Underlying Equity Constituents in particular, and the risk of losing some or all of your initial investment.

- **The Underlying Asset reflects price return, not total return** — The return on your Notes is based on the performance of the Underlying Asset, which reflects the changes in the market prices of its Underlying Equity Constituents. It is not, however, linked to a “total return” index or strategy, which, in addition to reflecting those price returns, would also reflect dividends paid on its Underlying Equity Constituents. The return on your Notes will not include such a total return feature or dividend component.

- **Changes affecting the Underlying Asset could have an adverse effect on the value of, and amount payable on, the Notes** — The policies of the Index Sponsor as specified under “Information About the Underlying Asset”, concerning additions, deletions and substitutions of the Underlying Equity Constituents and the manner in which the Index Sponsor takes account of certain changes affecting those Underlying Equity Constituents may adversely affect the levels of the Underlying Asset. The policies of the Index Sponsor with respect to the calculation of the Underlying Asset could also adversely affect the levels of the Underlying Asset. The Index Sponsor may discontinue or suspend calculation or dissemination of the Underlying Asset. Any such actions could have an adverse effect on the value of, and any amount payable on, the Notes.

- **UBS cannot control actions by the Index Sponsor and the Index Sponsor has no obligation to consider your interests** — UBS and its affiliates are not affiliated with the Index Sponsor and have no ability to control or predict its actions, including any errors in or discontinuation of public disclosure regarding methods or policies relating to the calculation of the Underlying Asset. The Index Sponsor is not involved in the Notes offering in any way and have no obligation to consider your interest as an owner of the Notes in taking any actions that might affect the market value of, and any amount payable on, your Notes.

- **Potential UBS impact on price** — Trading or transactions by UBS or its affiliates in the Underlying Equity Constituents, listed and/or over-the-counter options, futures or other instruments with returns linked to the performance of the Underlying Asset and/or any Underlying Equity Constituent may adversely affect the level of that Underlying Asset on any Averaging Date and, therefore, the market value of, and any amount payable on, the Notes.

- **Potential conflict of interest** — UBS and its affiliates may engage in business with the Underlying Constituent Issuers or trading activities related to the Underlying Asset or any Underlying Equity Constituents, which may present a conflict between the interests of UBS and you, as a holder of the Notes. There are also potential conflicts of interest between you and the calculation agent, which will be an affiliate of UBS. The calculation agent will determine the

Underlying Return and the Payment at Maturity of the Notes based on the Final Level of the Underlying Asset. The Calculation Agent can postpone the determination of the Initial Level, Closing Level and/or Final Level if a market disruption event occurs and is continuing on the Pricing Date, any Averaging Date and/or the Final Valuation Date, respectively. As UBS determines the economic terms of the Notes, including the Maximum Upside Return, Buffer Amount and the related Downside Leverage Factor, and such terms include the underwriting discount, hedging costs, issuance costs and projected profits, the Notes represent a package of economic terms. There are other potential conflicts of interest insofar as an investor could potentially get better economic terms if that investor entered into exchange-traded and/or OTC derivatives or other instruments with third parties, assuming that such instruments were available and the investor had the ability to assemble and enter into such instruments. Given that UBS Securities LLC and its affiliates temporarily maintain a market making premium, it may have the effect of discouraging UBS Securities LLC and its affiliates from recommending sale of your Notes in the secondary market.

¨ **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 Notes, or express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes. 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 Notes and the Underlying Asset to which the Notes are linked.

¨ **The Notes are not bank deposits** — An investment in the Notes carries risks which are very different from the risk profile of a bank deposit placed with UBS or its affiliates. The Notes have different yield, and/or return, liquidity and risk profiles and would not benefit from any protection provided to deposits.

