

UBS AG
Form 424B2
February 27, 2019

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

Subject to Completion
Dated February 27, 2019

**PRELIMINARY TERMS
SUPPLEMENT**

Filed Pursuant to Rule 424(b)(2)

Registration Statement No.
333-225551

Preliminary Terms Supplement

UBS AG Trigger Phoenix Autocallable Optimization Securities

UBS AG \$ Securities Linked to the common stock of Bristol-Myers Squibb Company due on or about March 3, 2021

Indicative Terms

Issuer	UBS AG, London Branch
Principal Amount	\$10.00 per security. The Securities are offered at a minimum investment of 100 Securities at \$10.00 per Security (representing a \$1,000 investment) and integral multiples of \$10.00 in excess thereof.
Term	Approximately 24 months, unless called earlier.
Underlying Asset	The common stock of Bristol-Myers Squibb Company
Contingent Coupon	If the closing price of the underlying asset is equal to or greater than the coupon barrier on any observation date, UBS will pay you the contingent coupon applicable to such observation date.

If the closing price of the underlying asset is less than the coupon barrier on any observation date, the contingent coupon applicable to such observation date will not be payable and UBS will not make any payment to you on the relevant coupon payment date.

The contingent coupon will be a fixed amount based upon equal quarterly installments at the per annum contingent coupon rate. Contingent coupons are not guaranteed and UBS will not pay you the contingent coupon for any observation date on which the closing price of the underlying asset is less than the coupon barrier. The table below sets forth each observation date and a hypothetical contingent coupon for the Securities. The table below assumes a

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contingent coupon rate of 8.59% per annum. The actual contingent coupon rate will be set at the time the trade is placed on the trade date. Amounts in the table below may have been rounded for ease of analysis.

Observation Date*	Contingent Coupon (per security)
28-May-2019	\$0.2148
27-Aug-2019	\$0.2148
27-Nov-2019	\$0.2148
27-Feb-2020	\$0.2148
27-May-2020	\$0.2148
27-Aug-2020	\$0.2148
27-Nov-2020	\$0.2148
26-Feb-2021	\$0.2148

*Observation dates are subject to the market disruption event provisions set forth in the accompanying product supplement.

Contingent Coupon Rate 8.59% to 8.97% per annum (or approximately 2.148% to 2.243% per outstanding quarter). The actual contingent coupon rate will be set at the time the trade is placed on the trade date. The Securities will be called automatically if the closing price of the underlying asset on any observation date is equal to or greater than the initial price. If the Securities are called on any observation date, UBS will pay you on the corresponding coupon payment date a cash payment per Security equal to your principal amount plus the contingent coupon otherwise due on such date pursuant to the contingent coupon feature. No further amounts will be owed to you under the Securities.

Automatic Call Feature

If the Securities are not called and the final price is equal to or greater than the trigger price and coupon barrier, UBS will pay you a cash payment per Security on the maturity date equal to your principal plus the contingent coupon otherwise due on the maturity date.

Payment at Maturity (per Security)

If the Securities are not called and the final price is less than the trigger price, UBS will pay you a cash payment on the maturity date of significantly less than the principal amount, if anything, resulting in a loss of principal that is proportionate to the decline of the underlying asset, for an amount equal to $\$10 + (\$10 \times \text{underlying return})$.

Final Price – Initial Price

Underlying Return

Initial Price

Closing Price	On any trading day, the last reported sale price (or, in the case of NASDAQ, the official closing price) of the underlying asset during the principal trading session on the principal national securities exchange on which it is listed for trading, as determined by the calculation agent.
Initial Price	The closing price of the underlying asset on the trade date, as determined by the calculation agent and as may be adjusted in the case of certain corporate events, as described in the accompanying product supplement.
Trigger Price/Coupon Barrier	Both 70.00% of the initial price of the underlying asset, as determined by the calculation agent and as may be adjusted in the case of certain corporate events, as described in the accompanying product supplement.
Final Price	The closing price of the underlying asset on the final valuation date, as determined by the calculation agent and subject to adjustments in the case of certain corporate events, as described in the accompanying product supplement.
Trade Date	February 27, 2019
Settlement Date	March 1, 2019
Final Valuation Date	February 26, 2021. The final valuation date may be subject to postponement in the event of a market disruption event, as described in the accompanying product supplement.
Maturity Date	March 3, 2021. The maturity date may be subject to postponement in the event of a market disruption event, as described in the accompanying product supplement.
Coupon Payment Dates	Three business days following each observation date, except the coupon payment date for the final valuation date will be the maturity date.
CUSIP	[]
ISIN	[]
Valoren	[]

The estimated initial value based on an issuance size of approximately \$100,000 of the Securities as of the trade date is expected to be between 94.03% and 96.53% of the issue price to the public for Securities linked to the underlying asset. The range of the estimated initial value of the Securities was determined on the date of this preliminary terms supplement 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 Securities, see "Key Risks - Fair value considerations" and "Key Risks - Limited or no secondary market and secondary market price considerations" in this preliminary terms supplement.

Notice to investors: the Securities are significantly riskier than conventional debt instruments. The issuer is not necessarily obligated to repay the full principal amount of the Securities at maturity, and the Securities may have the same downside market risk as 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 Securities if you do not understand or are not comfortable with the significant risks involved in investing in the Securities.

You should carefully consider the risks described under "Key Risks" in this preliminary terms supplement, under "Key Risks" beginning on page 3 of the prospectus supplement and under "Risk Factors" beginning on page PS-9 of the accompanying product supplement before purchasing any Securities. Events relating to any of those risks, or other risks and uncertainties, could adversely affect the market value of, and the return on, your Securities. You may lose a significant portion or all of your initial investment in the Securities. The Securities 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 Securities or passed upon the adequacy or accuracy of this preliminary terms supplement, the previously delivered prospectus supplement, the accompanying product supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

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

See "Additional Information about UBS and the Securities" in this preliminary terms supplement. The Securities we are offering will have the terms set forth in the Prospectus Supplement dated November 1, 2018 relating to the Securities, the accompanying product supplement, the accompanying prospectus and this preliminary terms supplement.

Offering of Securities	Issue Price to Public		Underwriting Discount		Proceeds to UBS AG	
	Total	Per Security	Total	Per Security	Total	Per Security
Securities linked to the common stock of Bristol-Myers Squibb Company	\$	100%	\$	1.50%	\$	98.50%

UBS Financial Services Inc.

UBS Investment Bank

Additional Information About UBS and the Securities

UBS has filed a registration statement (including a prospectus, as supplemented by a product supplement and a prospectus supplement for the Securities) with the Securities and Exchange Commission, or SEC, for the offering for which this preliminary terms supplement relates. Before you invest, you should read these documents and any other documents relating to the Securities that UBS has filed with the SEC for more complete information about UBS and this offering. You may obtain these documents for free from 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 supplement dated November 1, 2018:
<http://www.sec.gov/Archives/edgar/data/1114446/000091412118002132/ub46175276-424b2.htm>
- Market-Linked Securities product supplement dated October 31, 2018:
<http://www.sec.gov/Archives/edgar/data/1114446/000091412118002085/ub47016353-424b2.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. In this document, "Trigger Phoenix Autocallable Optimization Securities" or the "Securities" refer to the Securities that are offered hereby. Also, references to the "prospectus supplement" mean the UBS prospectus supplement, dated November 1, 2018, references to "Market-Linked Securities product supplement" mean the UBS product supplement, dated October 31, 2018, relating to the Securities generally, and references to the "accompanying prospectus" mean the UBS prospectus titled "Debt Securities and Warrants", dated October 31, 2018.

This preliminary terms supplement, together with the documents listed above, contains the terms of the Securities and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative 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” and in “Risk Factors” in the accompanying product supplement, as the Securities 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 Securities

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

Key Risks

An investment in the Securities involves significant risks. Some of the risks that apply to the Securities are summarized here and are comparable to the corresponding risks discussed in the “Key Risks” section of the prospectus supplement, but we urge you to read the more detailed explanation of risks relating to the Securities generally in “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 Securities.

- **Risk of loss at maturity** - The Securities differ from ordinary debt securities in that UBS will not necessarily pay the full principal amount of the Securities at maturity. If the Securities are not called, UBS will repay you the principal amount of your Securities in cash only if the final price of the underlying asset is equal to or greater than the trigger price and will only make such payment at maturity. If the Securities are not called and the final price is less than the trigger price, you will be fully exposed to the negative underlying return and lose a significant portion or all of your initial investment in an amount proportionate to the decline in the price of the underlying asset.
- **The contingent repayment of your principal applies only at maturity** - You should be willing to hold your Securities to maturity. If you are able to sell your Securities prior to maturity in the secondary market, you may have to sell them at a loss relative to your initial investment even if the then-current underlying asset price is equal to or greater than the trigger price at that time.
- **You may not receive any contingent coupons** - UBS will not necessarily pay periodic contingent coupons on the Securities. If the closing price of the underlying asset on an observation date is less than the coupon barrier, UBS will not pay you the contingent coupon applicable to such observation date. If the closing price of the underlying asset is less than the coupon barrier on each of the observation dates, UBS will not pay you any contingent coupons during the term of, and you will not receive a positive return on, your Securities. Generally, this non-payment of the contingent coupon coincides with a period of greater

risk of principal loss on your Securities.

Your potential return on the Securities is limited and you will not participate in any appreciation of the underlying asset - The return potential of the Securities is limited to the contingent coupon rate, regardless of the appreciation of the underlying asset. In addition, the total return on the Securities will vary based on the number of observation dates on which the requirements of the contingent coupon have been met prior to maturity or an automatic call. Further, if the Securities are called due to the automatic call feature, you will not receive any contingent coupons or any other payment in respect of any observation dates after the applicable call settlement date. Since the Securities could be called as early as the first observation date, the total return on the Securities could be minimal. If the Securities are not called, you will not participate in any appreciation in the price of the underlying asset even though you will be subject to the underlying asset's risk of decline. As a result, the return on an investment in the Securities could be less than the return on a direct investment in the underlying asset.

Higher contingent coupon rates are generally associated with a greater risk of loss - Greater expected volatility with respect to the underlying asset reflects a higher expectation as of the trade date that the price of such underlying asset could close below its trigger price on the final valuation date of the Securities. This greater expected risk will generally be reflected in a higher contingent coupon rate for that Security. However, an underlying asset's volatility can change significantly over the term of the Securities and the price of the underlying asset for your Securities could fall sharply, which could result in a significant loss of principal.

