NETEASE.COM, INC.
Form 6-K
February 26, 2009

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

REPORT OF FOREIGN ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 OF THE

SECURITIES EXCHANGE ACT OF 1934

For the month of February 2009

Commission File Number: 000-30666

NETEASE.COM, INC.

26/F, SP Tower D

Tsinghua Science Park Building 8

No. 1 Zhongguancun East Road, Haidian District

Beijing 100084, People s Republic of China

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F __X__ Form 40-F ______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):______

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ______ No __X__

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

82- N.A.

NETEASE.COM, INC.

Form 6-K

TABLE OF CONTENTS

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NETEASE.COM, INC.

By: /s/ Onward Choi
Name: Onward Choi
Title: Acting Chief Financial Officer

Date: February 26, 2009

Exhibit 99.1

Press Release

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NetEase.com Reports Fourth Quarter and Fiscal Year 2008

Unaudited Financial Results

(Beijing February 25, 2009) NetEase.com, Inc. (NASDAQ: NTES), one of China s leading Internet and online game services providers, today announced its unaudited financial results for the fourth quarter and fiscal year ended December 31, 2008.

William Ding, Chief Executive Officer and Director of NetEase said, As fiscal 2008 drew to a close amid the global economic downturn, we are pleased with the solid performance of NetEase s online game business in the fourth quarter of 2008. The performance of Fantasy Westward Journey (FWJ) continued to demonstrate its robust popularity and extensive community of users among time-based online games in China. In addition, Tianxia II, our first 3D item-based game, achieved positive growth during the fourth quarter in terms of both the number of players and consumption level, following the launch of a new expansion pack on September 24, 2008. We continue to execute well on our strategy to diversify our game product offerings, including an intensified focus on item-based games and targeted exploration of strategic licensing opportunities. We believe we are well positioned to attract new game players to further solidify our leading position in the Chinese online game market in 2009 and beyond.

Mr. Ding continued, Overall, we are pleased with the performance of our advertising services in the fourth quarter of 2008. We focused on strengthening the quality of the content on our portal to attract and retain new users and advertisers to our site. We also continue to enhance our email and blog services to draw more users and create premium ad space for advertisers who wish to reach our audience of consumers. With our ongoing success in delivering integrated services and information to both users and advertisers on our portal, we believe that NetEase will further capitalize on the opportunities brought about by the continuing shift from traditional advertising media to online advertising platforms.

Mr. Ding concluded, Looking ahead, we plan to continue focusing on the development of appealing and innovative games and enhancement of our portal services for our users and advertisers.

Fourth Quarter 2008 Financial Results

Revenues

Total revenues for the fourth quarter of 2008 were RMB801.7 million (US$117.5 million), compared to RMB806.6 million (US$118.2 million) and RMB622.1 million (US$91.2 million) for the preceding quarter and the fourth quarter of 2007, respectively.

Revenues from online games were RMB672.5 million (US$98.6 million) for the fourth quarter of 2008, compared to RMB675.1 million (US$99.0 million) and RMB507.0 million (US$74.3 million) for the preceding quarter and the fourth quarter of 2007, respectively.

Revenues from advertising services were RMB111.8 million (US$16.4 million) for the fourth quarter of 2008, compared to RMB113.0 million (US$16.6 million) and RMB98.1 million (US$14.4 million) for the preceding quarter and the fourth quarter of 2007, respectively.

Revenues from wireless value-added services and others (WVAS and others) were RMB17.4 million (US$2.6 million) for the fourth quarter of 2008, compared to RMB18.5 million (US$2.7 million) and RMB17.0 million (US$2.5 million) for the preceding quarter and the fourth quarter of 2007, respectively.

Gross Profit

Gross profit for the fourth quarter of 2008 was RMB639.0 million (US$93.7 million), compared to RMB631.3 million (US$92.5 million) and RMB488.0 million (US$71.5 million) for the preceding quarter and the fourth quarter of 2007, respectively. The quarter-over-quarter increase in gross profit was primarily attributable to a reduction of Olympics-related content costs recorded in the preceding quarter, which was partially offset by increases in staff-related costs resulting from increases in headcount and performance-related bonus accrual, as well as slightly lower total revenues in the current quarter. The quarter-over-quarter decrease in online game revenue was mainly due to lower revenue from FWJ in the current quarter, compared to the higher revenue in the preceding quarter as a result of the summer holidays season. The year-over-year increase in gross profit was primarily driven by increased online game revenue and advertising revenue, partially offset by higher staff-related costs resulting from increases in headcount and performance-related bonus accrual in the current quarter. The year-over-year increase in online game revenue was primarily attributable to both FWJ-related marketing activities in 2008 and the successful launch of an expansion pack for FWJ in early October of 2008. Advertising revenue for the current quarter remained relatively stable compared to the preceding quarter. The year-over-year increase in advertising revenue was primarily due to increased revenue contributed from the Company s email ad space during the fourth quarter of 2008.

Gross Profit (Loss) Margin

Gross profit margin for the online game business for the fourth quarter of 2008 was 88.0%, compared to 89.7% and 90.7% for the preceding quarter and the fourth quarter of 2007, respectively. The quarter-over-quarter and year-over-year decreases in gross profit margin were primarily due to higher staff-related costs resulting from increases in headcount and performance-related bonus accrual in the current quarter.

Gross profit margin for the advertising business for the fourth quarter of 2008 was 51.1%, compared to 26.9% and 52.0% for the preceding quarter and the fourth quarter of 2007, respectively. The quarter-over-quarter increase in gross profit margin was primarily due to a reduction of Olympic-related content costs recorded in the preceding quarter. The year-over-year gross profit margin remained relatively stable.

Gross loss margin for the WVAS and others business for the fourth quarter of 2008 was 24.9%, compared to 6.4% and 19.5% for the preceding quarter and the fourth quarter of 2007, respectively. The quarter-over-quarter and year-over-year decreases in gross profit margin were mainly due to increased bandwidth charges and server custody usage fees in the current quarter resulting from volume increases associated with the Company s free email and photo blog services.