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If UBS experiences financial difficulties, FINMA has the power to open restructuring or liquidation proceedings in respect of, and/or impose protective measures in relation to, UBS, which proceedings or measures may have a material adverse effect on the terms and market value of the Notes and/or the ability of UBS to make payments thereunder — The Swiss Financial Market Supervisory Authority ("FINMA") has broad statutory powers to take measures and actions in relation to UBS if (i) it concludes that there is justified concern that UBS is over-indebted or has serious liquidity problems or (ii) UBS fails to fulfill the applicable capital adequacy requirements (whether on a standalone or consolidated basis) after expiry of a deadline set by FINMA. If one of these pre-requisites is met, FINMA is authorized to open restructuring proceedings or liquidation (bankruptcy) proceedings in respect of, and/or impose protective measures in relation to, UBS. The Swiss Banking Act grants significant discretion to FINMA in connection with the aforementioned proceedings and measures. In particular, a broad variety of protective measures may be imposed by FINMA, including a bank moratorium or a maturity postponement, which measures may be ordered by FINMA either on a stand-alone basis or in connection with restructuring or liquidation proceedings. The resolution regime of the Swiss Banking Act is further detailed in the FINMA Banking Insolvency Ordinance ("BIO-FINMA"). In a restructuring proceeding, FINMA, as resolution authority, is competent to approve the resolution plan. The resolution plan may, among other things, provide for (a) the transfer of all or a portion of UBS' assets, debts, other liabilities and contracts (which may or may not include the contractual relationship between UBS and the holders of Notes) to another entity, (b) a stay (for a maximum of two business days) on the termination of contracts to which UBS is a party, and/or the exercise of (w) rights to terminate, (x) netting rights, (y) rights to enforce or dispose of collateral or (z) rights to transfer claims, liabilities or collateral under contracts to which UBS is a party, (c) the conversion of UBS' debt and/or other obligations, including its obligations under the Notes, into equity (a "debt-to-equity" swap), and/or (d) the partial or full write-off of obligations owed by UBS (a "write-off"), including its obligations under the Notes. The BIO-FINMA provides that a debt-to-equity swap and/or a write-off of debt and other obligations (including the Notes) may only take place after (i) all debt instruments issued by UBS qualifying as additional tier 1 capital or tier 2 capital have been converted into equity or written-off, as applicable, and (ii) the existing equity of UBS has been fully cancelled. While the BIO-FINMA does not expressly address the order in which a write-off of debt instruments other than debt instruments qualifying as additional tier 1 capital or tier 2 capital should occur, it states that debt-to-equity swaps should occur in the following order: first, all subordinated claims not qualifying as regulatory capital; second, all other claims not excluded by law from a debt-to-equity swap (other than deposits); and third, deposits (in excess of the amount privileged by law). However, given the broad discretion granted to FINMA as the resolution authority, any restructuring plan in respect of UBS could provide that the claims under or in connection with the Notes will be partially or fully converted into equity or written-off, while preserving other obligations of UBS that rank pari passu with, or even junior to, UBS' obligations under the Notes. Consequently, holders of Notes may lose all of some of their investment in the Notes. In the case of restructuring proceedings with respect to a systemically important Swiss bank (such as UBS), the creditors whose claims are affected by the restructuring plan will not have a right to vote on, reject, or seek the suspension of the restructuring plan. In addition, if a restructuring plan has been approved by FINMA, the rights of a creditor to seek judicial review of the restructuring plan (e.g., on the grounds that the plan would unduly prejudice the rights of holders of Notes or otherwise be in violation of the Swiss Banking Act) are very limited. In particular, a court may not suspend the implementation of the restructuring plan. Furthermore, even if a creditor successfully challenges the restructuring plan, the court can only require the relevant creditor to be compensated ex post and there is currently no guidance as to on what basis such compensation would be calculated or how it would be funded.

Uncertain tax treatment — Significant aspects of the tax treatment of the Notes are uncertain. You should consult your tax advisor about your tax situation. See "Material U.S. Federal Income Tax Consequences" herein and "Material U.S. Federal Income Tax Consequences", including the section "—Securities Treated as Prepaid Derivatives or Prepaid Forwards", in the accompanying product supplement.