Reinvestment risk - The Securities will be called automatically if the closing price of the underlying asset is equal to or greater than the initial price on any observation date. In the event that the Securities are called prior to maturity, there is no guarantee that you will be able to reinvest the proceeds from an investment in the Securities at a comparable rate of return for a similar level of risk. To the extent you are able to reinvest such proceeds in an investment comparable to the Securities, you will incur transaction costs and the original issue price for such an investment is likely to include certain built-in costs such as dealer discounts and hedging costs.

Greater expected volatility generally indicates an increased risk of loss at maturity - "Volatility" refers to the frequency and magnitude of changes in the price of the underlying asset. The greater the expected volatility of the underlying asset as of the trade date, the greater the expectation is as of the trade date that the closing price of the underlying asset could be less than the coupon barrier on any observation date and that the final price of the underlying asset could be less than the trigger price on the final valuation date and, as a consequence, indicates an increased risk of loss. However, the underlying asset's volatility can change significantly over the term of the Securities, and a relatively lower coupon barrier and/or trigger price may not necessarily indicate that the Securities have a greater likelihood of a return of principal at maturity. You should be willing to accept the downside market risk of the underlying asset and the potential to lose a significant portion or all of your initial investment.

Credit risk of UBS - The Securities 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 Securities,

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 Securities 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 Securities and you could lose your entire investment.

Market risk - The price of the underlying asset can rise or fall sharply due to factors specific to that underlying asset and (i) in the case of common stock or American depositary receipts, its issuer (the "underlying asset issuer") or (ii) in the case of an exchange traded fund, the securities, futures contracts or physical commodities constituting the assets of that underlying asset. These factors include 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 market volatility and levels, interest rates and economic and political conditions. You, as an investor in the Securities, should make your own investigation into the underlying asset issuer and the underlying asset for your Securities. **We urge you to review financial and other information filed periodically by the underlying asset issuer with the SEC.**

- **Fair value considerations.**

The issue price you pay for the Securities will exceed their estimated initial value - The issue price you pay for the Securities will exceed their estimated initial value as of the trade 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 trade date, we will determine the estimated initial value of the Securities by reference to our internal pricing models and it will be set forth in the final terms supplement. The pricing models used to determine the estimated initial value of the Securities incorporate certain variables, including the price, volatility and expected dividends on the underlying asset, prevailing interest rates, the term of the Securities 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 Securities to you. Due to these factors, the estimated initial value of the Securities as of the trade date will be less than the issue price you pay for the Securities.

The estimated initial value is a theoretical price; the actual price that you may be able to sell your Securities in any secondary market (if any) at any time after the trade date may differ from the estimated initial value - The value of your Securities 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 trade date, if you attempt to sell the Securities in the secondary market, the actual value you would receive may differ, perhaps materially, from the estimated initial value of the Securities determined by reference to our internal pricing models. The estimated initial value of the Securities does not represent a minimum or maximum price at which we or any of our affiliates would be willing to purchase your Securities in any secondary market at any time.

Our actual profits may be greater or less than the differential between the estimated initial value and the issue price of the Securities as of the trade date - We may determine the economic terms of the Securities, as well as

hedge our obligations, at least in part, prior to pricing the Securities on the trade 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 Securities cannot be determined as of the trade date and any such differential between the estimated initial value and the issue price of the Securities as of the trade date does not reflect our actual profits. Ultimately, our actual profits will be known only at the maturity of the Securities.

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

• **There may be little or no secondary market for the Securities** - The Securities 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 Securities will develop. UBS Securities LLC and its affiliates may make a market in each offering of the Securities, although they are not required to do so and may stop making a market at any time. If you are able to sell your Securities prior to maturity, you may have to sell them at a substantial loss. The estimated initial value of the Securities does not represent a minimum or maximum price at which we or any of our affiliates would be willing to purchase your Securities in any secondary market at any time.

The price at which UBS Securities LLC and its affiliates may offer to buy the Securities in the secondary market (if any) may be greater than UBS' valuation of the Securities 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 Securities, UBS Securities LLC or its affiliates may offer to buy or sell such Securities at a price that exceeds (i) our valuation of the Securities 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 Securities 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 Markets (if any).” Thereafter, if UBS Securities LLC or an affiliate makes secondary markets for the Securities, 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 Securities. As described above, UBS Securities LLC and its affiliates are not required to make a market for the Securities 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 Financial Services Inc. and UBS Securities LLC reflect this temporary positive differential on their customer statements. Investors should inquire as to the valuation provided on customer account statements provided by unaffiliated dealers.

Price of Securities prior to maturity - The market price of the Securities will be influenced by many unpredictable and interrelated factors, including the price of the underlying asset; the volatility of the underlying asset; the dividend rate paid on the underlying asset; the time remaining to the maturity of the Securities; interest rates in the markets; geopolitical conditions and economic, financial, political, force majeure and regulatory or judicial events; the creditworthiness of UBS and the then current bid-ask spread for the Securities.

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 Securities in any secondary market.

Owning the Securities is not the same as owning the underlying asset - The return on your Securities may not reflect the return you would realize if you actually owned the underlying asset. For instance, you will not receive or be entitled to receive any dividend payments or other distributions on the underlying asset over the term of your Securities. Furthermore, the underlying asset may appreciate substantially during the term of your Securities and you will not participate in such appreciation.

No assurance that the investment view implicit in the Securities will be successful - It is impossible to predict whether and the extent to which the price of the underlying asset will rise or fall. The price of the underlying asset will be influenced by complex and interrelated political, economic, financial and other factors that affect the underlying asset issuer. You should be willing to accept the risks of owning equities in general and the underlying asset in particular, and the risk of losing a significant portion or all of your initial investment.

There is no affiliation between the underlying asset issuer, or for Securities linked to exchange traded funds, the issuers of the constituent stocks comprising the underlying asset (the "underlying asset constituent stock issuers"), and UBS, and UBS is not responsible for any disclosure by such issuer(s) - We and our affiliates may currently, or from time to time in the future engage in business with the underlying asset issuer or, if applicable, any underlying asset constituent stock issuers. However, we are not affiliated with the underlying asset issuer or any underlying asset constituent stock issuers and are not responsible for such issuer’s public disclosure of information, whether contained in SEC filings or otherwise. You, as an investor in the Securities, should make your own investigation into the underlying asset issuer or, if applicable, each underlying asset constituent stock issuer. Neither the underlying asset issuer nor any underlying asset constituent stock issuer is involved in the Securities offered hereby in any way and has no obligation of any sort with respect to your Securities. Such issuer(s) have no obligation to take your interests into consideration for any reason, including when taking any corporate actions that might affect the value of, and any amounts payable on, your Securities.

The calculation agent can make adjustments that affect the payment to you at maturity - For certain corporate events affecting the underlying asset, the calculation agent may make adjustments to the initial price, the coupon barrier, the trigger price and/or the final price of the underlying asset. However, the calculation agent will not make an adjustment in response to all events that could affect the underlying asset. If an event occurs that does not require the calculation agent to make an adjustment, the value of the Securities may be materially and adversely affected. In addition, all determinations and calculations concerning any such adjustments will be made by the calculation agent. You should be aware that the calculation agent may make any such adjustment, determination or calculation in a manner that differs from that discussed in the accompanying product supplement as necessary to achieve an equitable result. In the case of common stock or American depositary receipts, following certain corporate events relating to the issuer of the underlying asset where the issuer is not the surviving entity, the amount of cash you receive at maturity may be based on the common stock or American depositary receipts of a successor to the underlying asset issuer in combination with any cash or any other assets distributed to holders of the underlying

asset in such corporate event. Additionally, if the issuer of the underlying asset becomes subject to (i) a reorganization event whereby the underlying asset is exchanged solely for cash, (ii) a merger or consolidation with UBS or any of its affiliates or (iii) an underlying asset is delisted or otherwise suspended from trading, the amount you receive at maturity may be based on the common stock or American depositary receipts issued by another company. In the case of an exchange traded fund, following a suspension from trading or if an exchange traded fund is discontinued, the amount you receive at maturity may be based on a share of another exchange traded fund. The occurrence of these corporate events and the consequent adjustments may materially and adversely affect the value of the Securities. For more information, see the sections "General Terms of the Securities -- Antidilution Adjustments for Securities Linked to an Underlying Asset or Equity Basket Asset" and " --Reorganization Events for Securities Linked to an Underlying Asset or Equity Basket Asset" in the accompanying product supplement. Regardless of the occurrence of one or more dilution or reorganization events, you should note that at maturity UBS will pay you an amount in cash equal to your principal amount, unless the final price of the underlying asset is below the trigger price (as such trigger price may be adjusted by the calculation agent upon occurrence of one or more such events). Regardless of any of the events discussed above, any payment on the Securities is subject to the creditworthiness of UBS.

Potential UBS impact on the market price of the underlying asset - Trading or transactions by UBS or its affiliates in the underlying asset and/or over-the-counter options, futures or other instruments with returns linked to the performance of the underlying asset may adversely affect the market price of the underlying asset and, therefore, the market value of, and any amounts payable on, your Securities.

Potential conflict of interest - UBS and its affiliates may engage in business with the issuer of the underlying asset, which may present a conflict between the obligations of UBS and you, as a holder of the Securities. 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 whether the final price is below the trigger price and accordingly the payment at maturity on your Securities. The calculation agent may also postpone the determination of the final price and the maturity date if a market disruption event occurs and is continuing on the final valuation date and may make adjustments to the initial price, the trigger price, the coupon barrier, the final price and/or the underlying asset itself for certain corporate events affecting the underlying asset. For more information, see the sections "General Terms of the Securities -- Antidilution Adjustments for Securities Linked to an Underlying Asset or Equity Basket Asset" and " --Reorganization Events for Securities Linked to an Underlying Asset or Equity Basket Asset" in the accompanying product supplement. As UBS determines the economic terms of the Securities, including the contingent coupon rate, trigger price and coupon barrier, and such terms include the underwriting discount, hedging costs, issuance costs and projected profits, the Securities 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.

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 Securities, or express opinions or provide recommendations that are inconsistent with purchasing or holding the Securities. 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 Securities and the underlying asset to which the Securities are linked.

