TC PIPELINES LP
Form SC 13D/A
March 29, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D/A

Under the Securities Exchange Act of 1934
(Amendment No. 4)*

TC PipeLines, LP

(Name of Issuer)

Common Stock

(Title of Class of Securities)

87233Q 10 8

(CUSIP Number)

Donald J. DeGrandis
110 Turnpike Road, Suite 203
Westborough, Massachusetts 01581
(508) 871-7046

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

February 22, 2007

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. o

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 87233Q 10 8

1.	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only) TransCanada Corporation	
2.	Check the Appropriate Box if a Member of a Group (See Instructions)	
	(a)	o
	(b)	o
3.	SEC Use Only	
4.	Source of Funds (See Instructions) AF, BK	
5.	Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)	o
6.	Citizenship or Place of Organization Canada	

Number of Shares Beneficially Owned by Each Reporting Person With	7.	Sole Voting Power 10,713,151 Common Units of TC PipeLines, LP
	8.	Shared Voting Power -0-
	9.	Sole Dispositive Power 10,713,151 Common Units of TC PipeLines, LP (indirectly through TransCanada PipeLines Limited, TransCan Northern Ltd. and TC PipeLines GP, Inc.)
	10.	Shared Dispositive Power -0-

11.	Aggregate Amount Beneficially Owned by Each Reporting Person 10,713,151 Common Units of TC PipeLines, LP	
12.	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	o
13.	Percent of Class Represented by Amount in Row (11)(1) 30.7%	
14.	Type of Reporting Person (See Instructions) HC, CO	

(1) As of February 28, 2007, there were 34,856,086 common units of TC Pipelines, LP outstanding.

CUSIP No. 87233Q 10 8

1.	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only) TransCanada PipeLines Limited	
2.	Check the Appropriate Box if a Member of a Group (See Instructions)	
	(a)	o
	(b)	o
3.	SEC Use Only	
4.	Source of Funds (See Instructions) AF, BK	
5.	Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)	o
6.	Citizenship or Place of Organization Canada	

Number of Shares Beneficially Owned by Each Reporting Person With	7.	Sole Voting Power 10,713,151 Common Units of TC PipeLines, LP
	8.	Shared Voting Power -0-
	9.	Sole Dispositive Power 10,713,151 Common Units of TC PipeLines, LP (indirectly through TransCan Northern Ltd. and TC PipeLines GP, Inc.)
	10.	Shared Dispositive Power -0-

11.	Aggregate Amount Beneficially Owned by Each Reporting Person 10,713,151 Common Units of TC PipeLines, LP	
12.	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	o
13.	Percent of Class Represented by Amount in Row (11)(2) 30.7%	
14.	Type of Reporting Person (See Instructions) CO	

(2) As of February 28, 2007, there were 34,856,086 common units of TC Pipelines, LP outstanding.

CUSIP No. 87233Q 10 8

1.	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only) TransCan Northern Ltd.	
2.	Check the Appropriate Box if a Member of a Group (See Instructions)	
	(a)	o
	(b)	o
3.	SEC Use Only	
4.	Source of Funds (See Instructions) AF, BK	
5.	Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)	o
6.	Citizenship or Place of Organization Delaware	

Number of Shares Beneficially Owned by Each Reporting Person With	7.	Sole Voting Power 10,713,151 Common Units of TC PipeLines, LP
	8.	Shared Voting Power -0-
	9.	Sole Dispositive Power 10,713,151 Common Units of TC PipeLines, LP (directly and indirectly through TC PipeLines GP, Inc.)
	10.	Shared Dispositive Power -0-

11.	Aggregate Amount Beneficially Owned by Each Reporting Person 10,713,151 Common Units of TC PipeLines, LP	
12.	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	o
13.	Percent of Class Represented by Amount in Row (11)(3) 30.7%	
14.	Type of Reporting Person (See Instructions) CO	

(3) As of February 28, 2007, there were 34,856,086 common units of TC Pipelines, LP outstanding.