Operating Expenses

Total operating expenses for the fourth quarter of 2008 were RMB168.5 million (US$24.7 million), compared to RMB164.6 million (US$24.1 million) and RMB152.8 million (US$22.4 million) for the preceding quarter and the fourth quarter of 2007, respectively. The quarter-over-quarter increase in selling and marketing expenses was primarily due to increased staff-related costs resulting from an increase in headcount and performance-related bonus accrual, and increased temporary marketing promotion staff costs, partially offset by a reduction of Olympic-related marketing expenses of RMB3.1 million (US$0.5 million), which had been recorded in the preceding quarter. The quarter-over-quarter decrease in general and administrative expenses was mainly due to a decrease in bad debt provision. The quarter-over-quarter increase in research and development expenses was mainly due to increased depreciation expenses related to additional fixed assets purchased to support increased research and development activities of the Company s online game, search engine and free email services in this quarter. The year-over-year increase in operating expenses was primarily due to increased staff-related costs associated with the Company s selling and marketing efforts as well as research and development activities, primarily resulting from increase in headcount and performance-related bonus accrual in the current quarter.

Net Profit

Net profit for the fourth quarter of 2008 totaled RMB575.9 million (US$84.4 million), compared to RMB313.3 million (US$45.9 million) and RMB389.8 million (US$57.1 million) for the preceding quarter and the fourth quarter of 2007, respectively. During the fourth quarter of 2008, the Company reported a net foreign exchange loss of RMB22.0 million (US$3.2 million) under Other, net, compared to RMB68.3 million (US$10.0 million) and RMB30.2 million (US$4.4 million) for the preceding quarter and the fourth quarter of 2007, respectively. The quarter-over-quarter and year-over-year decreases in net foreign exchange loss were primarily due to the reduction in translation loss related to the Company s bank deposits denominated in US dollar and Euro, resulting from improved stability in the exchange rates of US dollar and/or Euro against Renminbi at the end of the current quarter. NetEase reported basic and diluted earnings per American depositary share (ADS) of US$0.66 and US$0.65, respectively, for the fourth quarter of 2008. The Company reported basic and diluted earnings per ADS of US$0.36 and US$0.35 and US$0.47 and US$0.44 for the preceding quarter and the fourth quarter of 2007, respectively.

Income Taxes

Effective as of January 1, 2008, the Chinese government adopted a new income tax law which unified the enterprise income tax payable by domestic and foreign-invested enterprises at 25%. For the first three quarters of 2008, the Company followed the applicable accounting standards and adopted the statutory rate of 25% in making tax provisions, except for entities still enjoying unexpired tax holidays. By December 31, 2008, the Company s applications for the High/New Technology Enterprises (HNTEs) status by certain of its subsidiaries have been duly assessed and included in the relevant Chinese government authority s published list of approved HNTEs, with the over-paid income taxes for the first three quarters of fiscal year 2008 duly refunded. Accordingly, the

Company recorded a net tax benefit of RMB79.9 million (US$11.7 million) for the current quarter compared to a tax charge of RMB125.7 million (US$18.4 million) and a tax benefit of RMB52.9 million (US$7.7 million) for the preceding quarter and the fourth quarter of 2007, respectively.

The quarter-over-quarter decrease in tax charge was primarily attributable to the refund of the over-paid amount of income taxes for the first three quarters of 2008 as explained above, partially offset by the increase in tax charge resulting from the adjustment to recognize the deferred tax assets as of December 31, 2008 at the preferential tax rate for HNTEs. The year-over-year increase in the tax benefit was mainly due to the tax refund and adjustment to deferred tax assets in the current quarter as explained above, whereas the tax benefit reported in the fourth quarter of 2007 primarily resulted from the adjustment to recognize the deferred tax assets at the new statutory tax rate of 25% under the new tax laws, except for entities still enjoying unexpired tax holidays.

Fiscal Year 2008 Financial Results

Revenues

Total revenues for fiscal year 2008 were RMB3.0 billion (US$436.2 million), compared to RMB2.3 billion (US$338.0 million) for the preceding year. Revenues from online games were RMB2.5 billion (US$366.2 million) for fiscal year 2008, compared to RMB1.9 billion (US$283.3 million) for the preceding fiscal year. Revenues from advertising services were RMB405.9 million (US$59.5 million) for fiscal year 2008, compared to RMB305.1 million (US$44.7 million) for the preceding fiscal year. Revenues from WVAS and others were RMB71.7 million (US$10.5 million) for fiscal year 2008, compared to RMB68.0 million (US$10.0 million) for the preceding fiscal year.

Gross Profit

Gross profit for fiscal year 2008 was RMB2.5 billion (US$370.1 million), compared to RMB1.8 billion (US$263.5 million) for the preceding fiscal year. The increased gross profit for fiscal year 2008 was primarily due to increased online game revenue from the Company s various flagship games, as well as the receipt of a business tax refund of RMB146.8 million (US$21.5 million) in June 2008 related to certain excess taxes paid in previous years, which was determined as a result of changes in certain rules in connection with business tax deductions. The foregoing increases in gross profit were partially offset by increased staff-related costs resulting from increased headcount and increased performance-related bonus accrual.

Operating Expenses

Total operating expenses for fiscal year 2008 were RMB610.4 million (US$89.5 million), compared to RMB592.2 million (US$86.8 million) for the preceding fiscal year. Higher operating expenses for fiscal year 2008 were primarily due to increased research and development staff-related costs resulting from increased headcount, partially offset by reduced selling and marketing expenses on games as a result of the adoption of certain cost-savings measures.

Net Profit

Net profit for fiscal year 2008 totaled RMB1.6 billion (US$234.0 million), compared to RMB1.3 billion (US$185.3 million) for the preceding fiscal year. For fiscal year 2008, the Company reported a net foreign exchange loss of RMB167.1 million (US$24.5 million) under Other, net, compared to RMB50.9 million (US$7.5 million) for the preceding fiscal year. The increase in net foreign exchange loss was primarily due to the increase in translation loss related to the Company s bank deposits denominated in US dollar and Euro, resulting from the depreciation in the exchange rate of US dollar and/or Euro against Renminbi at the end of the current quarter. NetEase reported basic and diluted earnings per ADS of US$1.88 and US$1.81 for fiscal year 2008, respectively. The Company reported basic and diluted earnings per ADS of US$1.50 and US$1.40 for the preceding fiscal year, respectively.