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

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 Securities 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 fulfil 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’s assets, debts, other liabilities and contracts (which may or may not include the contractual relationship between UBS and the holders of Securities) 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’s debt and/or other obligations, including its obligations under the Securities, 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 Securities. The BIO-FINMA provides that a debt-to-equity swap and/or a write-off of debt and other obligations (including the Securities) 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 Securities 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’s obligations under the Securities. Consequently, holders of Securities may lose all or some of their investment in the Securities. 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 Securities 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.

Dealer incentives - UBS and its affiliates act in various capacities with respect to the Securities. We and our affiliates may act as a principal, agent or dealer in connection with the sale of the Securities. Such affiliates, including the sales representatives, will derive compensation from the distribution of the Securities and such compensation may serve as an incentive to sell these Securities instead of other investments. We will pay total underwriting compensation of 1.50% per Security to any of our affiliates acting as agents or dealers in connection with the distribution of the Securities. 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 Securities in the secondary market.

Uncertain tax treatment - Significant aspects of the tax treatment of the Securities are uncertain. You should read carefully the sections entitled “What are the Tax Consequences of the Securities” herein and in the prospectus supplement and “Material U.S. Federal Income Tax Consequences” in the accompanying product supplement, and consult your tax advisor about your tax situation.

Information about the Underlying Asset

All disclosures 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.**

The underlying asset will be registered under the Securities Act of 1933, the Securities Exchange Act of 1934 (as amended, the "Exchange Act") and/or the Investment Company Act of 1940, each as amended. Companies with securities registered with the SEC are required to file financial and other information specified by the SEC periodically. Information filed by the underlying asset issuer with the SEC can be reviewed electronically through a website maintained by the SEC. The address of the SEC's website is <http://www.sec.gov>. Information filed with the SEC by the underlying asset issuer can be located by reference to its SEC file number provided below. In addition, information filed with the SEC can be inspected and copied at the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of this material can also be obtained from the Public Reference Section, at prescribed rates.

Bristol-Myers Squibb Company

According to publicly available information, Bristol-Myers Squibb Company ("Bristol-Myers Squibb") is engaged in the discovery, development, licensing, manufacturing, marketing, distribution and sale of biopharmaceutical products. On January 2, 2019, Bristol-Myers Squibb and Burgundy Merger Sub, Inc., a wholly owned subsidiary of Bristol-Myers Squibb ("BMS Sub"), entered into cash-and-stock merger agreement with Celgene Corporation ("Celgene") where Bristol-Myers Squibb would acquire Celgene for approximately \$74 billion. On completion of the merger, BMS Sub will merge with and into Celgene, with Celgene surviving as a wholly owned subsidiary of Bristol-Myers Squibb. Information filed by Bristol-Myers Squibb with the SEC can be located by reference to its SEC file number: 001-01136, or its CIK Code: 0000014272. Bristol-Myers Squibb's website is bms.com. Bristol-Myers Squibb's common stock is listed on the New York Stock Exchange under the ticker symbol "BMJ."

Information from outside sources is not incorporated by reference in, and should not be considered part of, this preliminary terms supplement or any accompanying prospectus. UBS has not conducted any independent review or due diligence of any publicly available information with respect to the underlying asset.

Historical Information

The following table sets forth the quarterly high and low closing prices for Bristol-Myers Squibb's common stock, based on daily closing prices on the primary exchange for Bristol-Myers Squibb. We obtained the closing prices below from Bloomberg Professional service ("Bloomberg"), without independent verification. The closing prices may be adjusted by Bloomberg for corporate actions such as stock splits, public offerings, mergers and acquisitions, spin-offs, extraordinary dividends, delistings and bankruptcy. UBS has not undertaken an independent review or due diligence of any publicly available information obtained from Bloomberg. Bristol-Myers Squibb's closing price on February 26, 2019 was \$50.16. The actual initial price will be the closing price of Bristol-Myers Squibb's common stock on the trade date. **Past performance of the underlying asset is not indicative of the future performance of the underlying asset.**

Quarter Begin	Quarter End	Quarterly High	Quarterly Low	Quarterly Close
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04/01/2014	06/30/2014	\$52.19	\$46.59	\$48.51
07/01/2014	09/30/2014	\$51.96	\$47.86	\$51.18
10/01/2014	12/31/2014	\$61.30	\$48.92	\$59.03
01/02/2015	03/31/2015	\$68.47	\$58.48	\$64.50
04/01/2015	06/30/2015	\$69.15	\$63.00	\$66.54
07/01/2015	09/30/2015	\$70.06	\$57.30	\$59.20
10/01/2015	12/31/2015	\$70.71	\$59.88	\$68.79
01/04/2016	03/31/2016	\$68.35	\$58.87	\$63.88
04/01/2016	06/30/2016	\$74.29	\$64.91	\$73.55
07/01/2016	09/30/2016	\$76.77	\$53.87	\$53.92
10/03/2016	12/30/2016	\$59.61	\$49.23	\$58.44
01/03/2017	03/31/2017	\$60.13	\$46.82	\$54.38
04/03/2017	06/30/2017	\$57.33	\$51.66	\$55.72
07/03/2017	09/29/2017	\$63.74	\$54.24	\$63.74

10/02/2017 The amount of interest on related party debt a taxable REIT subsidiary may deduct is limited. Further, a 100% excise tax applies to any interest payments by a taxable REIT subsidiary to its affiliated REIT to the extent the interest rate is set above a commercially reasonable level. A taxable REIT subsidiary is permitted to deduct interest payments to unrelated parties without any such restrictions.

The Internal Revenue Code allows the Internal Revenue Service to reallocate costs between a REIT and its taxable REIT subsidiary. Any deductible expenses allocated away from a taxable REIT subsidiary would increase its tax liability, and the amount of such increase would be subject to interest charges. Further, any amount by which a REIT understates its deductions and overstates those of its taxable REIT subsidiary will, subject to certain exceptions, be subject to a 100% excise tax.

Affiliated REIT. Simon Property owns, indirectly through the Operating Partnership, more than 99% of the outstanding stock of Retail Property Trust, a Massachusetts business trust that has elected to be taxed as a REIT. Retail Property Trust must meet the tests discussed above with respect to Simon Property. Retail Property Trust may be subject to tax on certain of its income as discussed above. See, "Taxation of Simon Property - General." The failure of Retail Property Trust to qualify as a REIT would cause Simon Property to fail to qualify as a REIT because it would own more than 10% of the voting securities and value of an issuer that was not a REIT, a qualified REIT subsidiary or a taxable REIT subsidiary. We believe that Retail Property Trust has been organized and operated in a manner that will permit it to qualify as a REIT.

Income Tests. Simon Property must satisfy two gross income requirements annually to maintain qualification as a REIT. First, in each taxable year Simon Property must derive directly or indirectly at least 75% of its gross income, excluding gross income from prohibited transactions, from investments relating to real property or mortgages on real property, including "rents from real property," dividends from other REITs, but not taxable REIT subsidiaries, and, in certain circumstances, interest, or from certain types of temporary investments. Second, each taxable year Simon Property must derive at least 95% of its gross income, excluding gross income from prohibited transactions, from these real property investments, dividends, including dividends from taxable REIT subsidiaries, interest and gain from the sale or disposition of stock or securities, or from any combination of the foregoing. The term "interest" generally does not include any amount received or accrued, directly or indirectly, if the determination of the amount depends in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "interest" solely by reason of being based on a fixed percentage or percentages of receipts or sales.

25

Rents Simon Property receives will qualify as "rents from real property" in satisfying the gross income requirements for a REIT described above only if the following conditions are met:

the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "rents from real property" solely by reason of being based on a fixed percentage or percentages of receipts or sales;

except for rents received from a taxable REIT subsidiary as discussed below, rents received from a tenant will not qualify as "rents from real property" in satisfying the gross income tests if the REIT, or an actual or constructive owner of 10% or more of the REIT, actually or constructively owns, in the case of a corporate tenant, 10% or more of the stock by vote or value of such tenant, and, in the case of any other tenant, 10% or more of the profits or capital of such tenant;

if such rent is received from a taxable REIT subsidiary with respect to any property, no more than 10% of the leased space at the property may be leased to taxable REIT subsidiaries and related party tenants and rents received from such property must be substantially comparable to rents paid by other tenants, except related party tenants, of the REIT's property for comparable space;

if rent attributable to personal property, leased in connection with a lease of real property, is greater than 15% of the total rent received under the lease, then the portion of rent attributable to personal property will not qualify as "rents from real property;" and

for rents received to qualify as "rents from real property," the REIT generally must not furnish or render services to the tenants of the property, subject to a 1% de minimis exception, other than through an independent contractor from whom the REIT derives no revenue or through a taxable REIT subsidiary. The REIT may, however, directly perform certain services that are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not otherwise considered "rendered to the occupant" of the property.

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Simon Property does not and will not, and as the general partner of the Operating Partnership, will not permit the Operating Partnership to:

charge rent for any property that is based in whole or in part on the income or profits of any person, except by reason of being based on a percentage of receipts or sales, as described above;

lease any property to a related party tenant unless we determine that the income from such lease would not jeopardize Simon Property's status as a REIT;

lease any property to a taxable REIT subsidiary, unless we determine not more than 10% of the leased space at such property is leased to related party tenants and Simon Property's taxable REIT subsidiaries and the rents received from such lease are substantially comparable to those received from other tenants, except rent from related party tenants, of Simon Property for comparable space;

derive rental income attributable to personal property, other than personal property leased in connection with the lease of real property, the amount of which is less than 15% of the total rent received under the lease; or

perform services considered to be rendered to the occupant of the property, other than through an independent contractor from whom we derive no revenue or through a taxable REIT subsidiary, unless we determine that the income from such services would not jeopardize Simon Property's status as a REIT.

26

Although members of the Simon family may own up to a 25% interest in our tenants, the Simon family does not currently own a sufficient interest to cause any of our tenants to become a related party tenant with the exception of one small tenant in Circle Center Mall in Indianapolis, Indiana. Income from a related party tenant does not qualify in satisfying our 75% income test or our 95% income test. As previously indicated, we will not lease property to any related party tenant unless we determine that the income from such tenant would not jeopardize Simon Property's status as a REIT.