CUSIP No. 87233Q 10 8

1.	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only) TC PipeLines GP, Inc.	
2.	Check the Appropriate Box if a Member of a Group (See Instructions) (a) (b)	 o o
3.	SEC Use Only	
4.	Source of Funds (See Instructions) AF, BK	
5.	Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)	o
6.	Citizenship or Place of Organization Delaware	

Number of Shares Beneficially Owned by Each Reporting Person With	7.	Sole Voting Power 2,109,306 Common Units of TC PipeLines, LP	
	8.	Shared Voting Power -0-	
	9.	Sole Dispositive Power 2,109,306	
	10.	Shared Dispositive Power -0-	

11.	Aggregate Amount Beneficially Owned by Each Reporting Person 2,109,306 Common Units of TC PipeLines, LP	
12.	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	o
13.	Percent of Class Represented by Amount in Row (11)(4) 6.1%	
14.	Type of Reporting Person (See Instructions) CO	

(4) As of February 28, 2007, there were 34,856,086 common units of TC Pipelines, LP outstanding.

AMENDMENT NO. 4 TO
STATEMENT ON SCHEDULE 13D

Item 1. Security and Issuer

This Amendment No. 4 (the Amendment) to Schedule 13D/A is being filed by TransCanada Corporation, a Canadian public company (TransCanada), TransCanada PipeLines Limited, a Canadian corporation (TCPL), TransCan Northern Ltd., a Delaware corporation (TransCan Northern) and TC PipeLines GP, Inc., a Delaware corporation (the GP), to amend the Schedule 13D that was filed on August 9, 2002, as amended by Amendment No. 1 filed on August 13, 2003, Amendment No. 2 filed on August 3, 2004, and Amendment No. 3 filed on April 1, 2005. This statement relates to the common units representing limited partner interests (the Common Units) of TC PipeLines, LP, a Delaware limited partnership (the Partnership), which has its mailing address at 110 Turnpike Road, Suite 203, Westborough, Massachusetts 01581 and the principal executive offices at 450 1st Street SW, Calgary, Alberta, Canada, T2P 5H1.

Item 2. Identity and Background

The name, state or other place of organization and address of its principal office for the Reporting Persons are set forth on Schedule I attached hereto.

(a)-(c) The information required to be filed in response to paragraphs (a), (b) and (c) of Item 2 with respect to the persons listed on Appendices A, B, C and D (the Listed Persons) hereto is set forth therein.

(d) During the last five years, none of the Reporting Persons nor, to the knowledge of the Reporting Persons, none of the Listed Persons has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the last five years, none of the Reporting Persons nor, to the knowledge of the Reporting Persons, any of the Listed Persons has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which any of such persons was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) The information required to be filed in response to paragraph (f) of Item 2 with respect to the Listed Persons is set forth therein.

Item 3. Source and Amount of Funds or Other Consideration

The information previously furnished in response to this Item 3 is amended by adding the following:

To purchase the Common Units of the Partnership, TransCan Northern obtained US$300,000,000 from its parent, TransCanada PipeLine USA Ltd., who borrowed the funds via

a credit facility with Citibank and certain others lenders party to the the credit agreement granting the loan. A copy of the credit agreement is filed as Exhibit C hereto.

Item 4. Purpose of Transaction

The information previously furnished in response to this Item 4 is amended by adding the following:

Through a private placement completed on February 22, 2007, the Partnership sold 17,356,086 of its Common Units pursuant to a common unit purchase agreement by and among the Partnership and certain investors thereto. Pursuant thereto, TransCan Northern, an indirect, wholly owned subsidiary of TransCanada, acquired 8,678,045 common units, and TransCanada is deemed beneficially to own 10,713,151 Common Units, which constitute approximately 30.7% of the 34,856,086 issued and outstanding Common Units. The Common Units were acquired for investment purposes.