Income Taxes

As a result of the new income tax laws in China and the successful application for the HNTEs status (as explained above), and the expiration of the tax holidays of certain subsidiaries of the Company in the current quarter, the Company reported a net income tax charge of RMB300.7 million (US$44.1 million) for fiscal year 2008. For fiscal year 2007, the Company reported a net income tax charge of RMB2.7 million (US$0.4 million), primarily attributable to the receipt of reinvestment incentive tax refunds of RMB54.4 million (US$8.0 million) and a net adjustment to the deferred tax assets of approximately RMB42.0 million (US$6.1 million), resulting from the adoption of the new statutory income tax rate of 25% at December 31, 2007, except for entities still enjoying unexpired tax holidays.

Other Information

As of December 31, 2008, the Company s total cash and time deposit balance was RMB5.6 billion (US$822.8 million), compared to RMB4.2 billion (US$609.5 million) as of December 31, 2007. Cash flow generated from operating activities was RMB514.0 million (US$75.3 million) for the fourth quarter of 2008, compared to RMB495.5 million (US$72.7 million) and RMB426.6 million (US$62.5 million) for the preceding quarter and the fourth quarter of 2007, respectively.

On September 12, 2008, the Company s Board authorized a new share repurchase program of up to US$100 million of the Company s outstanding ADSs for a period not to exceed one year. As of December 31, 2008, the Company has spent in aggregate a total purchase consideration of approximately US$13.1 million (including transaction costs).

Other Announcements

The Company also announced today that Michael Tong, Co-Chief Operating Officer and Director of NetEase, has resigned effective March 12, 2009 from his position as NetEase s Co-Chief Operating Officer for personal reasons. After such date, William Ding will assume the responsibility for the Company s online advertising business. Mr. Tong will remain on the Company s Board of Directors after his resignation becomes effective.

Michael has been a valuable member of our management team and has made significant contributions to our business over the years, said William Ding. Michael s knowledge and executive strengths are exceptional. I am personally grateful to him for his leadership, expertise and dedication and he will be greatly missed.

** The United States dollar (US$) amounts disclosed in this press release are presented solely for the convenience of the reader. Translations of amounts from RMB into United States dollars for the convenience of the reader were calculated at the noon buying rate of US$1.00 = RMB6.8225 on December 31, 2008 in The City of New York for the cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. No representation is made that the RMB amounts could have been, or could be, converted into US$ at that rate on December 31, 2008, or at any other certain date. The percentages stated are calculated based on RMB.

Notes to Unaudited Financial Information

The unaudited financial information disclosed in this press release is preliminary. The audit of the financial statements and related notes to be included in our annual report on Form 20-F for the year ended December 31, 2008 is still in progress. In addition, because an audit of our internal controls over financial reporting in connection with section 404 of the Sarbanes-Oxley Act of 2002 has not yet been completed, we make no representation as to the effectiveness of those internal controls as of the end of fiscal year 2008.

Adjustments to the financial statements may be identified when the audit work is completed, which could result in significant differences between our audited financial statements and this preliminary unaudited financial information.

Conference Call

The earnings announcement will take place at 8:00 p.m. Eastern Time on Wednesday, February 25, 2009 (Beijing/Hong Kong Time: 9:00 a.m., Thursday, February 26, 2009). Chief Executive Officer William Ding and Acting Chief Financial Officer Onward Choi will be on the call to discuss the quarterly and full year results and answer questions.

Interested parties may participate in the conference call by dialing 800-218-0713 (international: 303-262-2053), 10-15 minutes prior to the initiation of the call. A replay of the call will be available by dialing 800-405-2236 (international 303-590-3000), and entering passcode 11124984#. The replay will be available through 11:59 p.m. Eastern Time on March 11, 2009.

This call is being webcast live and archived, and will be available for 12 months on NetEase s corporate web site at http://corp.netease.com, Investor Info: Earnings Call.

6

About NetEase

NetEase.com, Inc. is a leading China-based Internet technology company that pioneered the development of applications, services and other technologies for the Internet in China. NetEase s online communities and personalized premium services have established a large and stable user base for the NetEase websites which are operated by its affiliates. In particular, NetEase provides online game services to Internet users through the in-house development or licensing of massively multi-player online role-playing games, including Fantasy Westward Journey, Westward Journey Online II, Westward Journey Online III, Tianxia II and Datang.

NetEase also offers online advertising on its websites which enables advertisers to reach its substantial user base. In addition, NetEase has paid listings on its search engine and web directory and classified advertising services, as well as an online mall, which provides opportunities for e-commerce and traditional businesses to establish their own storefront on the Internet. NetEase also offers wireless value-added services such as news and information content, matchmaking services, music and photos from the Web which are sent over SMS, MMS, WAP, IVR and Color Ring-back Tone technologies.

Other community services which the NetEase websites offer include instant messaging, online personal advertisements, matchmaking, alumni clubs and community forums. NetEase is also the largest provider of free email services in China. Furthermore, the NetEase websites provide various channels of content. NetEase aggregates news content on world events, sports, science and technology, and financial markets, as well as entertainment content such as cartoons, games, astrology and jokes, from over one hundred international and domestic content providers.

* * *

This press release contains statements of a forward-looking nature. These statements are made under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as will, expects, anticipates, future, intends, plans, believes, estimates and similar statements. The accuracy of these statements may be impacted by a num business risks and uncertainties that could cause actual results to differ materially from those projected or anticipated, including risks related to: the risk that NetEase will not be successful in its product diversification efforts, including its focus on item- and fee-based games and exploration of strategic licensing opportunities; the risk that the online game market will not continue to grow or that NetEase will not be able to maintain its leading position in that market, which could occur if, for example, its new online games or expansion packs and other improvements to its existing games do not become as popular as management anticipates; the ability of NetEase to effectively market its games and other services and achieve a positive return on its marketing expenditures; the risk that changes in Chinese government regulation of the online game market may limit future growth of NetEase s revenue or cause revenue to decline; the risk that NetEase may not be able to continuously develop new and creative online services; the risk that NetEase will not be able to control its expenses in future periods; competition in NetEase s existing and potential markets; governmental uncertainties (including possible changes in the effective tax rates applicable to NetEase and its subsidiaries and affiliates and the ability of NetEase to receive approvals of the preferential tax treatments previously available to certain of its subsidiaries and VIEs in China), general competition and price pressures in the marketplace; the risk that security, reliability and confidentiality concerns may impede broad use of the Internet and e-commerce and other services; the risk that fluctuations in the value of the Renminbi with respect to other currencies could adversely affect NetEase s business and financial results; and other risks outlined in NetEase s filings with the Securities and Exchange Commission. NetEase does not undertake any obligation to update this forward-looking information, except as required under applicable law.