Hypothetical Examples and Return Table of the Notes at Maturity

The below examples are based on hypothetical terms. The actual terms will be set on the Pricing Date and will be indicated on the cover of the applicable pricing supplement

The examples and table below illustrate the Payment at Maturity for a $1,000 Note on a hypothetical offering of the Notes, with the following assumptions (the actual terms for the Notes will be set on the Pricing Date; amounts have been rounded for ease of analysis):

Investment Term:	12 months
Initial level:	3,000.00
Maximum Upside Return:	7.00%
Buffer Amount:	11.05%
Downside Leverage Factor:	1 divided by 0.8895, which equals approximately 1.1242
Range of Underlying Asset Performance:*	40% to -100%

* The performance range is provided for illustrative purposes only.

Final level	Underlying Return*	Payment at Maturity	Note Total Return at Maturity
4,200.00	40.00%	$1,070.00	7.000%
3,900.00	30.00%	$1,070.00	7.000%
3,600.00	20.00%	$1,070.00	7.000%
3,450.00	15.00%	$1,070.00	7.000%
3,270.00	9.00%	$1,070.00	7.000%
3,210.00	7.00%	$1,070.00	7.000%
3,180.00	6.00%	$1,060.00	6.000%
3,090.00	3.00%	$1,030.00	3.000%
3,000.00	0.00%	$1,000.00	0.000%
2,910.00	-3.00%	$1,030.00	3.000%
2,820.00	-6.00%	$1,060.00	6.000%
2,700.00	-10.00%	$1,100.00	10.000%
2,668.50	-11.05%	$1,105.00	11.050%
2,400.00	-20.00%	$899.38	-10.062%
2,100.00	-30.00%	$786.96	-21.304%
1,800.00	-40.00%	$674.54	-32.546%
1,500.00	-50.00%	$562.11	-43.789%
900.00	-70.00%	$337.27	-66.273%
300.00	-90.00%	$112.42	-88.758%
0.00	-100.00%	$0.00	-100.000%

* The Underlying Return excludes any cash dividend payments on the Underlying Equity Constituents.

Example 1 — The Final Level of the Underlying Asset is 3,090.00 (resulting in an Underlying Return of 3.00%).

Because the Underlying Return is 3.00%, UBS will pay you a 3.00% total return, and the Payment at Maturity per Note will be calculated as follows:

$1,000 + ($1,000 × 3.00%)
= $1,000 + $30
= $1,030 (a 3.000% total return)

Example 2 — The Final Level of the Underlying Asset is 3,600.00 (resulting in an Underlying Return of 20.00%).

Because the Underlying Return of 20.00% is greater than the Maximum Upside Return, UBS will pay you the Maximum Upside Return of 7.00%, and the Payment at Maturity will be calculated as follows:

$1,000 + ($1,000 x 7.00%)
= $1,000 + $70.00
= $1,070 (a 7.000% total return)

Example 3 — The Final Level of the Underlying Asset is 2,820.00 (resulting in an Underlying Return of -6.00%).

Because the Underlying Return is zero or negative and the percentage decline from the Initial Level to the Final level is equal to or less than the Buffer Amount, and the Payment at Maturity will be calculated as follows:

$1,000 + ($1,000 × Contingent Absolute Return)
= $1,000 + ($1,000 × |-6.00%|)
= $1,060 per Note (a 6.000% total return)

Example 4 — The Final Level of the Underlying Asset is 1,500.00 (resulting in an Underlying Return of -50.00%).

Because the Underlying Return is negative and the percentage decline from the Initial Level to the Final level is greater than the Buffer Amount, UBS will pay you less than the Principal Amount and the Payment at Maturity per Note is as follows:

$1,000 + [$1,000 × (-50.00% + 11.05%) x (1.00 / 0.8895)]
= $1,000 + [$1,000 × (-38.95%) x (1.00 / 0.8895)]
= $562.11 (a -43.789% total return)

Accordingly, if the Underlying Return is negative and the percentage decline from the Initial Level to the Final Level is greater than the Buffer Amount, UBS will pay you less than the Principal Amount, if anything, resulting in a percentage loss on your initial investment equal to the percentage decline in excess of the Buffer Amount multiplied by the Downside Leverage Factor and, in extreme situations, you could lose all of your initial investment.