GP, a wholly-owned subsidiary of TransCan Northern and an indirect, wholly owned subsidiary of TransCanada, purchased an additional $12.8 million of general partner interests, to maintains its ownership of all of the 2% general partner interest in the Partnership.

Through its 100% ownership of GP, TransCan Northern has the right to appoint the board of directors of GP. Through the right to appoint the board of directors of GP, TransCan Northern and, through its 100% indirect ownership of TransCan Northern, TransCanada have the ability to influence the management policies and control of the Partnership with the aim of increasing the value of the Partnership, and thus, the Reporting Persons investment.

Pursuant to the terms of the Amended and Restated Agreement of Limited Partnership of the Partnership (the Partnership Agreement), among other conditions, GP may not be removed from its position as general partner of the Partnership unless 66 % of the outstanding units, voting together as a single class, including units held by GP and its affiliates, vote to approve such removal and the Issuer receives an opinion of counsel regarding limited liability and tax matters. Any removal of GP is also subject to the approval of a successor general partner by the vote of the holders of a majority of the outstanding units, voting as separate classes. The ownership of more than 30% of the outstanding units by GP and its affiliates has the practical effect of making the general partner s removal quite difficult.

The Partnership Agreement contains specific provisions that are intended to discourage a person or group from attempting to remove GP as the Partnership s general partner or otherwise change the Partnership s management. If any person or group other than GP and its affiliates acquires beneficial ownership of 20% or more of any class of units, that person or group loses voting rights on all of its units. This loss of voting rights does not apply to any person or group that acquires the units from GP or its affiliates and any transferees of that person or group approved by GP or to any person or group who acquires the units with the prior approval of the board of directors of GP.

Under the Partnership Agreement, the Issuer has agreed to register for resale under the Securities Act and applicable state securities laws any Common Units or other partnership securities proposed to be sold by GP or any of its affiliates or their assignees if an exemption from the registration requirements is not otherwise available. These registration rights continue for two years following any withdrawal or removal of GP as the Partnership s general partner.

Further, the Partnership may from time to time increase the amount of its quarterly distribution to unitholders at the discretion of the board of directors of GP. The information provided under the caption Partnership Agreement-Cash Distributions under Item 6 below is hereby incorporated by reference herein.

As of the date of this Schedule 13D, none of the Reporting Persons, and to the Reporting Persons knowledge, none of the Listed Persons has any plans or proposals which relate to or would result in any of the following actions, except as disclosed herein and except that (i) the Reporting Persons or their affiliates or the Listed Persons may, from time to time or at any time, subject to market and general economic conditions and other factors, purchase additional Common Units in the open market, in privately negotiated transactions or otherwise, or sell at any time all or a portion of the Common Units now owned or hereafter acquired by them to one or more purchasers and (ii) members of the board of directors of GP may choose not to stand for re-election at the end of their respective terms:

- the acquisition by any person of additional securities of the Partnership, or the disposition of securities of the Partnership;

- an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Partnership or any of its subsidiaries;

- a sale or transfer of a material amount of assets of the Partnership or any of its subsidiaries;

- any change in the present board of directors or management of the Partnership, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board;

- any material change in the present capitalization or dividend policy of the Partnership;

- any other material change in the Partnership s business or corporate structure including but not limited to, if the Partnership is a registered closed-end investment company, any plans or proposals to make any changes in its investment policy for which a vote is required by Section 13 of the Investment Company Act of 1940;

- changes in the Partnership s charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the Partnership by any person;

- causing a class of securities of the Partnership to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association;

- a class of equity securities of the Partnership becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Act; or

- any action similar to any of those enumerated above.

Depending on the factors described in the preceding paragraph, and other factors that may arise in the future, the Listed Persons may be involved in such matters and, depending on the facts and circumstances at such time, may formulate a plan with respect to such matters. In addition, the Listed Persons may entertain discussions with, and proposals to, the Partnership, to other unitholders of the Partnership or to third parties.