8

NETEASE.COM, INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2007 RMB	December 31, 2008 RMB	December 31, 2008 USD (Note 1)
Assets			
Current assets:			
Cash	2,482,820,821	793,407,922	116,292,843
Time deposits	1,675,813,944	4,820,000,100	706,485,907
Accounts receivable, net	166,727,514	231,030,576	33,863,038
Prepayments and other current assets	45,143,728	104,092,051	15,257,172
Deferred tax assets	65,787,113	25,248,842	3,700,820
Total current assets	4,436,293,120	5,973,779,491	875,599,780
Non-current assets:			
Non-current rental deposits	3,033,171	3,443,249	504,690
Property, equipment and software, net	183,471,666	258,787,534	37,931,482
Land use right, net	26,956,800	12,563,485	1,841,478
Prepayment for license right		27,463,600	4,025,445
Deferred tax assets	19,060,225	12,444,636	1,824,058
Other long-term assets	16,844,399	57,411,308	8,414,996
Total non-current assets	249,366,261	372,113,812	54,542,149
Total assets	4,685,659,381	6,345,893,303	930,141,929
Liabilities and Shareholders Equity			
Current liabilities:			
Zero-coupon convertible subordinated notes due July 15, 2023	641,778,908		
Accounts payable	89,143,868	119,829,878	17,563,925
Salary and welfare payables	68,653,742	94,922,963	13,913,223
Taxes payable	92,438,670	104,754,356	15,354,248
Deferred revenue	354,966,697	447,725,795	65,624,888
Accrued liabilities	29,844,067	61,815,070	9,060,472
Total current liabilities	1,276,825,952	829,048,062	121,516,756
Long-term payable:			
Other long-term payable	10,200,000	200,000	29,315
Total long-term payable	10,200,000	200,000	29,315
Total liabilities	1,287,025,952	829,248,062	121,546,071
Shareholders equity	3,398,425,631	5,516,435,976	808,565,185
Minority interests	207,798	209,265	30,673
Total liabilities and shareholders equity	4,685,659,381	6,345,893,303	930,141,929

The accompanying notes are an integral part of this press release.

NETEASE.COM, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Quarter Ended					Year Ended	
	December 31, 2007 RMB	September 30, 2008 RMB	December 31, 2008 RMB	December 31, 2008 USD (Note 1)	December 31, 2007 RMB	December 31, 2008 RMB	December 31, 2008 USD (Note 1)
Revenues:							
Online game services	506,968,240	675,127,723	672,491,424	98,569,648	1,932,634,947	2,498,518,103	366,217,384
Advertising services	98,055,630	113,005,479	111,800,172	16,386,980	305,057,556	405,887,007	59,492,416
Wireless value-added services and others	17,026,320	18,477,994	17,424,193	2,553,931	68,018,461	71,718,938	10,512,120
Total revenues	622,050,190	806,611,196	801,715,789	117,510,559	2,305,710,964	2,976,124,048	436,221,920
Business taxes	(25,761,100)	(10,641,607)	(10,509,954)	(1,540,484)	(92,424,200)	108,460,101	15,897,413
Total net revenues	596,289,090	795,969,589	791,205,835	115,970,075	2,213,286,764	3,084,584,149	452,119,333
Total cost of revenues	(108,270,695)	(164,696,351)	(152,249,013)	(22,315,722)	(415,453,046)	(559,605,362)	(82,023,505)
Gross profit	488,018,395	631,273,238	638,956,822	93,654,353	1,797,833,718	2,524,978,787	370,095,828
Operating expenses:							
Selling and marketing expenses	(59,767,163)	(62,505,815)	(67,395,203)	(9,878,373)	(235,318,304)	(221,551,138)	(32,473,600)
General and administrative expenses	(44,341,316)	(48,810,235)	(45,760,016)	(6,707,221)	(176,178,740)	(181,841,322)	(26,653,180)
Research and development expenses	(48,724,456)	(53,322,288)	(55,308,137)	(8,106,726)	(180,734,713)	(207,023,649)	(30,344,250)
Total operating expenses	(152,832,935)	(164,638,338)	(168,463,356)	(24,692,320)	(592,231,757)	(610,416,109)	(89,471,030)
Operating profit	335,185,460	466,634,900	470,493,466	68,962,033	1,205,601,961	1,914,562,678	280,624,798
Other income (expenses):							
Investment income	114,007	1,202,091	90,615	13,282	474,446	1,517,890	222,483
Interest income	31,733,301	39,704,670	42,787,380	6,271,510	112,599,994	144,805,368	21,224,678
Other, net	(30,144,109)	(68,543,630)	(17,387,729)	(2,548,586)	(51,975,334)	(163,549,591)	(23,972,092)
Profit before tax	336,888,659	438,998,031	495,983,732	72,698,239	1,266,701,067	1,897,336,345	278,099,867
Income tax	52,868,775	(125,687,666)	79,850,979	11,704,064	(2,689,309)	(300,673,321)	(44,070,842)
Profit after tax	389,757,434	313,310,365	575,834,711	84,402,303	1,264,011,758	1,596,663,024	234,029,025
Minority interests	74,364	2,235	19,020	2,788	74,364	24,883	3,647
Net profit	389,831,798	313,312,600	575,853,731	84,405,091	1,264,086,122	1,596,687,907	234,032,672

You Will Not Have Any Shareholder Rights and Will Have No Right to Receive Any Shares of the Applicable Underlying at Maturity — Investing in the Notes will not make you a holder of any shares of the applicable Underlying. Neither you nor any other holder or owner of the Notes will have any voting rights, any right to receive dividends or other distributions, or any other rights with respect to the Underlying or such other securities.