Information About the Underlying Asset

All disclosures contained in this document regarding the Underlying Asset are derived from publicly available information. UBS has not conducted any independent review or due diligence of any publicly available information with respect to the Underlying Asset. **You should make your own investigation into the Underlying Asset.**

Included on the following pages is a brief description of the Underlying Asset. This information has been obtained from publicly available sources. Set forth below is a table that provides the quarterly closing high and quarterly closing low for the Underlying Asset. We obtained the closing level information set forth below from Bloomberg Professional® service ("Bloomberg") without independent verification. You should not take the historical prices of the Underlying Asset as an indication of future performance.

S&P 500® Index

We have derived all information regarding the S&P 500® Index ("SPX") contained in this document, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. Such information reflects the policies of, and is subject to change by S&P Dow Jones Indices LLC (the "Index Sponsor" or "S&P Dow Jones").

SPX is published by S&P Dow Jones, but S&P Dow Jones has no obligation to continue to publish SPX, and may discontinue publication of SPX at any time. SPX is determined, comprised and calculated by S&P Dow Jones without regard to the Notes.

As discussed more fully in the index supplement under the heading "Underlying Indices and Underlying Index Publishers — S&P 500® Index", SPX is intended to provide an indication of the pattern of common stock price movement. The calculation of the value of SPX is based on the relative value of the aggregate market value of the common stock of 500 companies as of a particular time compared to the aggregate average market value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. Eleven main groups of companies comprise SPX, with the percentage weight of each group in the index as a whole as of March 29, 2019 as follows: Information Technology (21.2%); Health Care (14.6%); Financials (12.7%); Communication Services (10.1%); Consumer Discretionary (10.1%); Industrials (9.5%); Consumer Staples (7.3%); Energy (5.4%); Utilities (3.3%); Real Estate (3.1%); and Materials (2.6%). As of September 28, 2018, the index sponsor broadened the existing Telecommunication Services Sector and renamed it Communication Services. The renamed Sector includes the existing telecommunication companies, as well as companies selected from the Consumer Discretionary Sector previously classified under the Media Industry Group and the Internet & Direct Marketing Retail Sub-Industry, along with select companies previously classified in the Information Technology Sector. These changes were effective for SPX as of the open of business on September 24, 2018 to coincide with the September 2018 quarterly rebalancing. As of February 20, 2019, company additions to SPX should have an unadjusted company market capitalization of $8.2 billion or more (an increase from the previous requirement of an unadjusted company market capitalization of $6.1 billion or more).

Information from outside sources is not incorporated by reference in, and should not be considered part of, this document or any document incorporated herein by reference. UBS has not conducted any independent review or due diligence of any publicly available information with respect to SPX.

Historical Information

The graph below illustrates the performance of SPX from January 1, 2009 through April 15, 2019, based on information from Bloomberg. *Past performance of SPX is not indicative of the future performance of SPX.*

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Material U.S. Federal Income Tax Consequences

The U.S. federal income tax consequences of your investment in the Notes are uncertain. There are no statutory provisions, regulations, published rulings or judicial decisions addressing the characterization for U.S. federal income tax purposes of securities with terms that are substantially the same as the Notes. Some of these tax consequences are summarized below, but we urge you to read the more detailed discussion in "Material U.S. Federal Income Tax Consequences", including the section "—Securities Treated as Prepaid Derivatives or Prepaid Forwards", in the accompanying product supplement and to discuss the tax consequences of your particular situation with your tax advisor. This discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), final, temporary and proposed U.S. Treasury Department (the "Treasury") regulations, rulings and decisions, in each case, as available and in effect as of the date hereof, all of which are subject to change, possibly with retroactive effect. Tax consequences under state, local and non-U.S. laws are not addressed herein. No ruling from the U.S. Internal Revenue Service (the "IRS") has been sought as to the U.S. federal income tax consequences of your investment in the Notes, and the following discussion is not binding on the IRS.