References to, and descriptions of, the Partnership Agreement of the Partnership as set forth in this Item 4 are qualified in their entirety by reference to the Partnership Agreement, as amended, filed as Exhibit 3.1 to the Partnership s Form 10-K, File No. 000-26091, filed on March 28, 2000, which is incorporated in its entirety in this Item 4.

Item 5. Interest in Securities of the Issuer

(a) As of the date hereof, GP beneficially owns, and TransCan Northern, TCPL and TransCanada own indirectly through GP, 2,035,106 Common Units. In addition, as of the date hereof, TransCan Northern beneficially owns, and TransCanada and TCPL indirectly own, an additional 8,678,045 Common Units. The directors and executive officers of each of the Reporting Persons disclaim any beneficial ownership of the Common Units owned by GP and TransCan Northern. GP also owns a 2% general partner interest and the incentive distribution rights (which represent the right to receive increasing percentages of quarterly distributions in excess of specified amounts) in the Partnership.

(b) The number of Common Units as to which there is sole power to vote or to direct the vote, shared power to vote or to direct the vote, sole power to dispose or to direct the disposition, or shared power to dispose or direct the disposition for the Reporting Persons is set forth on the cover pages of this Statement on Schedule 13D/A, and such information is incorporated herein by reference. Neither the directors nor the executive officers of each of the Reporting Persons individually have the power to vote or direct the vote of, or dispose or direct the disposition of, Common Units deemed beneficially owned by the Reporting Persons, or to dispose of or direct the disposition of, or receive or direct the receipt of, distributions with respect to such Common Units. TransCanada, by virtue of its ownership of TCPL and TransCan Northern, the sole stockholder of GP., has the sole power to elect the board of directors of GP, however, all decisions regarding Common Units owned by GP are within the exclusive authority of the board of directors of GP.

(c) On February 22, 2007, the Partnership sold 17,356,086 of its Common Units pursuant to a common unit purchase agreement by and among the Partnership and certain

investors thereto. Pursuant thereto, TransCan Northern acquired 8,678,045 Common Units. Additional investors, acquired 8,678,041 Common Units. The price per Common Units was $34.57. There have been no other reportable transactions with respect to the Common Units within 60 days of the date hereof by the Reporting Persons.

(d) The Reporting Persons have the right to receive distributions from, and the proceeds from the sale of, the respective Common Units reported by such persons on the cover pages of this Statement on Schedule 13D/A.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

The information previously furnished in response to this Item 6 is amended by adding reference to the following:

The information provided or incorporated by reference in Item 3 and Item 4 is incorporated by reference herein.

Common Unit Purchase Agreement

On February 20, 2007, the Partnership entered into a Common Unit Purchase Agreement (the Purchase Agreement) with certain institutional investors (the Purchasers) to sell 17,356,086 common units at $34.57 per common unit for gross proceeds of approximately $600 million in a private placement (the Offering). The Offering closed on February 22, 2007. TransCan Northern acquired 8,678,045 common units for approximately $300 million. Pursuant to the Purchase Agreement, the Partnership agreed to indemnify the Purchasers, including TransCan Northern, and their respective officers, directors and other representatives against certain losses resulting from any breach of the Partnership s representations, warranties or covenants contained therein.

Registration Rights Agreement

In connection with the Offering, the Partnership entered into a registration rights agreement (the Registration Rights Agreement) dated February 22, 2007 with the Purchasers. Pursuant to the Registration Rights Agreement, the Partnership is required to file a shelf registration statement to register the Common Units issued to TransCan Northern within 30 days, and use its commercially reasonable efforts to cause the registration statement to become effective within 90 days of the filing of the registration statement. In addition, the Registration Rights Agreement gives TransCan Northern piggyback registration rights under certain circumstances. These registration rights are transferable to affiliates and, in certain circumstances, to third parties.

TC PipeLines, LP Partnership Agreement

GP, as the sole general partner and a limited partner of the Partnership, and TransCan Northern, as a limited partner of the Partnership, and all other limited partners of the Issuer are party to the Partnership Agreement.