¨ There Is No Affiliation Between the Underlying Issuer and Us, UBS and Our Respective Affiliates, and We Are Not Responsible for Any Disclosure by that Issuer — We, UBS and our respective affiliates are not affiliated with any of the Underlying issuers. However, we, UBS and our respective affiliates may currently, or from time to time in the future engage in business with the Underlying issuer. Nevertheless, neither we nor our affiliates assume any responsibilities for the accuracy or the completeness of any information about the Reference Stock and the Underlying issuer. You, as an investor in the Notes, should make your own investigation into the Underlying and the Underlying issuer for your Notes. The Underlying issuer is not involved in this offering and has no obligation of any sort with respect to your Notes. The Underlying issuer has no obligation to take your interests into consideration for any reason, including when taking any corporate actions that might affect the value of your Notes.

¨ Historical Prices of the Underlyings Should Not Be Taken as an Indication of Their Future Prices During the Term of the Notes — The trading prices of the applicable Underlying will determine the value of the Notes at any given time. However, it is impossible to predict whether the price of the applicable Underlying will rise or fall, trading prices of the Underlyings will be influenced by complex and interrelated political, economic, financial and other factors that can affect the applicable issuer, and therefore, the price of the applicable Underlying.

¨ There Can Be No Assurance that the Investment View Implicit in the Notes Will Be Successful — It is impossible to predict whether and the extent to which the price of the applicable Underlying will rise or fall. The closing price of the Underlying will be influenced by complex and interrelated political, economic, financial and other factors that affect the Underlying. You should be willing to accept the downside risks of owning equities in general and the Underlying in particular, and the risk of losing some or all of your initial investment.

¨ Lack of Liquidity — The Notes will not be listed on any securities exchange. RBCCM intends to offer to purchase the Notes in the secondary market, but is not required to do so. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the Notes easily. Because other dealers are not likely to make a secondary market for the Notes, the price at which you may be able to trade your Notes is likely to depend on the price, if any, at which RBCCM is willing to buy the Notes.

¨ Potential Conflicts — We and our affiliates play a variety of roles in connection with the issuance of the Notes, including hedging our obligations under the Notes. In performing these duties, the economic interests of the calculation agent and other affiliates of ours are potentially adverse to your interests as an investor in the Notes.

¨ Potentially Inconsistent Research, Opinions or Recommendations by RBCCM, UBS or Their Affiliates — RBCCM, UBS, and our respective affiliates may publish research, express opinions or provide recommendations as to the applicable Underlying that are inconsistent with investing in or holding the Notes, and which may be revised at any time. Any such research, opinions or recommendations could affect the value of the Underlying, and therefore, the market value of the Notes.

¨ Uncertain Tax Treatment — Significant aspects of the tax treatment of an investment in the Notes are uncertain. You should consult your tax adviser about your tax situation.

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Potential Royal Bank of Canada and UBS Impact on Price — Trading or transactions by us, UBS or our respective affiliates in the applicable Underlying, or in futures, options, exchange-traded funds or other derivative products on the Underlying may adversely affect the market value of the Underlying, the closing price of the Underlying, and, therefore, the market value of the Notes.

¨ Many Economic and Market Factors Will Impact the Value of the Notes — In addition to the closing price of the Underlying on any trading day, the value of the Notes will be affected by a number of economic and market factors that may either offset or magnify each other, including:

¨ the actual and expected volatility of the price of the applicable Underlying;

¨ the time remaining to maturity of the Notes;

¨ the dividend rate on the Underlying;

¨ interest and yield rates in the market generally;

¨ a variety of economic, financial, political, regulatory or judicial events;

¨ the occurrence of certain events relating to the Underlying that may or may not require an adjustment to the terms of the Notes; and

8

- our creditworthiness, including actual or anticipated downgrades in our credit ratings.

Some or all of these factors will influence the terms of the Notes at issuance as well as the price you will receive if you choose to sell the Notes prior to maturity. The impact of any of the factors set forth above may enhance or offset some or all of any change resulting from another factor or factors. You may have to sell the Notes at a substantial discount from the principal amount if the price of the Underlying is at, below or not sufficiently above, its Downside Threshold.

- The Anti-Dilution Protection for the Underlying Is Limited — The calculation agent will make adjustments to the Initial Price, Downside Threshold and Coupon Barrier for certain events affecting the shares of the applicable Underlying. However, the calculation agent will not be required to make an adjustment in response to all events that could affect the Underlying. If an event occurs that does not require the calculation agent to make an adjustment, the value of the Notes and the payments on the Notes may be materially and adversely affected.

Hypothetical Examples

These terms are only hypothetical. Please see the cover page for the expected terms of the Notes.

The following examples are hypothetical and provided for illustrative purposes only. They do not purport to be representative of every possible scenario concerning increases or decreases in the price of any Underlying relative to its Initial Price. We cannot predict the Final Price of any Underlying. You should not take these examples as an indication or assurance of the expected performance of any Underlying. The numbers appearing in the examples and tables below have been rounded for ease of analysis. The following examples and tables illustrate the Payment at Maturity or upon an automatic call per Note on a hypothetical offering of the Notes, based on the following hypothetical assumptions (actual terms for the Notes will be set on the Trade Date):

Principal Amount:	$10
Term:	Approximately 3 years
Coupon Observation Dates:	Quarterly
Call Observation Dates:	Quarterly, beginning on September 16, 2019
Hypothetical Initial Price of the Underlying*:	$50.00
Hypothetical Contingent Coupon Rate*:	7.00% per annum (or 1.75% per quarter)
Hypothetical Contingent Coupon**:	$0.175 per quarter
Hypothetical Coupon Barrier*:	$40.00 (which is 80.00% of the hypothetical Initial Price)
Hypothetical Downside Threshold*:	$40.00 (which is 80.00% of the hypothetical Initial Price)

* May not be the actual Contingent Coupon Rate per annum, Initial Price, Coupon Barrier or Downside Threshold applicable to the Notes. The actual Initial Price, Coupon Barrier and Downside Threshold will be determined on the Trade Date. If the actual Contingent Coupon Rate per annum for your Notes as set forth on the cover page is less than the hypothetical Contingent Coupon Rate listed above, your Contingent Coupon payments payable on the Notes, if any, will be less than the amounts listed in the examples below.