U.S. Tax Treatment. Pursuant to the terms of the Notes, 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 your Notes as prepaid derivative contracts with respect to the Underlying Asset. If your Notes are so treated, you should generally recognize gain or loss upon the taxable disposition of your Notes in an amount equal to the difference between the amount you receive at such time and the amount you paid for your Notes. Subject to the constructive ownership rules (discussed below), such gain or loss should generally be long-term capital gain or loss if you have held your Notes for more than one year (otherwise such gain or loss should be short-term capital gain or loss if held for one year or less). The deductibility of capital losses is subject to limitations.

Based on certain factual representations received from us, our counsel, Cadwalader, Wickersham & Taft LLP, is of the opinion that it would be reasonable to treat your Notes in the manner described above. However, because there is no authority that specifically addresses the tax treatment of the Notes, it is possible that your Notes could alternatively be treated for tax purposes as a single contingent payment debt instrument, or pursuant to some other characterization (including possible treatment as a "constructive ownership transaction"), such that the timing and character of your income from the Notes could differ materially and adversely from the treatment described above, as described further under "Material U.S. Federal Income Tax Consequences", including the section "—Securities Treated as Prepaid Derivatives or Prepaid Forwards", in the accompanying product supplement. There may be also a risk that the IRS could assert that the Notes should not give rise to long-term capital gain or loss because the Notes offer, at least in part, short exposure to the Underlying Asset.

Except to the extent otherwise required by law, UBS intends to treat your Notes for U.S. federal income tax purposes in accordance with the treatment described above and under "Material U.S. Federal Income Tax Consequences" in the accompanying product supplement, unless and until such time as the Treasury and the IRS determine that some other treatment is more appropriate.

Notice 2008-2. In 2007, the IRS released a notice that may affect the taxation of holders of the Notes. According to Notice 2008-2, the IRS and the Treasury are activesting, subject to a right of SCM to repurchase the unvested portion of the shares if the optionee s status as an employee or consultant is terminated or upon the optionee s death or disability prior to the shares vesting. (3) The option grants presented above vest as to 100% of the shares four years from the date of grant. Options may generally be exercised ahead of vesting, subject to a right of SCM to repurchase the unvested portion of the shares if the optionee s status as an employee or consultant is terminated or upon the optionee s death or disability prior to the shares vesting. (4) The option grants presented above vest as to 1/4 of the shares one year from the date of grant, and 1/48 of the shares per month over the next 36 months. Options may generally be exercised ahead of vesting, subject to a right of SCM to repurchase the unvested portion of the shares if the optionee s status as an employee or consultant is terminated or upon the optionee s death or disability prior to the shares vesting.

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Aggregate Option Exercises in Last Fiscal Year and Year-End Option Values

The following table sets forth, for each of the Named Executive Officers, certain information regarding the exercise of stock options in the last fiscal year and the year-end value of unexercised options as of December 31, 2001:

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at Year-End:		Value of Unexercised In-the-Money Options at Year-End(1):	
			Exercisable(2)	Unexercisable	Exercisable	Unexercisable
Robert Schneider			134,102	132,812	$769,457.56	$276,202.24
Bernd Meier			132,311	132,104	$762,917.56	$276,202.24
Andrew Warner			49,581	80,480	$ 98,482.04	$193,795.52
Paolo Siccardo			44,124	91,825	$ 30,608.96	$133,056.48
Brian Campbell			34,999	81,001	$ 43,728.96	$192,431.04
Mladen Filipan				70,000	$	$459,200.00

(1) Calculated by taking the difference between the $14.64 fair market value of a share of SCM common stock as of December 31, 2001 and the exercise price of each in-the-money option and multiplying that difference by the number of shares underlying such option.

(2) Options are generally exercisable by the optionee ahead of vesting. Unvested shares purchased on exercise of an option are subject to a repurchase right of SCM, and may not be sold by an optionee until the shares vest. Options indicated as Exercisable are those options which were both vested and exercisable as of December 31, 2001. All other options are indicated as Unexercisable.