Cash Distributions

Pursuant to the terms of the Partnership s Partnership Agreement, the Partnership intends to make minimum quarterly distributions of $0.45 per unit per quarter, or $1.80 per unit on an annualized basis, if the Partnership has sufficient cash from its operations after the establishment of cash reserves and payment of fees and expenses, including payments to GP in reimbursement for all expenses incurred by it on the Partnership s behalf. In general, the Partnership will pay any cash distributions made each quarter to its unitholders in the following manner:

- First, 98% to all units, pro rata, and 2% to the general partner, until each unitholder has received the minimum quarterly distribution of $0.45 per common unit for that quarter;

- Second, 85% to all units, pro rata, and 15% to the general partner, until each unitholder has received a total of $0.5275 for that quarter;

- Third, 75% to all units, pro rata, and 25% to the general partner, until each unitholder has received a total of $0.69 for that quarter; and

- Thereafter, 50% to all units, pro rata, and 50% to the general partner.

Voting

Each holder of common units is entitled to one vote for each common unit on all matters submitted to a vote of the unitholders; provided that, if at any time any person or group, other than the GP and its affiliates, owns beneficially 20% or more of all common units, such common units so owned may not be voted on any matter and may not be considered to be outstanding when sending notices of a meeting of unitholders (unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under the Partnership Agreement.

Limited Call Right

Pursuant to the Partnership Agreement, if at any time GP and its affiliates hold more than 80% of the then-issued and outstanding partnership securities of any class, GP will have the right, but not the obligation, which it may assign in whole or in part to any of its affiliates or to the Partnership, to acquire all, but not less than all, of the remaining partnership securities of the class held by unaffiliated persons as of a record date to be selected by GP, on at least 10 but not more than 60 days notice. The purchase price in the event of this purchase is the greater of: (i) the highest price paid by either of GP or any of its affiliates for any partnership securities of the class purchased within the 90 days preceding the date on which GP first mails notice of its election to purchase those partnership securities; and (ii) the current market price as of the date three days before the date the notice is mailed.

Voting Rights

The Partnership Agreement sets forth the voting rights of the partners of the Partnership (including TransCan Northern and GP), including, among others, those for the removal of GP as the Partnership s general partner, the transfer of the general partner interest in the Partnership and the transfer of the incentive distribution rights in the Partnership.

Registration Rights

Under the Partnership Agreement, the Partnership has agreed to register for resale under the Securities Act and applicable state securities laws any Common Units or other partnership securities proposed to be sold by GP or any of its affiliates or their assignees if an exemption from the registration requirements is not otherwise available. These registration rights continue for two years following any withdrawal or removal of GP as the Partnership s general partner. The Partnership is obligated to pay all expenses incidental to the registration, excluding underwriting discounts and commissions.

The foregoing description of Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer does not purport to be complete and is qualified by the Purchase Agreement and Registration Rights Agreement attached as Exhibit 10.1 and 4.1, respectively, of the Partnership s Form 8-K filed on February 23, 2007, and the Partnership Agreement, as amended, filed as Exhibit 3.1 to the Partnership s Form 10-K filed on March 28, 2000.

Item 7. Material to Be Filed as Exhibits

The information previously filed in response to this item is amended by adding reference to the following new exhibit(s) filed in this Amendment No. 4:

Exhibit C: Credit Agreement dated as of February 16, 2007, by and among TransCanada Pipeline USA, Ltd., TransCanada Corporation and the certain lenders named therein.