** Contingent Coupon payments, if payable, will be paid in arrears in equal quarterly installments during the term of the Notes unless earlier called.

Scenario #1: Notes Are Called on the Second Coupon Observation Date (which is the first Call Observation Date).

Date	Closing Price	Payment (per Note)
First Coupon Observation Date	$55.00 (at or above Initial Price)	$0.175 (Contingent Coupon – Not Callable)
Second Coupon Observation Date	$60.00 (at or above Initial Price)	$10.175 (Call Settlement Amount)
	Total Payment:	$10.35 (3.50% return)

Even though the closing price is above the Initial Price on the first Coupon Observation Date, the Notes cannot be called on that date. Since the Notes are called on the second Coupon Observation Date, we will pay you on the Call Settlement Date a total of $10.175 per Note, reflecting your principal amount plus the applicable Contingent Coupon. When added to the Contingent Coupon payment of $0.175 received in respect of the first Coupon Observation Date, we will have paid you a total of $10.35 per Note, for a 3.50% total return on the Notes. No further amount will be owed to you under the Notes.

Scenario #2: Notes Are Called on the Third Coupon Observation Date.

Date	Closing Price	Payment (per Note)
First Coupon Observation Date	$43.00 (at or above Coupon Barrier; below Initial Price)	$0.175 (Contingent Coupon – Not Callable)
Second Coupon Observation Date	$48.00 (at or above Coupon Barrier; below Initial Price)	$0.175 (Contingent Coupon – Not Called)
Third Coupon Observation Date	$55.00 (at or above Initial Price)	$10.175 (Call Settlement Amount)
	Total Payment:	$10.525 (5.25% return)

Since the Notes are called on the third Coupon Observation Date, we will pay you on the Call Settlement Date a total of $10.175 per Note, reflecting your principal amount plus the applicable Contingent Coupon. When added to the Contingent Coupon payments of $0.35 received in respect of prior Coupon Observation Dates, we will have paid you a total of $10.525 per Note, for a 5.25% total return on the Notes. No further amount will be owed to you under the Notes.

Scenario #3: Notes Are NOT Called and the Final Price of the Underlying Is at or Above the Downside Threshold.

Date	Closing Price	Payment (per Note)
First Coupon Observation Date	$45.00 (at or above Coupon Barrier; below Initial Price)	$0.175 (Contingent Coupon – Not Callable)
Second Coupon Observation Date	$28.00 (below Coupon Barrier)	$0.00 (Not Called)
Third Coupon Observation Date	$25.00 (below Coupon Barrier)	$0.00 (Not Called)
Fourth Coupon Observation Date	$34.00 (below Coupon Barrier)	$0.00 (Not Called)
Fifth through Eleventh Coupon Observation Dates	Various prices (each at or above Coupon Barrier; below Initial Price)	$1.225 (7 Contingent Coupon payments of $0.175 – Not Called)
Final Valuation Date	$47.50 (at or above Downside Threshold and Coupon Barrier; below Initial Price)	$10.175 (Payment at Maturity)
	Total Payment:	$11.575 (15.75% return)

At maturity, we will pay you a total of $10.175 per Note, reflecting your principal amount plus the applicable Contingent Coupon. When added to the Contingent Coupon payments of $1.40 received in respect of prior Coupon Observation Dates, we will have paid you a total of $11.575 per Note, for a 15.75% total return on the Notes.

10

Scenario #4: Notes Are NOT Called and the Final Price of the Underlying Is Below the Downside Threshold.

Date	Closing Price	Payment (per Note)
First Coupon Observation Date	$47.50 (at or above Coupon Barrier; below Initial Price)	$0.175 (Contingent Coupon – Not Callable)
Second Coupon Observation Date	$45.00 (at or above Coupon Barrier; below Initial Price)	$0.175 (Contingent Coupon – Not Called)
Third Coupon Observation Date	$42.50 (at or above Coupon Barrier; below Initial Price)	$0.175 (Contingent Coupon – Not Called)
Fourth Coupon Observation Date	$34.00 (below Coupon Barrier)	$0.00 (Not Called)
Fifth through Eleventh Coupon Observation Dates	Various prices (each below Coupon Barrier)	$0.00 (Not Called)
Final Valuation Date	$30.00 (below Downside Threshold and Coupon Barrier)	$10 + [$10 × Underlying Return] = $10 + [$10 × -40.00%] = $10 - $4.00 = $6.00 (Payment at Maturity)
	Total Payment:	$6.525 (-34.75% return)

Since the Notes are not called and the Final Price of the Underlying is below the Downside Threshold, we will pay you at maturity $6.00 per Note. When added to the Contingent Coupon payments of $0.525 received in respect of prior Coupon Observation Dates, we will have paid you $6.525 per Note, for a loss on the Notes of 34.75%.

The Notes differ from ordinary debt securities in that, among other features, we are not necessarily obligated to repay the full amount of your initial investment. If the Notes are not called on any Call Observation Date, you may lose some or all of your initial investment. Specifically, if the Notes are not called and the Final Price is less than the Downside Threshold, you will lose 1% (or a fraction thereof) of your principal amount for each 1% (or a fraction thereof) that the Underlying Return is less than zero.

Any payment on the Notes, including payments in respect of an automatic call, Contingent Coupon or any repayment of principal provided at maturity, is dependent on our ability to satisfy our obligations when they come due. If we are unable to meet our obligations, you may not receive any amounts due to you under the Notes.

What Are the Tax Consequences of the Notes?

U.S. Federal Income Tax Consequences

The following, together with the discussion of U.S. federal income tax in the accompanying product prospectus supplement, prospectus supplement, and prospectus, is a general description of the material U.S. federal income tax consequences relating to an investment in the Notes. The following summary is not complete and is qualified in its entirety by the discussion under the section entitled “Supplemental Discussion of U.S. Federal Income Tax Consequences” in the accompanying product prospectus supplement no. UBS-TACYN-1, the section entitled “Certain Income Tax Consequences” in the accompanying prospectus supplement, and the section entitled “Tax Consequences” in the accompanying prospectus, which you should carefully review prior to investing in the Notes.