Although the Operating Partnership and other affiliates of Simon Property will perform all development, construction and leasing services for, and will operate and manage, wholly-owned properties directly without using an "independent contractor," we believe that, in almost all instances, the only services to be provided to lessees of these properties will be those usually or customarily rendered in connection with the rental of space for occupancy only. To the extent any noncustomary services are provided, such services shall generally, but not necessarily in all cases, be performed by a taxable REIT subsidiary. In any event, Simon Property intends that the amounts received by Simon Property for noncustomary services that may constitute "impermissible tenant service income" from any one property will not exceed 1% of the total amount collected from such property during the taxable year.

A REIT is subject to a 100% excise tax on any rents it receives from tenants receiving services from the REIT's taxable REIT subsidiary to the extent such rents are above the amount that would be charged to tenants not receiving such services, unless:

the taxable REIT subsidiary provides a substantial amount of services to third parties at the same prices offered to tenants of the REIT;

rents for comparable leased space at the REIT's property received from tenants not receiving such services and leasing at least 25% of the REIT's net leasable space are comparable to rents charged to tenants who receive services from the taxable REIT subsidiary and charges for such

services are separately stated; or

income from the taxable REIT subsidiary providing services to the REIT's tenants is at least 150% of the direct costs of providing the services.

If Simon Property fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, it may nevertheless qualify as a REIT for the year if it is entitled to relief under certain provisions of the Internal Revenue Code. Generally, Simon Property may avail itself of the relief provisions if:

the failure to meet these tests was due to reasonable cause and not due to willful neglect;

Simon Property attaches a schedule of the sources of its income to its federal income tax return; and

any incorrect information on the schedule was not due to fraud with intent to evade tax.

It is not possible, however, to state whether in all circumstances Simon Property would be entitled to the benefit of these relief provisions. If these relief provisions do not apply to a particular set of circumstances, Simon Property will not qualify as a REIT. As discussed above in "Taxation of Simon Property General," even if these relief provisions apply, and we retain our status as a REIT, a tax would be imposed with respect to our excess net income. Simon Property may not always be able to maintain compliance with the gross income tests for REIT qualification despite periodic monitoring of its income.

Asset Tests. At the close of each quarter of Simon Property's taxable year, Simon Property also must satisfy three tests relating to the nature and diversification of its assets. First, at least 75% of the value of its total assets must be represented by real estate assets, including stock of other REITs, cash,

27

cash items and government securities. For purposes of this test, real estate assets include stock or debt instruments that are purchased with the proceeds of a stock offering or a long-term (at least five years) public debt offering, but only for the one-year period beginning on the date Simon Property receives such proceeds. Second, not more than 25% of Simon Property's total assets may be represented by securities, other than those securities includable in the 75% asset test. Third, except with respect to taxable REIT subsidiaries and qualified REIT subsidiaries, of the investments included in the 25% asset class, the value of any one issuer's securities may not exceed 5% of the value of Simon Property's total assets, Simon Property may not own more than 10% of any one issuer's outstanding voting securities and Simon Property may not own more than 10% of the total value of any one issuer's outstanding securities other than certain securities qualifying as "straight debt".

Substantially all of the nonvoting stock and 5% of the voting stock of M.S. Management Associates, Inc. is owned by the Operating Partnership or its subsidiaries. Simon Property and M.S. Management Associates, Inc. elected to have M.S. Management Associates, Inc. and the subsidiaries in which it owns more than 35% of the value or voting power treated as taxable REIT subsidiaries. The value of the securities of M.S. Management Associates, Inc., including the value of its subsidiaries and the value of Simon Property's other taxable REIT subsidiaries, does not exceed 20% of the value of the total assets of Simon Property.

After initially meeting the asset tests at the close of any quarter, Simon Property will not lose its status as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If Simon Property fails to satisfy the asset tests because it acquires securities or other property during a quarter, including an increase in Simon Property's interests in assets held, directly or indirectly, by the Operating Partnership, Simon Property can cure this failure by disposing of sufficient nonqualifying assets within 30 days after the close of that quarter. We believe we have maintained and will continue to maintain adequate records of the value of Simon Property's assets to ensure compliance with the asset tests and to take such other actions within the 30 days after the close of any quarter as may be required to cure any noncompliance. If we fail to cure noncompliance with the asset

tests within this time period, Simon Property would cease to qualify as a REIT.

Annual Distribution Requirements. To maintain qualification as a REIT, Simon Property is required to distribute dividends, other than capital gain dividends, to its stockholders in an amount at least equal to the difference between (1) the sum of 90% of its "REIT taxable income," computed without regard to the dividends paid deduction and net capital gain, and 90% of its after tax net income, if any, from foreclosure property, and (2) the amount of certain items of noncash income, *i.e.*, income attributable to leveled stepped rents, original issue discount on purchase money debt, or a like-kind exchange that is later determined to be taxable in excess of 5% of "REIT taxable income." In addition, if Simon Property is allocated any built-in gain as a result of the disposition during the restriction period of any asset subject to the built-in gain rules, then Simon Property will be required to distribute at least 90% of such built-in gain less the amount of tax incurred by Simon Property as a result of such gain.

These distributions must be paid in the taxable year to which they relate by the end of January of the following year if declared and payable to stockholders of record in the last three months of the year, or in the following taxable year if they are declared before Simon Property timely files its tax return for such year and if paid on or before the first regular dividend payment after such declaration. The amount distributed must not be preferential. This means that every stockholder of the class of stock to which a distribution is made must be treated the same as every other stockholder of that class, and no class of stock may be treated otherwise than in accordance with its dividend rights as a class. We believe Simon Property has made and will continue to make timely distributions sufficient to satisfy these annual distribution requirements.

28

We expect that Simon Property's REIT taxable income will be less than its cash flow due to the allowance of depreciation and other non-cash charges in computing REIT taxable income. Accordingly, we anticipate that Simon Property will generally have sufficient cash or liquid assets to satisfy the distribution requirements described above. However, from time to time, Simon Property may not have sufficient cash or other liquid assets to meet these distribution requirements due to timing differences between the actual receipt of income and actual payment of deductible expenses, and the inclusion of income and deduction of expenses in arriving at its taxable income. If these timing differences occur, in order to meet the distribution requirements, Simon Property may need to arrange for short-term, or possibly long-term, borrowings or need to pay dividends in the form of taxable stock dividends. To the extent Simon Property satisfies the distribution requirements but distributes less than 100% of the net capital gain or 100% of its REIT taxable income, Simon Property will be subject to tax on such income at regular corporate rates.

Under certain circumstances, we may be able to rectify a failure to meet the distribution requirement for a year by paying "deficiency dividends" to stockholders in a later year, which may be included in Simon Property's deduction for dividends paid for the earlier year. Thus, Simon Property may be able to avoid being taxed on amounts distributed as deficiency dividends. However, Simon Property will be required to pay interest based upon the amount of any deduction taken for deficiency dividends.

Furthermore, Simon Property would be subject to a 4% excise tax on the excess of the required distribution over the amounts actually distributed if we should fail to distribute during each calendar year, or in the case of distributions with declaration and record dates falling in the last three months of the calendar year, by the end of January immediately following such year, at least the sum of 85% of Simon Property's REIT ordinary income for such year, 95% of its REIT capital gain income for the year and any undistributed taxable income from prior periods. Any REIT taxable income and net capital gain on which corporate income tax is imposed for any year is treated as an amount distributed during that year for purposes of calculating such tax.

Property Transfers. Any gain realized by Simon Property on the sale of any property held as inventory or other property held primarily for sale to customers in the ordinary course of business, including Simon Property's share of any such gain realized by the Operating Partnership, either directly or through its subsidiary partnerships, will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. This prohibited transaction income may also adversely affect Simon Property's ability to satisfy the income tests for qualification as a REIT. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances surrounding the particular transaction. The Operating Partnership intends to hold its properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing and owning its properties and to make occasional sales of the properties as are consistent with the Operating Partnership's investment objectives. However,

the Internal Revenue Service may successfully contend that some or all of the sales made by the Operating Partnership or its subsidiaries are prohibited transactions. We would be subject to the 100% penalty tax on our allocable share of the gains resulting from any such sales.

Failure to Qualify

If Simon Property fails to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, Simon Property will be subject to tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates. Distributions to stockholders in any year in which Simon Property fails to qualify will not be deductible by Simon Property and Simon Property will not be required to distribute any amounts to its stockholders. As a result, Simon Property's failure to qualify as a REIT would reduce the cash available for distribution to Simon Property stockholders.

29

In addition, if Simon Property fails to qualify as a REIT, all distributions to stockholders will be taxable as ordinary income to the extent of Simon Property's current and accumulated earnings and profits, and subject to certain limitations of the Internal Revenue Code, corporate distributees may be eligible for the dividends received deduction. Unless entitled to relief under specific statutory provisions, Simon Property will also be disqualified from taxation as a REIT for the four taxable years following the year during which it lost its qualification. It is not possible to state whether in all circumstances we would be entitled to this statutory relief.

Tax Aspects of the Operating Partnership and the Joint Ventures

General. Substantially all of our income-producing properties are held directly or indirectly through the Operating Partnership. In addition, the Operating Partnership holds certain of its investments indirectly through joint ventures. In general, partnerships are "pass-through" entities which are not subject to federal income tax. Rather, partners are allocated their proportionate shares of the items of income, gain, loss, deduction and credit of a partnership, and are potentially subject to tax thereon, without regard to whether the partners receive a distribution from the partnership. Simon Property includes in its income its proportionate share of the foregoing partnership items for purposes of the various REIT income tests and in the computation of Simon Property's REIT taxable income. Moreover, for purposes of the REIT asset tests, we will include our proportionate share of assets held by the Operating Partnership and joint ventures. See "Taxation of Simon Property."

Entity Classification. Simon Property's interests in the Operating Partnership and the subsidiary partnerships, including joint ventures, involve special tax considerations, including the possibility of a challenge by the Internal Revenue Service of the status of the Operating Partnership or a subsidiary partnership as a partnership as opposed to an association taxable as a corporation for federal income tax purposes. If the Operating Partnership or a subsidiary partnership were treated as an association, it would be taxable as a corporation and therefore be subject to an entity-level tax on its income. In such a situation, the character of Simon Property's assets and items of gross income would change and preclude Simon Property from satisfying the asset tests and possibly the income tests. See "Taxation of Simon Property Asset Tests" and "Income Tests". This, in turn, would prevent Simon Property from qualifying as a REIT. See "Failure to Qualify" for a discussion of the effect of our failure to meet these tests for a taxable year. In addition, a change in the Operating Partnership's or a partnership's status for tax purposes might be treated as a taxable event. If so, Simon Property might incur a tax liability without any related cash distributions.