SIGNATURE

After reasonable inquiry and to the best of our knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Date: March 29, 2007

TransCanada Corporation

/s/Donald R. Marchand
Name: Donald R. Marchand
Title: Vice-President, Finance and Treasurer

/s/Donald J. DeGrandis
Name: Donald J. DeGrandis
Title: Secretary

TransCanada PipeLines Limited

/s/Donald R. Marchand
Name: Donald R. Marchand

		03/29/2018	$36.60	$22.16	$29.01
/02/2018					
04/02/2018	06/29/2018	$46.76	$27.54	$43.67	
07/02/2018	09/28/2018	$46.65	$28.46	$28.46	
10/01/2018*	11/15/2018*	$34.99	$26.79	$33.15	

* As of the date of this preliminary terms supplement available information for the fourth calendar quarter of 2018 includes data for the period from October 1, 2018 through November 15, 2018. Accordingly, the “Quarterly High,” “Quarterly Low” and “Quarterly Close” data indicated are for this shortened period only and do not reflect complete data for the fourth calendar quarter of 2018.

The graph below illustrates the performance of Twitter's common stock for the period indicated, based on information from Bloomberg. The solid line represents a hypothetical trigger price and coupon barrier of $19.97, which is equal to 60.00% of an intra-day price on November 16, 2018. The actual trigger price and coupon barrier will be based on the closing price of Twitter's common stock on the trade date. **Past performance of the underlying asset is not indicative of the future performance of the underlying asset.**

What are the Tax Consequences of the Securities?

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

U.S. Tax Treatment. Pursuant to the terms of the Securities, UBS and you agree, in the absence of a statutory or regulatory change or an administrative determination or judicial ruling to the contrary, to characterize the Securities as pre-paid derivative contracts with respect to the underlying asset. If your Securities are so treated, any contingent coupon that is paid by UBS (including on the maturity date or call settlement date) should be included in your income as ordinary income in accordance with your regular method of accounting for U.S. federal income tax purposes.

In addition, excluding amounts attributable to any contingent coupon, you should generally recognize capital gain or loss upon the taxable disposition of your Securities in an amount equal to the difference between the amount you receive at such time (other than amounts or proceeds attributable to a contingent coupon or any amount attributable to any accrued but unpaid contingent coupon) and the amount you paid for your Securities. Such gain or loss should generally be long-term capital gain or loss if you have held your Securities for more than one year (otherwise such gain or loss would be short-term capital gain or loss if held for one year or less). However, it is possible that the IRS could assert that your holding period in respect of your Securities should end on the date on which the amount you are entitled to receive upon automatic call or maturity of your Securities is determined, even though you may not receive any amounts from the issuer in respect of your Securities prior to the automatic call or maturity of your Securities. In such a case, you may be treated as having a holding period in respect of your Securities prior to the automatic call or maturity of your Securities, and such holding period may be treated as less than one year even if you receive a payment upon the automatic call or maturity of your Securities at a time that is more than one year after the beginning of your holding period. The deductibility of capital losses is subject to limitations. Although uncertain, it is possible that proceeds received from the taxable disposition of your Securities prior to a coupon payment date that are attributable to an expected contingent coupon could be treated as ordinary income. You should consult your tax advisor regarding this risk.

We will not attempt to ascertain whether the underlying asset issuer would be treated as a "passive foreign investment company" (a "PFIC") within the meaning of Section 1297 of the Code or as a "United States real property holding corporation" (a "USRPHC") within the meaning of Section 897 of the Code. If the underlying asset issuer were so treated, certain adverse U.S. federal income tax consequences might apply, to a U.S. holder in the case of a PFIC and to a non-U.S. holder in the case of a USRPHC, upon the taxable disposition of a Security. You should refer to information filed with the SEC or the equivalent governmental authority by the underlying asset issuer and consult

your tax advisor regarding the possible consequences to you in the event that such entity is or becomes a PFIC or USRPHC.