In the opinion of our counsel, Morrison & Foerster LLP, it would generally be reasonable to treat the Notes as a callable pre-paid cash-settled contingent income-bearing derivative contract linked to the applicable Underlying for U.S. federal income tax purposes, and the terms of the Notes require a holder and us (in the absence of a change in law or an administrative or judicial ruling to the contrary) to treat the Notes for all tax purposes in accordance with such characterization. Although the U.S. federal income tax treatment of the Contingent Coupons is uncertain, we intend to take the position, and the following discussion assumes, that such Contingent Coupons (including any coupon paid on or with respect to the call or maturity date) constitute taxable ordinary income to a U.S. holder at the time received or accrued in accordance with the holder’s regular method of accounting. If the Notes are treated as described above, subject to the potential application of the “constructive ownership” rules under Section 1260 of the Internal Revenue Code, a U.S. holder should generally recognize capital gain or loss upon the call, sale or maturity of the Notes in an amount equal to the difference between the amount a holder receives at such time (other than amounts properly attributable to any Contingent Coupon, which would be taxed, as described above, as ordinary income) and the holder’s tax basis in the Notes. Capital gain recognized by an individual U.S. holder is generally taxed at preferential rates where the property is held for more than one year and is generally taxed at ordinary income rates where the property is held for one year or less. The deductibility of capital losses is subject to limitations.

Alternative tax treatments are also possible and the Internal Revenue Service (the “IRS”) might assert that a treatment other than that described above is more appropriate. In addition, the IRS has released a notice that may affect the taxation of holders of the Notes. According to the notice, the IRS and the Treasury Department are actively considering whether the holder of an instrument such as the Notes should be required to accrue ordinary income on a current basis. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, holders of the Notes will ultimately be required to accrue income currently and this could be applied on a retroactive basis. The IRS and the Treasury Department are also considering other relevant issues, including whether additional gain or loss from such instruments should be treated as ordinary or capital and whether the special “constructive ownership rules” of Section 1260 of the Internal Revenue Code might be applied to such instruments. Holders are urged to consult their tax advisors concerning the significance, and the potential impact, of the above considerations.

Individual holders that own “specified foreign financial assets” may be required to include certain information with respect to such assets with their U.S. federal income tax return. You are urged to consult your own tax advisor regarding such requirements with respect to the Notes.

Under Section 871(m) of the Internal Revenue Code, a “dividend equivalent” payment is treated as a dividend from sources within the United States. Such payments generally would be subject to a 30% U.S. withholding tax if paid to a non-U.S. holder. Under U.S. Treasury Department regulations, payments (including deemed payments) with respect to equity-linked instruments (“ELIs”) that are “specified ELIs” may be treated as dividend equivalents if such specified ELIs reference an interest in an “underlying security,” which is generally any interest in an entity taxable as a corporation for U.S. federal income tax purposes if a payment with respect to such interest could give rise to a U.S. source dividend. However, the IRS has issued guidance that states that the U.S. Treasury Department and the IRS intend to amend the effective dates of the U.S. Treasury Department regulations to provide that withholding on dividend equivalent payments will not apply to specified ELIs that are not delta-one instruments and that are issued before January 1, 2021. Based on our determination that the Notes are not delta-one instruments, non-U.S. holders should not be subject to withholding on dividend equivalent payments, if any, under the Notes. However, it is possible that the Notes could be treated as deemed reissued for U.S. federal income tax purposes upon the occurrence of certain events affecting the applicable Underlying or the Notes, and following such occurrence the Notes could be treated as subject to withholding on dividend equivalent payments. Non-U.S. holders that enter, or have entered, into other transactions in respect of the applicable Underlying or the Notes should consult their tax advisors as to the application of the dividend equivalent withholding tax in the context of the Notes and their other transactions. If any payments are treated as dividend equivalents subject to withholding, we (or the applicable withholding agent) would be entitled to withhold taxes without being required to pay any additional amounts with respect to amounts so withheld.

The accompanying product prospectus supplement notes that FATCA withholding on payments of gross proceeds from a sale or redemption of Notes will only apply to payments made after December 31, 2018. That discussion is modified to reflect regulations proposed by the U.S. Treasury Department in December 2018 indicating an intent to eliminate the requirement under FATCA of withholding on gross proceeds of the disposition of financial instruments. The U.S. Treasury Department has indicated that taxpayers may rely on these proposed regulations pending their finalization. Prospective investors are urged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Notes.

The Notes are not intended for purchase by any investor that is not a United States person, as that term is defined for U.S. federal income tax purposes, and the underwriters will not make offers of the Notes to any such investor.

Canadian Federal Income Tax Consequences

For a discussion of the material Canadian federal income tax consequences relating to an investment in the Notes, please see the section entitled “Tax Consequences—Canadian Taxation” in the accompanying prospectus, which you should carefully review prior to investing in the Notes.

Information About the Underlyings

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

Each Underlying is registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Companies with securities registered under the Exchange Act are required to periodically file financial and other information specified by the SEC. Information filed by the applicable Underlying 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 issuer of the applicable Underlying under the Exchange Act can be located by reference to its SEC Central Index Key ("CIK") number provided below. Information from outside sources is not incorporated by reference in, and should not be considered part of, this free writing prospectus or any accompanying prospectus or prospectus supplement. We have not independently verified the accuracy or completeness of the information contained in outside sources.

lululemon Athletica Inc.

According to publicly available information, lululemon Athletica Inc. designs and retails athletic clothing products. The company produces fitness pants, shorts, tops and jackets for yoga, dance, running, and general fitness. Information filed by the company with the SEC under the Exchange Act can be located by reference to its SEC CIK number1397187. The company's common stock is listed on the Nasdaq Global Select Market under the ticker symbol "LULU."