Treasury Regulations that apply for tax periods beginning on or after January 1, 1997 provide that a domestic business entity not otherwise classified as a corporation and which has at least two members will be taxed as a partnership for federal income tax purposes unless it elects to be treated as a corporation or it was in existence prior to January 1, 1997, and it reported its income as a corporation under the entity classification Treasury Regulations in effect prior to this date. In addition, such an entity which did not exist, or did not claim a classification, prior to January 1, 1997, will be classified as a partnership for federal income tax purposes unless it elects otherwise. The Operating Partnership and each of the subsidiary partnerships have claimed classification as a partnership under the final Treasury Regulations, and, as a result, we believe such partnerships will be classified as partnerships for federal income tax purposes.

The Treasury Regulations also provide that certain specified foreign entities are taxed as corporations. Foreign entities with two or more members are taxed as partnerships if (a) at least one of the members has unlimited liability for the liabilities of the entity or (b) the entity elects to be taxed as a partnership. Each foreign entity in which Simon Property is treated as an owner for tax purposes has elected to be taxed as a partnership or as a taxable REIT subsidiary.

Allocations of Operating Partnership Income, Gain, Loss and Deduction. A partnership is not a taxable entity for federal income tax purposes. Rather, a partner is required to take into account its allocable share of a partnership's income, gains, losses, deductions and credits for any taxable year of the partnership ending within or with the taxable year of the partner, without regard to whether the partner has received or will receive any distributions from the partnership. Although a partnership agreement will generally determine the allocation of income and losses among partners, such allocations will be disregarded for tax purposes under section 704(b) of the Internal Revenue Code if they do not comply with the provisions of section 704(b) of the Internal Revenue Code and the Treasury Regulations promulgated thereunder as to substantial economic effect.

If an allocation is not recognized for federal income tax purposes because it does not have substantial economic effect, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership, which will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. The allocations of taxable income and loss of the Operating Partnership and subsidiary partnerships are intended to comply with the requirements of section 704(b) of the Internal Revenue Code and the Treasury Regulations promulgated thereunder.

Taxation of Taxable U.S. Stockholders

As used below, the term "U.S. stockholder" means a holder of shares of common stock who, for United States federal income tax purposes, is:

a citizen or resident of the United States;

a corporation, partnership, or other entity created or organized in or under the laws of the United States or of any state thereof or in the District of Columbia, unless, in the case of a partnership, Treasury Regulations provide otherwise;

an estate the income of which is subject to United States federal income taxation regardless of its source; or

a trust whose administration is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust.

Notwithstanding the preceding sentence, to the extent provided in Treasury Regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to this date that elect to continue to be treated as United States persons, shall also be considered U.S. stockholders.

Distributions Generally. As long as Simon Property qualifies as a REIT, distributions out of its current or accumulated earnings and profits, other than capital gain dividends discussed below, will constitute dividends taxable to its taxable U.S. stockholders as ordinary income. These distributions will not be eligible for the dividends-received deduction in the case of U.S. stockholders that are corporations. For purposes of determining whether distributions to holders of common stock are out of current or accumulated earnings and profits, Simon Property's earnings and profits will be allocated first to the outstanding preferred stock and then to the common stock.

To the extent that Simon Property makes distributions in excess of its current and accumulated earnings and profits, these distributions will be treated first as a tax-free return of capital to each U.S. stockholder. This treatment will reduce the adjusted basis, but not below zero, which each U.S. stockholder has in his shares of stock for tax purposes by the amount of the distribution in excess of current and accumulated earnings and profits. Such distributions in excess of a U.S. stockholder's adjusted basis in his shares will be taxable as capital gains, provided that the shares have been held as a capital asset, and will be taxable as long-term capital gain if the shares have been held for more than

one year. Dividends declared in October, November, or December of any year and payable to a stockholder of record on a specified date in any of these months shall be treated as both paid by Simon Property and received by the stockholder on December 31 of that year, provided Simon Property actually pays the dividend on or before January 31 of the following calendar year. Stockholders may not include in their own income tax returns any of Simon Property's net operating losses or capital losses.

Capital Gain Dividends. Dividends to U.S. stockholders that are properly designated by Simon Property as capital gain dividends will be treated as long-term capital gain to the extent they do not exceed Simon Property's actual net capital gain for the taxable year without regard to the period for which the stockholder has held his stock. Dividends designated as capital gains will be taxed to individuals at a 20% or 25% rate depending on the tax characteristics of the assets which produced such gain. Corporate stockholders, however, may be required to treat up to 20% of certain capital gain dividends as ordinary income.

Simon Property may elect to retain and pay income tax on some or all of its undistributed net capital gains, in which case Simon Property's stockholders will include such retained amount in their income. In that event, the stockholders would be entitled to a tax credit or refund in the amount of the tax paid by Simon Property on the undistributed gain allocated to the stockholders, and the stockholders would be entitled to increase their tax basis by the amount of undistributed capital gains allocated to such stockholders reduced by the amount of the credit.

Passive Activity Losses and Investment Interest Limitations. Dividends that Simon Property pays and gain arising from the sale or exchange by a U.S. stockholder of shares will not be treated as passive activity income. As a result, U.S. stockholders generally will not be able to apply any "passive losses" against this income or gain. Dividends, to the extent they do not constitute a return of capital, generally will be treated as investment income for purposes of computing the investment interest limitation. Gain arising from the sale or other disposition of shares, however, will not be treated as investment income except to the extent the stockholder elects to reduce the amount of his net capital gain eligible for the capital gains rate.

Dispositions of Paired Shares

A U.S. stockholder will recognize gain or loss on the sale or exchange of paired shares to the extent of the difference between the amount realized on such sale or exchange and the holders' adjusted tax basis in such shares. Such gain or loss generally will constitute long-term capital gain or loss if the holder has held such shares for more than one year. Individual taxpayers are generally subject to a maximum tax rate of 20% on long-term capital gain from the sale of securities, but shareholders subject to the alternative minimum tax may be taxed at a rate of 28% on some or all of their long-term capital gain. Losses incurred on the sale or exchange of shares of common stock held for six months or less, after applying certain holding period rules, however, will generally be deemed long-term capital loss to the extent of any long-term capital gain dividends received by the U.S. stockholder and undistributed capital gains allocated to such U.S. stockholder with respect to such shares.

Taxation of Tax-Exempt U.S. Stockholders

The Internal Revenue Service has ruled that amounts distributed as dividends by a REIT do not constitute unrelated business taxable income when received by a tax-exempt pension trust and certain other tax-exempt entities. Based on that ruling, provided that a tax-exempt stockholder, except certain tax-exempt stockholders described below, has not held its shares as "debt financed property" within the meaning of the Internal Revenue Code and the shares are not otherwise used in an unrelated trade or business, dividend income from us will not be unrelated business taxable income to a tax-exempt

stockholder. Generally, "debt financed property" means shares of common stock, the acquisition of which was financed through a borrowing by the tax-exempt stockholder. Similarly, income from the sale of shares will not constitute unrelated business taxable income unless a tax-exempt stockholder has held its shares as "debt financed property" within the meaning of the Internal Revenue Code or has used the shares in its unrelated trade or business.

For tax-exempt stockholders which are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from federal income taxation under Internal Revenue Code Section 501(c)(7), (c)(9), (c)(17) and (c)(20), respectively, income from an investment in Simon Property's shares will constitute unrelated business taxable income unless the organization is able to properly deduct amounts set aside or placed in reserve for certain purposes so as to offset its dividend income. These prospective investors should consult their own tax advisors concerning these "set aside" and reserve requirements.

Notwithstanding the above, however, a portion of the dividends paid by a "pension held REIT" are treated as unrelated business taxable income as to certain types of trusts which hold more than 10% (by value) of the interests in the REIT. A REIT will not be a "pension held REIT" if it is not "predominantly held" by tax-exempt pension trusts. We do not anticipate that Simon Property will be predominantly held by tax-exempt pension trusts within the meaning of the Internal Revenue Code and accordingly, believe that dividends paid by Simon Property to tax-exempt pension trusts should not be treated as unrelated business taxable income.

Special Tax Considerations For Foreign Stockholders

The rules governing United States federal income taxation of non-U.S. stockholders, including non-resident alien individuals, foreign corporations, foreign partnerships and foreign trusts and estates, are complex, and the following discussion is intended only as a summary of such rules. Prospective non-U.S. stockholders should consult with their own tax advisors to determine the impact of federal, state and local income tax laws on an investment in Simon Property, including any reporting requirements, as well as the tax treatment of such an investment under their home country laws.

In general, non-U.S. stockholders will be subject to regular United States federal income tax with respect to their investment in Simon Property if such investment is "effectively connected" with the non-U.S. stockholder's conduct of a trade or business in the United States. A corporate non-U.S. stockholder that receives income that is, or is treated as, effectively connected with a United States trade or business may also be subject to the branch profits tax under section 884 of the Internal Revenue Code, which is payable in addition to regular United States corporate income tax. The following discussion will apply to non-U.S. stockholders whose investment in Simon Property is not so effectively connected. Simon Property expects to withhold United States income tax, as described below, on the gross amount of any distributions paid to a non-U.S. stockholder unless (i) the non-U.S. stockholder files an Internal Revenue Service Form W-8ECI with Simon Property claiming that the distribution is "effectively connected" or (ii) certain other exceptions apply.

A distribution by Simon Property that is not attributable to gain from the sale or exchange by Simon Property of a United States real property interest and that is not designated by Simon Property as a capital gain dividend will be treated as an ordinary income dividend to the extent made out of current or accumulated earnings and profits. Generally, an ordinary income dividend will be subject to tax at the rate of 30% of the gross amount of the distribution unless such tax is reduced or eliminated by an applicable tax treaty. A distribution in cash in excess of Simon Property's earnings and profits will be treated first as a return of capital that will reduce a non-U.S. stockholder's basis in its shares of Simon Property stock, but not below zero, and then as gain from the disposition of such shares, the tax treatment of which is described under the rules discussed below with respect to dispositions of shares. Simon Property is required to withhold from distributions to non-U.S. stockholders, and to remit to the

Internal Revenue Service, 30% of the amount of ordinary dividends. A distribution in excess of Simon Property's earnings and profits may be subject to 30% dividend withholding if, at the time of the distribution, it cannot be

determined whether the distribution will be in an amount in excess of Simon Property's current or accumulated earnings and profits. Any amount not designated as a capital gain dividend or return of basis will be subject to the tax treatment and withholding described below.