Employment Contracts

We pay the salary of Mr. Schneider through SCM Microsystems GmbH, our German subsidiary. Our German subsidiary has entered into an employment agreement with Mr. Schneider pursuant to which he serves as a Managing Director of the subsidiary. The agreement continues for an indefinite term and each party may terminate the agreement at any time with six months notice. Pursuant to the agreement, Mr. Schneider receives an annual base salary of $210,000 and an annual bonus of up to $75,000. Furthermore, he is subject to a non-compete provision for a period of one year after the termination of employment.

We have entered into an employment contract with Mr. Campbell that continues until June 23, 2002. Under the Agreement, to the extent we terminate Mr. Campbell without cause (as defined in the Agreement) or if Mr. Campbell terminates his employment with us for good reason (as defined in the Agreement), (i) we would provide Mr. Campbell with a lump sum equal to the total amount of his then current base salary remaining payable under the terms of the Agreement, but in no case less than three months, and (ii) we would accelerate the vesting on the first option grant of our common stock to Mr. Campbell by the number of days for which Mr. Campbell would receive the salary based severance.

We have also entered into an employment contract with Mr. Filipan that continues until September 27, 2004. Under the Agreement, to the extent we terminate Mr. Filipan without cause (as defined in the Agreement) or if Mr. Filipan terminates his employment with us for good reason (as defined in the Agreement), we would provide Mr. Filipan with a lump sum equal to the lesser of three months of his then current base salary or the salary amount remaining payable under the term of the Agreement.

Related Parties and Certain Transactions

In September 2000, SCM loaned $0.8 million to Satup Databroadcasting AG (Satup), a privately held satellite content distributor located in Weinstadt, Germany. In the fourth quarter of 2000, the loan was converted into common shares of Satup and an additional $0.1 million was invested into common shares. In 2001, SCM invested an additional $0.7 million in Satup common stock. SCM s ownership in Satup as of December 31, 2001 was approximately 10%. During 2001, SCM recognized no revenue from Satup and had

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an accounts receivable of $0.3 million as December 31, 2001. During 2000, SCM recognized $0.3 million in revenue from Satup and had an accounts receivable of $0.4 million as December 31, 2000.

In 1999, SCM loaned $3.6 million to Spyrus, Inc., a privately held company which provides Internet identification and encryption solutions for e-business. In March 2000, Spyrus consummated a $20.2 million preferred stock financing. In this transaction, SCM acquired 35,500,000 shares of Spyrus Series B preferred stock at a price of $0.10 per share through the conversion of the loan. This represented approximately 15.8% of Spyrus outstanding common stock on an as converted basis. In connection with this transaction, three directors of SCM acquired additional Spyrus Series B preferred stock on the same terms as SCM. Shares held by these individuals represent approximately 3.6% of Spyrus outstanding common stock on an as converted basis. SCM has the right to appoint a director to Spyrus board of directors and a member of SCM s Board currently serves as SCM s appointee.

In the fourth quarter of 2000, SCM invested an additional $0.5 million in Series B preferred stock. In July 2001, SCM invested an additional $0.3 million in Spyrus. As of December 31, 2001, SCM s ownership of all outstanding shares of Spyrus was approximately 13.4%. Shares held by SCM s directors remained unchanged and represented approximately 2.8% of Spyrus outstanding common stock on an as converted basis.

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PERFORMANCE GRAPH

The following Performance Graph compares the cumulative total return to stockholders of our common stock since October 7, 1997, the date we first became subject to the reporting requirements of the Exchange Act, to the cumulative total return over such period of (i) the Standard & Poor s 500 Stock Index, and (ii) the JP Morgan H&Q Technology Index, which is comprised of publicly traded stocks of approximately 275 companies in the computer hardware, computer software, communications, semiconductor and information services industries. The Performance Graph assumes that $100 was invested on October 7, 1997 in our common stock and in each of the comparative indices. The Performance Graph further assumes that such amount was initially invested in our common stock at a price of $13.00 per share, the price at which our stock was first offered to the public by us on such date.