Historical Information

The graph below illustrates the performance of this Underlying from March 12, 2009 to March 12, 2019, assuming an Initial Price of $145.79, which was its closing price on March 12, 2019. The solid line represents a hypothetical Coupon Barrier and Downside Threshold of $83.83, which is equal to 57.50% of the closing price on March 12, 2019 (rounded to two decimal places). The actual Coupon Barrier and Downside Threshold will be based on the closing price of LULU on the Trade Date.

n Hypothetical Coupon Barrier / Downside Threshold = 57.50%

HISTORIC PERFORMANCE IS NOT AN INDICATION OF FUTURE PERFORMANCE.

Source: Bloomberg L.P. We have not independently verified the accuracy or completeness of the information obtained from Bloomberg Financial Markets.

Occidental Petroleum Corporation

According to publicly available information, Occidental Petroleum Corporation explores for, develops, produces, and markets crude oil and natural gas. The company also manufactures and markets a variety of basic chemicals, vinyls and performance chemicals. The company also gathers, treats, processes, transports, stores, trades and markets crude oil, natural gas, NGLs, condensate and carbon dioxide (CO2) and generates and markets power. Information filed by the company with the SEC under the Exchange Act can be located by reference to its SEC CIK number: 797468. The company's common stock is listed on the NYSE under the ticker symbol "OXY."

Historical Information

The graph below illustrates the performance of this Underlying from March 12, 2009 to March 12, 2019, assuming an Initial Price of $64.20, which was its closing price on March 12, 2019. The solid line represents a hypothetical Coupon Barrier and Downside Threshold of $39.80, which is equal to 62.00% of the closing price on March 12, 2019 (rounded to two decimal places). The actual Coupon Barrier and Downside Threshold will be based on the closing price of OXY on the Trade Date.

n Hypothetical Coupon Barrier / Downside Threshold = 62.00%

HISTORIC PERFORMANCE IS NOT AN INDICATION OF FUTURE PERFORMANCE.

Source: Bloomberg L.P. We have not independently verified the accuracy or completeness of the information obtained from Bloomberg Financial Markets.

Supplemental Plan of Distribution (Conflicts of Interest)

We have agreed to indemnify UBS and RBCCM against liabilities under the Securities Act of 1933, as amended, or to contribute payments that UBS and RBCCM may be required to make relating to these liabilities as described in the prospectus supplement and the prospectus. We will agree that UBS Financial Services Inc. may sell all or a part of the Notes that it will purchase from us to investors at the price to public or to its affiliates at the price indicated on the cover of the pricing supplement, the document that will be filed under Rule 424(b)(2) containing the final pricing terms of the Notes.

We expect to deliver the Notes on a date that is greater than two business days following the trade date. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes more than two business days prior to the original issue date will be required to specify alternative settlement arrangements to prevent a failed settlement.

Subject to regulatory constraints and market conditions, RBCCM intends to offer to purchase each of the Notes in the secondary market, but it is not required to do so.

We or our affiliates may enter into swap agreements or related hedge transactions with one of our other affiliates or unaffiliated counterparties in connection with the sale of each of the Notes and RBCCM and/or an affiliate may earn additional income as a result of payments pursuant to the swap or related hedge transactions. See "Use of Proceeds and Hedging" in the accompanying product prospectus supplement no. UBS-TACYN-1.

The value of the applicable Notes shown on your account statement may be based on RBCCM's estimate of the value of the Notes if RBCCM or another of our affiliates were to make a market in the Notes (which it is not obligated to do). That estimate will be based upon the price that RBCCM may pay for the Notes in light of then prevailing market conditions, our creditworthiness and transaction costs. If so specified in the pricing supplement related to the Notes, for a period of approximately 7 months after the issue date of the Notes, the value of the Notes that may be shown on your account statement may be higher than RBCCM's estimated value of the Notes at that time. This is because the estimated value of the Notes will not include the underwriting discount and our hedging costs and profits; however, the value of the Notes shown on your account statement during that period may be a higher amount, potentially reflecting the addition of the underwriting discount and our estimated costs and profits from hedging the Notes. Any such excess is expected to decrease over time until the end of this period. After this period, if RBCCM repurchases your Notes, it expects to do so at prices that reflect their estimated value. This period may be reduced at RBCCM's discretion based on a variety of factors, including but not limited to, the amount of the Notes that we repurchase and our negotiated arrangements from time to time with UBS.

For additional information as to the relationship between us and RBCCM, please see the section "Plan of Distribution—Conflicts of Interest" in the prospectus dated September 7, 2018.

Structuring the Notes

The Notes are our debt securities, the return on which is linked to the performance of the applicable Underlying. As is the case for all of our debt securities, including our structured notes, the economic terms of the Notes reflect our actual or perceived creditworthiness at the time of pricing. In addition, because structured notes result in increased operational, funding and liability management costs to us, we typically borrow the funds under these Notes at a rate that is more favorable to us than the rate that we might pay for a conventional fixed or floating rate debt security of comparable maturity. Using this relatively lower implied borrowing rate rather than the secondary market rate is a factor that is likely to result in a higher initial estimated value of the Notes at the time their terms are set than if the secondary market rate was used. Unlike the estimated value that will be included in the final pricing supplement relating to the Notes, any value of the Notes determined for purposes of a secondary market transaction may be based on a different borrowing rate, which may result in a lower value for each of the Notes than if our initial internal borrowing rate were used.

In order to satisfy our payment obligations under the Notes, we may choose to enter into certain hedging arrangements (which may include call options, put options or other derivatives) on the issue date with RBCCM or one of our other subsidiaries. The terms of these hedging arrangements take into account a number of factors, including our creditworthiness, interest rate movements, the volatility of the applicable Underlying, and the tenor of the Notes. The economic terms of the Notes and their initial estimated value depend in part on the terms of these hedging arrangements.

The lower implied borrowing rate is a factor that reduces the economic terms of the Notes to you. The initial offering price of the Notes also reflects the underwriting commission and our estimated hedging costs. These factors result in the initial estimated value for the Notes on the Trade Date being less than their public offering price. See "Key Risks—The Initial Estimated Value of the Notes Will Be Less than the Price to the Public" above.

Terms Incorporated in Master Note

The terms appearing above under the caption "Indicative Terms of the Notes" and the provisions in the accompanying product prospectus supplement no. UBS-TACYN-1 dated October 3, 2018 under the caption "General Terms of the Securities" are incorporated into the master note issued to DTC, the registered holder of the Notes.