Distributions by Simon Property that are attributable to gain from the sale or exchange of a United States real property interest will be taxed to a non-U.S. stockholder under the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA"). Under FIRPTA, distribution amounts not subject to the tax treatment described in the preceding paragraph are taxed to a non-U.S. stockholder as if such distributions were gains "effectively connected" with a United States trade or business. Accordingly, a non-U.S. stockholder will be taxed at the normal capital gain rates applicable to a U.S. stockholder on such amounts, subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals. Distributions subject to FIRPTA may also be subject to a 30% branch profits tax in the hands of a corporate non-U.S. stockholder that is not entitled to treaty exemption.

Simon Property will be required to withhold from distributions subject to FIRPTA, and remit to the Internal Revenue Service, 35% of designated capital gain dividends, or, if greater, 35% of the amount of any distributions that could be designated as capital gain dividends. In addition, if Simon Property designates prior distributions as capital gain dividends, subsequent distributions, up to the amount of such prior distributions not withheld against, will be treated as capital gain dividends for purposes of withholding. It should be noted that the 35% withholding tax rate on capital gain dividends currently corresponds to the maximum income tax rate applicable to corporations, but it is higher than the maximum rate on capital gains of individuals.

Tax treaties may reduce Simon Property's withholding obligations. If the amount withheld by Simon Property with respect to a distribution exceeds the non-U.S. stockholder's tax liability, the non-U.S. stockholder may file for a refund of such excess from the Internal Revenue Service.

Unless Simon Property shares constitute a "United States real property interest" within the meaning of FIRPTA or are effectively connected with a U.S. trade or business, a sale of such shares by a non-U.S. stockholder generally will not be subject to United States taxation. Simon Property shares will not constitute a United States real property interest if Simon Property is a "domestically controlled REIT." A domestically controlled REIT is a REIT in which at all times during a specified testing period less than 50% in value of its shares is held directly or indirectly by non-U.S. stockholders. We believe that Simon Property is a domestically controlled REIT, and therefore that the sale of shares in Simon Property will not be subject to taxation under FIRPTA. However, because Simon Property shares are publicly traded, no assurance can be given that Simon Property is or will continue to be a domestically controlled REIT. Notwithstanding the foregoing, capital gain not subject to FIRPTA will be taxable to a non-U.S. stockholder if the non-U.S. stockholder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and certain other conditions apply, in which case the nonresident alien individual will be subject to a 30% tax on such individual's capital gains. If Simon Property did not constitute a domestically controlled REIT, whether a non-U.S. stockholder's sale of shares of Simon Property would be subject to tax under FIRPTA as a sale of a United States real property interest would depend on whether the shares were "regularly traded" as defined by applicable Treasury Regulations on an established securities market, *e.g.*, the New York Stock Exchange, on which the shares of Simon Property common stock are listed and on the size of the selling stockholder's interest in Simon Property, *i.e.*, 5% or less ownership. If the gain on the sale of Simon Property's shares were subject to taxation under FIRPTA, the non-U.S. stockholder would be subject to the same treatment as a U.S. stockholder with respect to such gain, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals. In any event, a purchaser of shares of Simon Property common stock from a non-U.S.

stockholder will not be required under FIRPTA to withhold on the purchase price if the purchased shares are "regularly traded" on an established securities market or if Simon Property is a domestically controlled REIT. Otherwise, under FIRPTA, the purchaser of shares of Simon Property common stock may be required to withhold ten percent of the purchase price and remit such amount to the Internal Revenue Service.

Information Reporting Requirement And Backup Withholding Tax

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Simon Property will report to its U.S. stockholders and the Internal Revenue Service the amount of distributions paid during each calendar year and the amount of tax withheld, if any. Under certain circumstances, U.S. stockholders may be subject to backup withholding. Backup withholding will apply only if the holder

fails to furnish its taxpayer identification number, which, for an individual, would be his Social Security number,

furnishes an incorrect taxpayer identification number,

is notified by the Internal Revenue Service that it has failed properly to report payments of interest and dividends, or

under certain circumstances, fails to certify, under penalty of perjury, that it has furnished a correct taxpayer identification number and has not been notified by the Internal Revenue Service that it is subject to backup withholding for failure to report interest and dividend payments.

Backup withholding will not apply with respect to payments made to certain exempt recipients, such as corporations and tax-exempt organizations. U.S. stockholders should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedure for obtaining such an exemption. Backup withholding is not an additional tax. Rather, the amount of any backup withholding with respect to a payment to a U.S. stockholder will be allowed as a credit against such U.S. stockholder's United States federal income tax liability and may entitle such U.S. stockholder to a refund, provided that the required information is furnished to the Internal Revenue Service.

Additional issues may arise pertaining to information reporting and backup withholding with respect to non-U.S. stockholders. For example, we may be required to withhold a portion of capital gain distributions to any stockholders who fail to certify their foreign status to us on Form W-8BEN. Non-U.S. stockholders should consult their tax advisors with respect to any such information reporting and backup withholding requirements.

Additional Federal Income Taxation Considerations Relating to "Paired REIT" Status

Separate Taxation. Although the common stock of Simon Property and SPG Realty may only be transferred as a unit, holders of paired shares will be treated for U.S. federal income tax purposes as holding shares of Simon Property common stock and SPG Realty common stock. Although holders of paired shares own beneficial interests in SPG Realty shares through the trusts, for federal income tax purposes such holders will be treated as owning the SPG Realty shares underlying the trusts. The tax treatment of distributions to stockholders and of any gain or loss upon the sale or other disposition of the paired shares, as well as the amount of gain or loss, must therefore be determined separately with respect to each share of Simon Property common stock and each share of SPG Realty common stock contained within each paired share. The tax basis and holding period for each share of Simon Property common stock and SPG Realty common stock also must be determined separately. Upon a taxable sale of a paired share, the amount realized should be allocated between the Simon Property and SPG Realty stock based on their then-relative values. Since SPG Realty is not a REIT but is instead a

regular C corporation, it will be subject to corporate level tax, without the benefit of the dividend paid deduction available to REITs.

Distributions from SPG Realty up to the amount of SPG Realty's current or accumulated earnings and profits, less any earnings and profits allocable to distributions on any preferred stock of SPG Realty, will be taken into account by U.S. stockholders as ordinary income and generally will be eligible for the dividends-received deduction for corporations, subject to certain limitations. Distributions in excess of SPG Realty's current and accumulated earnings and profits will not be taxable to a holder to the extent that they do not exceed the adjusted tax basis of the holder's SPG Realty common stock, but rather will reduce the adjusted tax basis of such SPG Realty common stock. To the extent such distributions exceed the adjusted tax basis of a holder's SPG Realty common stock, they will be

included in income as long-term capital gain, or short-term capital gain if the SPG Realty common stock has been held for one year or less, assuming the shares are a capital asset in the hands of the stockholder. Individual taxpayers are subject to a minimum tax rate of 20% on long-term capital gain and all or a portion of such gain may be taxed at a higher rate if the individual is subject to the alternative minimum tax.

A sale of SPG Realty common stock, if considered a sale or exchange of a United States real property interest, will be taxed to a non-U.S. stockholder under the Foreign Investment in Real Property Tax Act of 1980. It is unclear whether the assets of SPG Realty cause SPG Realty to constitute a United States real property holding company, thereby causing SPG Realty common stock to be United States real property interests. Even if SPG Realty is considered a United States real property holding company, whether a non-U.S. stockholder's sale of shares of SPG Realty would be subject to tax under the Foreign Investment in Real Property Tax Act of 1980 as a sale of a United States real property interest would depend on whether the shares are "regularly traded" as defined by applicable Treasury Regulations on an established securities market and on whether the selling stockholder owns or owned 5% or less of the SPG Realty common stock. See "Special Tax Consideration for Foreign Stockholders."

State And Local Tax Considerations

Simon Property is, and its stockholders may be, subject to state or local taxation in various state or local jurisdictions where Simon Property, its affiliates and its stockholders transact business or reside. The state and local tax treatment of Simon Property and its stockholders may not conform to the federal income tax consequences discussed above. Consequently, prospective stockholders should consult their own tax advisors regarding the effect of state and local tax laws on their investment in paired shares.

Possible Federal Tax Developments

The rules dealing with federal income taxation are constantly under review by the Internal Revenue Service, the Treasury Department and Congress. New federal tax legislation or other provisions may be enacted into law or new interpretations, rulings or Treasury Regulations could be adopted, all of which could affect the taxation of the Companies and their stockholders. No prediction can be made as to the likelihood of passage of any new tax legislation or other provisions either directly or indirectly affecting us or our stockholders. Consequently, the tax treatment described herein may be modified prospectively or retroactively by legislative action.

SELLING STOCKHOLDERS

The shares covered by this prospectus are being registered pursuant to registration rights agreements by and among Simon Property, the selling stockholders and other persons. Except as otherwise indicated, the number of shares beneficially owned is determined under rules promulgated by the SEC, and the information may not represent beneficial ownership for any other purpose. Except as indicated otherwise in the table below, each selling stockholder has sole voting power and disposition power with respect to all shares listed as owned by such selling stockholder. At September 30, 2002, there were 185,539,785 shares of Simon Property common stock outstanding.

We do not know when or in what amounts the selling stockholders may offer shares for sale. The selling stockholders may elect not to sell any or all of the shares offered by this prospectus. Because the selling stockholders may offer all or some of the shares pursuant to this offering, and because there are currently no agreements, arrangements or understandings with respect to the sale of any of the shares that will be held by the selling stockholders after completion of the offering, we cannot estimate the number of the shares that will be held by the selling stockholders after completion of the offering. However, for purposes of this table, we have assumed that, after completion of the offering, none of the shares covered by the prospectus will be held by the selling stockholders.

The following table sets forth, to our knowledge, certain information about the selling stockholders as of September 30, 2002.