Our historic stock price performance is not necessarily indicative of future stock price performance. The information contained in the Performance Graph shall not be deemed to be soliciting material or to be filed with the Commission, nor shall such information be incorporated by reference into any existing or future filing by the Company under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that we specifically incorporate such information by reference into any such filing.

COMPARISON OF 51 MONTH CUMULATIVE TOTAL RETURN*

AMONG SCM MICROSYSTEMS, INC., THE S & P 500 INDEX AND THE JP MORGAN H&Q TECHNOLOGY INDEX

Measurement Period **(Fiscal Year Covered)**	**SCM Microsystems**	**S&P 500**	**JP Morgan H&Q Technology**
October 7, 1997	100	100	100
Dec-97	185	103	84
Dec-98	547	132	131
Dec-99	492	160	293
Dec-00	254	146	189
Dec-01	113	128	131

*$100 invested on 10/7/97 in stock or on 9/30/97 in index-including reinvestment of dividends. Fiscal year ending December 31.

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PROPOSAL TWO: RATIFICATION OF THE APPOINTMENT OF

INDEPENDENT PUBLIC ACCOUNTANTS

Our Board of Directors has appointed Deloitte & Touche LLP, independent accountants, to audit our financial statements for the current year ending December 31, 2002. Deloitte & Touche LLP has audited our consolidated financial statements since 1999. At the annual meeting, our stockholders are being asked to ratify the appointment of Deloitte & Touche LLP as independent accountants to audit our financial statements for the current fiscal year ending December 31, 2002. We expect that a representative of Deloitte & Touche LLP will be available at the annual meeting, will have the opportunity to make a statement if he or she desires to do so, and will be available to respond to any appropriate questions.

Stockholder ratification of the selection of Deloitte & Touche LLP as our independent public accountants is not required by our Bylaws or other applicable legal requirement. However, the Board is submitting the selection of Deloitte & Touche LLP to the stockholders for ratification as a matter of good corporate practice. In the event that our stockholders fail to ratify the appointment of Deloitte & Touche LLP as independent accountants to audit our financial statements for the current year ending December 31, 2002, our Board of Directors will reconsider its selection. Even if the selection is ratified, the Board at its discretion may direct the appointment of a different independent accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

Fees billed to Company by Deloitte & Touche LLP during Fiscal 2001

Audit Fees. Audit fees billed to us by Deloitte & Touche LLP during the fiscal year ended December 31, 2001 for review of our annual financial statements included in our Annual Report on Form 10-K and those financial statements included in our quarterly reports on Form 10-Q totaled $653,725.

Financial Information Systems Design and Implementation Fees. We did not engage Deloitte & Touche LLP to provide advice to the Company regarding financial information systems design and implementation during the fiscal year ended December 31, 2001.

All Other Fees. Fees billed to us by Deloitte & Touche LLP during the fiscal year ended December 31, 2001 for all other non-audit services rendered to us, including tax related services totaled $550,261.

The Audit Committee of our Board of Directors has determined that the provision of services by Deloitte & Touche LLP other than for audit related services is compatible with maintaining the independence of Deloitte & Touche as our independent auditors.

Vote Required and Recommendation of the Board of Directors

The affirmative vote of the holders of a majority of the shares of our common stock present or represented at the annual meeting and voting with respect to this proposal will be required to approve the proposed ratification of Deloitte & Touche LLP, independent accountants, to audit our financial statements for the current year ending December 31, 2002.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS THE COMPANY S INDEPENDENT ACCOUNTANTS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2002

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OTHER MATTERS

We do not intend to bring any matters before the annual meeting other than those set forth herein, and our management has no present knowledge that any other matters will or may be brought before the annual meeting by others. However, if any other matters properly come before the annual meeting, it is the intention of the persons named in the enclosed proxy to vote the shares they represent as our Board of Directors may recommend.

By Order of the Board of Directors

SCM MICROSYSTEMS, INC.

ANDREW WARNER
Secretary

Fremont, California
April 29, 2002

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SCM MICROSYSTEMS, INC.