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Name of Selling Stockholder	Number of Shares Beneficially Owned Prior to Offering	Percentage of Shares Beneficially Owned Prior to Offering	Number of Shares Offered Hereby	Number of Shares Beneficially Owned After Offering	Percentage of Shares Beneficially Owned After Offering
Benjamin D. Fischman	30,601	*%	30,601	-0-	0%
Dawn K. Neher	14,036(1)	*%	12,240	1,796(1)	*%
Fischman Northshore Partners(2)	30,601(3)	*%	30,601	-0-(3)	0%
The William A. Dedrick Revocable Trust of 1992(4)	9,618(5)	*%	9,618	-0-(5)	0%
The Estate of Edward J. DeBartolo(6)	21,808,380(7)	10.5%	2,127,342	19,681,038(7)	9.5%
DeBartolo Funding, LLC(6)	21,808,380(8)	10.5%	740,000	21,068,380(8)	10.2%
Joseph R. Mancino	7,610(9)	*%	2,100	5,510(9)	*%

(1)

Includes 1,796 Common Units held by Neher Square One Partners which are convertible into a like number of shares. Does not include 24,918 7.00% Cumulative Convertible Preferred Units held by Dawn Neher or 3,656 7.00% Cumulative Convertible Preferred Units held by Neher Square One Partners that may be converted on or after August 27, 2004 into either a like number of shares of 7.00% Cumulative Convertible Preferred Stock of Simon Property or, if the closing price of the shares exceeds \$37.00 on any three consecutive trading days prior to the conversion date, Common Units at a ratio of 0.75676 Common Units to one 7.00% Cumulative Convertible Preferred Unit. Also does not include 24,918 8.00% Cumulative Redeemable Preferred Units held by Dawn Neher or 3,656 8.00% Cumulative Redeemable Preferred Units held by Neher Square One Partners that may be converted on or after August 27, 2004 into a like number of shares of 8.00% Cumulative Redeemable Preferred Stock of Simon Property.

(2)

Steven S. Fischman holds voting and dispositive power with respect to the shares owned by Fischman Northshore Partners.

37

(3)

Does not include 62,295 7.00% Cumulative Convertible Preferred Units that may be converted as described in footnote (1) above. Also does not include 62,295 8.00% Cumulative Redeemable Preferred Units that may be converted as described in footnote (1) above.

(4)

William A. Dedrick holds voting and dispositive power with respect to the shares owned by The William A. Dedrick Revocable Trust of 1992.

(5)

Does not include 19,580 7.00% Cumulative Convertible Preferred Units that may be converted as described in footnote (1) above. Also does not include 19,580 8.00% Cumulative Redeemable Preferred Units that may be converted as described in footnote (1) above.

(6)

Edward J. DeBartolo, Jr. holds voting and dispositive power with respect to the shares owned by The Estate of Edward J. DeBartolo and DeBartolo Funding, LLC. The selling stockholder may be considered a member of the DeBartolo family group, which consists of NID Corporation, directly or indirectly, the Estate of Edward J. DeBartolo, members of the DeBartolo family, including Edward J. DeBartolo, Jr. and M. Denise DeBartolo York, or trusts established for the benefit of members of the DeBartolo family or partnerships in which the foregoing persons hold partnership interests. Two of our thirteen directors, M. Denise DeBartolo York and Fredrick W. Petri, have been elected by this group as holders of the outstanding shares of Class C common stock.

- (7) Includes the following securities owned by other members of the DeBartolo family group: 33,052 shares of common stock; 19,631,986 Common Units; 12,000 shares of common stock issuable upon exercise of stock options that are exercisable; and 4,000 shares of Class C common stock.
- (8) Includes the following securities owned by other members of the DeBartolo family group: 33,052 shares of common stock; 21,019,328 Common Units; 12,000 shares of common stock issuable upon exercise of stock options that are exercisable; and 4,000 shares of Class C common stock.
- (9) Includes 5,510 Common Units which are convertible into a like number of shares.
- *
Less than 1.0%

38

PLAN OF DISTRIBUTION

The shares covered by this prospectus may be offered and sold from time to time by the selling stockholders. The term "selling stockholders" includes pledgees, donees, transferees or other successors in interest selling shares received after the date of this prospectus from one of the selling stockholders as a pledge, gift or other non-sale related transfer. To the extent required, this prospectus may be amended and supplemented from time to time to describe a specific plan of distribution.

The selling stockholders will act independently of us in making decisions with respect to the timing, manner and size of each sale. These sales may be made at a fixed price or prices, which may be changed or at prices on the New York Stock Exchange and under terms then prevailing or at prices related to the then current market price. Sales may also be made in negotiated transactions at negotiated prices, including pursuant to one or more of the following methods:

purchases by a broker-dealer as principal and resale by such broker-dealer for its own account pursuant to this prospectus,

ordinary brokerage transactions and transactions in which the broker solicits purchasers,

an exchange distribution in accordance with the rules of the New York Stock Exchange or other exchange or trading system on which the shares are admitted for trading privileges,

sales "at the market" to or through a market maker or into an existing trading market, on an exchange or otherwise, for the shares,

sales in other ways not involving market makers or established trading markets,

through put or call transactions relating to the shares,

block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction, and

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in privately negotiated transactions.

In connection with distributions of the shares or otherwise, the selling stockholders may:

enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the shares in the course of hedging the positions they assume,

sell the shares short and redeliver the shares to close out such short positions,

enter into option or other transactions with broker-dealers or other financial institutions which require the delivery to them of shares offered by this prospectus, which they may in turn resell, or

pledge shares to a broker-dealer or other financial institution, which, upon a default, they may in turn resell.

In addition, any shares that qualify for sale pursuant to Rule 144 may be sold under Rule 144 rather than pursuant to this prospectus.

In effecting sales, broker-dealers or agents engaged by the selling stockholders may arrange for other broker-dealers to participate. Broker-dealers or agents may receive commissions, discounts or concessions from the selling stockholders, in amounts to be negotiated immediately prior to the sale.

In offering the shares covered by this prospectus, the selling stockholders, and any broker-dealers and any other participating broker-dealers who execute sales for the selling stockholders may be deemed to be "underwriters" within the meaning of the Securities Act in connection with these sales. Any profits realized by the selling stockholders and the compensation of such broker-dealers may be deemed to be underwriting discounts and commissions.

39

In order to comply with the securities laws of certain states, the shares must be sold in those states only through registered or licensed brokers or dealers. In addition, in certain states the shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

We have advised the selling stockholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling stockholders and their affiliates. In addition, we will make copies of this prospectus available to the selling stockholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling stockholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

At the time a particular offer of shares is made, if required, a prospectus supplement will be distributed that will set forth:

the number of shares being offered,

the terms of the offering, including the name of any underwriter, dealer or agent,

the purchase price paid by any underwriter,

any discount, commission and other underwriter compensation,

any discount, commission or concession allowed or reallocated or paid to any dealer, and

the proposed selling price to the public.

We have agreed to indemnify the selling stockholders against certain liabilities, including certain liabilities under the Securities Act.

We have agreed with the selling stockholders to keep the Registration Statement of which this prospectus constitutes a part effective until the earlier of such time as:

all of the shares covered by this prospectus have been disposed of pursuant to the Registration Statement or

we have delivered to the selling stockholders an opinion of counsel to the effect that such shares may be sold pursuant to Rule 144 without regard to any volume limitations.

LEGAL MATTERS

The validity of the securities offered hereby and certain federal income tax matters have been passed upon for us by Baker & Daniels, Indianapolis, Indiana.

EXPERTS

The audited financial statements and schedule incorporated by reference in this prospectus and elsewhere in the registration statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in giving said reports.

Because we have not been able to obtain, after reasonable efforts, the written consent of Arthur Andersen LLP to the incorporation by reference into this prospectus of their reports included in our Annual Report on Form 10-K for the year ended December 31, 2001, we have dispensed with the filing of their consent in reliance on Rule 437a under the Securities Act. Because Arthur Andersen LLP has not consented to the inclusion of their reports in this prospectus, you may not be able to recover against Arthur Andersen LLP under Section 11 of the Securities Act for any untrue statement of a material fact contained in the financial statements audited by Arthur Andersen LLP or any omissions to state a material fact required to be stated in those financial statements.

40

FORWARD-LOOKING STATEMENTS MAY PROVE INACCURATE

This prospectus contains or incorporates forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You can identify these forward-looking statements by our use of the words "believes," "anticipates," "plans," "expects," "may," "will," "intends," "estimates" and similar expressions, whether in the negative or affirmative. We cannot guarantee that we actually will achieve the plans, intentions or expectations discussed in these forward-looking statements. Our actual results could differ materially. We have included important factors in the cautionary statements contained or incorporated in this prospectus, particularly under the heading "Risk Factors," that we believe would cause our actual results to differ materially from the forward-looking statements that we make. We do not intend to update information contained in any forward-looking statement we make.

INCORPORATION OF INFORMATION WE FILE WITH THE SEC

The SEC allows us to "incorporate by reference" the information we file with them, which means:

incorporated documents are considered part of the prospectus;

we can disclose important information to you by referring you to those documents; and

information that we file with the SEC will automatically update and supersede this incorporated information.

We incorporate by reference the following documents that we have filed with the SEC:

Annual Report on Form 10-K for the year ended December 31, 2001;

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2002, June 30, 2002 and September 30, 2002;

Current Reports on Form 8-K filed January 17, 2002, February 13, 2002, May 17, 2002, May 20, 2002, June 10, 2002, June 27, 2002, August 9, 2002, November 13, 2002, November 18, 2002 and December 5, 2002;

The definitive proxy statement for our 2002 annual meetings of stockholders; and

The description of the paired shares of common stock contained in the Registration Statement on Form 8-A/A filed on September 24, 1998, including any amendment or report filed for the purpose of updating such description.

We also incorporate by reference each of the following documents that we will file with the SEC after the date of this prospectus until this offering is completed or after the date of this initial registration statement and before the effectiveness of the registration statement:

reports filed under Sections 13(a) and (c) of the Exchange Act;

definitive proxy or information statements filed under Section 14 of the Exchange Act in connection with any subsequent stockholders' meeting; and

any reports filed under Section 15(d) of the Exchange Act.

You should rely only on information contained or incorporated by reference in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

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You should assume that the information appearing in this prospectus is accurate as of the date of this prospectus only. Our business, financial condition and results of operation may have changed since that date.

To receive a free copy of any of the documents incorporated by reference in this prospectus (other than exhibits, unless they are specifically incorporated by reference in the documents), call or write Simon Property Group, 115 West Washington Street, Suite 15 East, Indianapolis, IN, Attention: Investor Relations (317/685-7330).