PROXY FOR

2002 ANNUAL MEETING OF STOCKHOLDERS
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned stockholder of SCM MICROSYSTEMS, INC., a Delaware corporation, hereby acknowledges receipt of the Notice of 2002 Annual Meeting of Stockholders and Proxy Statement, each dated April 29, 2002, and hereby appoints Steven Humphreys and Andrew Warner, and each of them, proxies and attorneys-in-fact, with full power of substitution, on behalf and in the name of the undersigned, to represent the undersigned at the 2002 Annual Meeting of Stockholders to be held at SCM corporate headquarters, 47211 Bayside Parkway, Fremont, California, on July 10, 2002 at 10:00 a.m. local time, and any adjournment(s) and postponement(s) thereof, and to vote all shares of common stock which the undersigned would be entitled to vote thereat if then and there personally present, on the matters in the manner set forth below:

(CONTINUED AND TO BE SIGNED ON REVERSE SIDE.)

[SEE REVERSE SIDE]

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[X] PLEASE MARK YOUR
VOTES AS IN THIS
EXAMPLE

		FOR all nominees listed below (except as indicated)	WITHHOLD authority to vote for the nominees listed below
1.	Proposal to elect the following three nominees as members of our Board of Directors	[ ]	[ ]
		NOMINEES: Steven Humphreys, Oystein Larsen, and Ng Poh Chuan	

INSTRUCTIONS: IF YOU WISH TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, STRIKE A LINE THROUGH SUCH NOMINEE S NAME ON THE LIST ABOVE.

		FOR	AGAINST	ABSTAIN
2.	Proposal to ratify the appointment of Deloitte & Touche LLP as independent public accountants for SCM s fiscal year ending December 31, 2002.	[ ]	[ ]	[ ]

In their discretion, the proxies are authorized to vote upon such other matter(s) which may properly come before the annual meeting, or at any adjournment(s) or postponement(s) thereof.

THIS PROXY WILL BE VOTED AS DIRECTED AND, IF NO DIRECTION IS INDICATED, THIS PROXY WILL BE VOTED FOR THE THREE LISTED NOMINEES FOR ELECTION AS DIRECTORS AND TO RATIFY THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS INDEPENDENT PUBLIC ACCOUNTANTS FOR OUR FISCAL YEAR ENDING DECEMBER 31, 2002.

Both of the foregoing attorneys-in-fact or their substitutes or, if only one shall be present and acting at the annual meeting or any adjournment(s) or postponement(s) thereof, the attorney-in-fact so present, shall have and may exercise all of the powers of said attorney-in-fact hereunder.

SIGNATURE(S)____ DATE _____________

NOTE: THIS PROXY SHOULD BE MARKED, DATED AND SIGNED BY THE STOCKHOLDER EXACTLY AS HIS, HER OR ITS NAME APPEARS HEREON. PERSONS SIGNING IN A FIDUCIARY CAPACITY SHOULD SO INDICATE AND IF SHARES ARE HELD BY JOINT TENANTS OR AS COMMUNITY PROPERTY, BOTH SHOULD SIGN.

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VOTE YOUR PROXY OVER
THE INTERNET OR BY TELEPHONE!

It s fast, convenient, and your vote is immediately confirmed and tabulated. Most important, by choosing either option, you help SCM Microsystems reduce postage and proxy tabulation costs.

OPTION 1: VOTE OVER THE INTERNET

1. Read the accompanying Proxy Statement.

2. Have your 12-digit control number located on your voting ballot available.

3. Point your browser to http://www.proxyvote.com.

4. Follow the instructions to cast your vote.

OPTION 2: VOTE BY TELEPHONE

1. Read the accompanying Proxy Statement.

2. Have your 12-digit control number located on your voting ballot available.

3. Using a touch-tone phone, call the toll-free number shown on the voting ballot.

4. Follow the recorded instructions.

YOUR VOTE IS IMPORTANT

Using the Internet or telephone, you can vote anytime, 24 hours a day. Or if you prefer, you can return the enclosed paper ballot in the envelope provided. Please do not return the enclosed paper ballot if you are voting using the Internet or telephone.