WHERE YOU CAN FIND MORE INFORMATION

We file reports, proxy statements and other information with the SEC. Our SEC filings are also available over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file by visiting the SEC's public reference room in Washington, D.C. The SEC's address in Washington, D.C. is 450 Fifth Street, N.W., Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. You may also inspect our SEC reports and other information at the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We have filed a registration statement on Form S-3 with the SEC covering the securities that may be sold under this prospectus. For further information on Simon Property, SPG Realty and the securities, you should refer to our registration statement and its exhibits. This prospectus summarizes material provisions of contracts and other documents that we refer you to. Because the prospectus may not contain all the information that you may find important, you should review the full text of these documents. We have included copies of these documents as exhibits to our registration statement of which this prospectus is a part.

42

PART II INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.*

The expenses (not including underwriting commissions and fees) of issuance and distribution of the securities are estimated to be:

Registration Fee	\$ 9,494
Printing Expenses	15,000*
Accounting Fees and Expenses	15,000*
Attorneys' Fees and Expenses	25,000*
Miscellaneous Expenses	5,000*
	<hr/>
Total	\$ 69,494
	<hr/>

*

Estimated.

Item 15. Indemnification of Directors and Officers.

The Registrants' officers and directors are indemnified under Delaware law, the Registrants' Charters and the Partnership Agreement of Simon Property Group, L.P. (the "Operating Partnership") against certain liabilities. The Delaware General Corporation Law ("DGCL") generally permits a corporation to indemnify its directors and officers, among others, against expenses, judgments, fines and amounts paid in settlement actually or reasonably

incurred by them in the defense or settlement of third-party actions or action by or in right of the corporation, and for judgments in third party actions provided there is a determination by directors who were not parties to the action, or if directed by such directors, by independent legal counsel or by a majority vote of a quorum of the stockholders, that the person seeking indemnification acted in good faith and in a manner reasonably believed to be in, or not opposed to, the interests of the corporation, and in a criminal proceeding, that the person had no reason to believe his or her conduct to be unlawful. Without court approval, however, no indemnification may be made in respect of any action by or in right of the corporation in which such person is adjudged liable. The DGCL states that the indemnification provided by statute shall not be deemed exclusive of any rights under any by-law, agreement, vote of stockholders or disinterested directors or otherwise. In addition, the liability of officers may not be eliminated or limited under Delaware law.

The Registrants' Charters contain a provision limiting the liability of directors and officers to the Registrants and their stockholders to the fullest extent permitted under and in accordance with the laws of the State of Delaware. Each of the Registrants' Charters provides that the directors will not be personally liable to the corporation or to its stockholders for monetary damages for breach of fiduciary duty as a director; provided, however, that such provision will not eliminate or limit the liability of a director for (i) any breach of the director's duty of loyalty to the corporation and its stockholders; (ii) acts or omissions not in good faith; (iii) any transaction from which the director derived an improper personal benefit; or (iv) any matter in respect of which such director would be liable under Section 174 of the DGCL. The personal liability of a director for violation of the federal securities laws is not limited or otherwise affected. In addition, these provisions do not affect the ability of stockholders to obtain injunctive or other equitable relief from the courts with respect to a transaction involving gross negligence on the part of a director. No amendment of the Registrants' Charters shall limit or eliminate the right to indemnification provided with respect to acts or omissions occurring prior to such amendment or repeal. The Registrants' By-Laws contain provisions which implement the indemnification provisions of the Registrants' Charters.

II-1

The Partnership Agreement of the Operating Partnership provides for indemnification of the officers and directors of each general partner of the Operating Partnership to the same extent indemnification is provided to officers and directors of the Registrants in their Charters, and limits the liability of such general partners and their officers and directors to the Operating Partnership and their partners to the same extent liability of officers and directors of the Registrants to the Registrants and their stockholders is limited under the Registrants' Charters.

Simon Property has entered into indemnification agreements with each of Simon Property's directors and officers. The indemnification agreements require, among other things, that Simon Property indemnify its directors and officers to the fullest extent permitted by law, and advance to the directors and officers all related expenses, subject to reimbursement if it is subsequently determined that indemnification is not permitted. Simon Property also must indemnify and advance all expenses incurred by directors and officers seeking to enforce their rights under the indemnification agreements, and cover each director and officer if Simon Property obtains directors' and officers' liability insurance.

In addition, the Registrants have a directors' and officers' liability and company reimbursement policy that insures against certain liabilities, including liabilities under the Securities Act, subject to applicable retentions.

Item 16. Exhibits.

The list of exhibits is incorporated by reference to the Exhibit Index on page E-1.

Item 17. Undertakings.

(a) Each of the undersigned Registrants hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

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(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrants pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the

II-2

securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) Each of the undersigned Registrants hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of such Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrants have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrants of expenses incurred or paid by a director, officer or controlling person of a Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, such Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

II-3

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrants certify that they have reasonable grounds to believe that they meet all of the requirements for filing on Form S-3 and have duly caused this Amendment No. 2 to Registration Statement to be signed on their behalf by the undersigned, thereunto duly authorized, in the City of Indianapolis, State of Indiana, on December 4, 2002.

SIMON PROPERTY GROUP, INC. and
SIMON PROPERTY REALTY CONSULTANTS, INC.

By: /s/ DAVID SIMON

David Simon, *Chief Executive Officer*

Pursuant to the requirements of the Securities Act of 1933, this Amendment has been signed by the following persons in their respective capacities and on December 4, 2002.

Signature	Title
<u>/s/ DAVID SIMON</u>	
David Simon	Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ HERBERT SIMON*</u>	
Herbert Simon	Co-Chairman of the Board of Directors
<u>/s/ MELVIN SIMON*</u>	
Melvin Simon	Co-Chairman of the Board of Directors
<u>/s/ HANS C. MAUTNER*</u>	
Hans C. Mautner	Vice Chairman of the Board of Directors
<u>Richard S. Sokolov</u>	President, Chief Operating Officer and Director
<u>/s/ BIRCH BAYH*</u>	
Birch Bayh	Director
<u>/s/ MELVYN E. BERGSTEIN*</u>	
Melvyn E. Bergstein	Director
	S-1
<u>/s/ PIETER S. VAN DEN BERG*</u>	
Pieter S. van den Berg	Director

<p><u>/s/ G. WILLIAM MILLER*</u></p> <p>G. William Miller</p>	<p>Director</p>
<p><u>Fredrick W. Petri</u></p>	<p>Director</p>
<p><u>/s/ J. ALBERT SMITH, JR.*</u></p> <p>J. Albert Smith, Jr.</p>	<p>Director</p>
<p><u>/s/ PHILIP J. WARD*</u></p> <p>Philip J. Ward</p>	<p>Director</p>
<p><u>M. Denise DeBartolo York</u></p>	<p>Director</p>
<p><u>/s/ STEPHEN E. STERRETT</u></p> <p>Stephen E. Sterrett</p>	<p>Executive Vice President and Chief Financial Officer (Principal Financial Officer)</p>
<p><u>/s/ JOHN DAHL</u></p> <p>John Dahl</p>	<p>Senior Vice President (Principal Accounting Officer)</p>
<p>*By: <u>/s/ DAVID SIMON</u></p> <p>David Simon, <i>Attorney-in-Fact</i></p>	

S-2

INDEX TO EXHIBITS

Exhibit No.	Description of Exhibit
4.1	Restated Certificate of Incorporation of Simon Property Group, Inc. (incorporated by reference to Exhibit 3.1 to the Registrants' Current Report on Form 8-K filed October 9, 1998).
4.2	Amended and Restated By-laws of Simon Property Group, Inc. (incorporated by reference to Exhibit 3.1 to the Registrants' Quarterly Report on Form 10-Q for the quarter ended June 30, 2002).
4.3	Restated Certificate of Incorporation of SPG Realty Consultants, Inc. (incorporated by reference to Exhibit 3.3 to the Registrants' Current Report on Form 8-K filed October 9, 1998).
4.4	Amended and Restated By-laws of SPG Realty Consultants, Inc. (incorporated by reference to Exhibit 3.2 to the Registrants' Quarterly Report on Form 10-Q for the quarter ended June 30, 2002).
4.5	Issuance Agreement dated as of September 23, 1998, between Simon Property Group, Inc. and SPG Realty Consultants, Inc. (incorporated by reference to Exhibit 4.5 to the Registrants' Current Report on Form 8-K filed October 9, 1998).

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Exhibit No.	Description of Exhibit
4.6	Trust Agreement, dated as of October 30, 1979, among shareholders of predecessors in interest to Simon Property Group, Inc. and SPG Realty Consultants, Inc., and First Jersey National Bank, as Trustee (incorporated by reference to Exhibit 4.7 of the Form S-4 filed by Corporate Property Investors, Inc. (Reg. No. 333-61399)).
5*	Opinion of Baker & Daniels.
8	Tax Opinion of Baker & Daniels.
23.1	Consent of Arthur Andersen LLP (omitted pursuant to Rule 437a of the Securities Act).
23.2	Consent of Baker & Daniels is contained in their opinions filed as Exhibits 5 and 8.
24*	Power of Attorney.
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* Previously filed.	
E-1	

QuickLinks

[TABLE OF CONTENTS](#)

[WHO WE ARE](#)

[USE OF PROCEEDS](#)

[RISK FACTORS](#)

[RECENT DEVELOPMENTS](#)

[DESCRIPTION OF CAPITAL STOCK](#)

[IMPORTANT PROVISIONS OF OUR GOVERNING DOCUMENTS AND DELAWARE LAW](#)

[RESTRICTIONS ON OWNERSHIP AND TRANSFER](#)

[POLICIES WITH RESPECT TO CERTAIN ACTIVITIES](#)

[IMPORTANT FEDERAL INCOME TAX CONSIDERATIONS](#)

[SELLING STOCKHOLDERS](#)

[PLAN OF DISTRIBUTION](#)

[LEGAL MATTERS](#)

[EXPERTS](#)

[FORWARD-LOOKING STATEMENTS MAY PROVE INACCURATE](#)

[INCORPORATION OF INFORMATION WE FILE WITH THE SEC](#)

[WHERE YOU CAN FIND MORE INFORMATION](#)

[PART II INFORMATION NOT REQUIRED IN PROSPECTUS](#)

[SIGNATURES](#)

[INDEX TO EXHIBITS](#)