In the opinion of our counsel, Cadwalader, Wickersham & Taft LLP, based on certain factual representations received from us, it would be reasonable to treat your Securities in the manner described above. However, because there is no authority that specifically addresses the tax treatment of the Securities, it is possible that your Securities could alternatively be treated for tax purposes as a single contingent payment debt instrument, or pursuant to some other characterization, such that the timing and character of your income from the Securities could differ materially and adversely from the treatment described above, as described further under "Material U.S. Federal Income Tax Consequences — Alternative Treatments for Securities Treated as Any Type of Prepaid Derivative or Prepaid Forward" in the accompanying product supplement. Because of this uncertainty, we urge you to consult your tax advisor as to the tax consequences of your investment in the Notes.
Notice 2008-2. In 2007, the IRS released a notice that may affect the taxation of holders of the Securities. According to Notice 2008-2, the IRS and the Treasury are actively considering whether the holder of an instrument such as the Securities 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 Securities will ultimately be required to accrue income currently in excess of any receipt of contingent coupons and this could be applied on a retroactive basis. The IRS and the Treasury are also considering other relevant issues, including whether additional gain or loss from such instruments should be treated as ordinary or capital, whether non-U.S. holders of such instruments should be subject to withholding tax on any deemed income accruals, and whether the special "constructive ownership rules" of Section 1260 of the Code should be applied to such instruments. Both U.S. and non-U.S. holders are urged to consult their tax advisor concerning the significance and potential impact of the above considerations.

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

Medicare Tax on Net Investment Income. U.S. holders that are individuals, estates, and certain trusts are subject to an additional 3.8% tax on all or a portion of their "net investment income", which may include any income or gain realized with respect to the Securities, to the extent of their net investment income that when added to their other modified adjusted gross income, exceeds $200,000 for an unmarried individual, $250,000 for a married taxpayer filing a joint return (or a surviving spouse), or $125,000 for a married individual filing a separate return. The 3.8% Medicare tax is determined in a different manner than the income tax. U.S. holders should consult their tax advisors as to the consequences of the 3.8% Medicare tax to an investment in the Securities.

Specified Foreign Financial Assets. U.S. holders may be subject to reporting obligations with respect to their Securities if they do not hold their Securities in an account maintained by a financial institution and the aggregate value of their Securities and certain other "specified foreign financial assets" (applying certain attribution rules) exceeds an applicable threshold. Significant penalties can apply if a U.S. holder is required to disclose its Securities and fails to do so.

Non-U.S. Holders. The U.S. federal income tax treatment of the contingent coupons is unclear. Subject to the discussions below with respect to Section 871(m) of the Code and FATCA (as defined below), our counsel is of the opinion that contingent coupons paid to a non-U.S. holder that provides us (and/or the applicable withholding agent) with a fully completed and validly executed applicable IRS Form W-8 should not be subject to U.S. withholding tax and we do not intend to withhold any tax on contingent coupons. However, it is possible that the IRS could assert that such payments are subject to U.S. withholding tax, or that another withholding agent may otherwise determine that withholding is required, in which case such other withholding agent may withhold up to 30% on such payments

(subject to reduction or elimination of such withholding tax pursuant to an applicable income tax treaty). We will not pay any additional amounts in respect of such withholding. Subject to Section 871(m) of the Code, discussed below, gain from the taxable disposition of the Securities generally should not be subject to U.S. tax unless (i) such gain is effectively connected with a trade or business conducted by the non-U.S. holder in the U.S., (ii) the non-U.S. holder is a non-resident alien individual and is present in the U.S. for 183 days or more during the taxable year of such taxable disposition and certain other conditions are satisfied or (iii) the non-U.S. holder has certain other present or former connections with the U.S.

Section 871(m). A 30% withholding tax (which may be reduced by an applicable income tax treaty) is imposed under Section 871(m) of the Code on certain "dividend equivalents" paid or deemed paid to a non-U.S. holder with respect to a "specified equity-linked instrument" that references one or more dividend-paying U.S. equity securities. The withholding tax can apply even if the instrument does not provide for payments that reference dividends. Treasury regulations provide that the withholding tax applies to all dividend equivalents paid or deemed paid on specified equity-linked instruments that have a delta of one ("delta one specified equity-linked instruments") issued after 2016 and to all dividend equivalents paid or deemed paid on all other specified equity-linked instruments issued after 2018. However, the IRS has issued guidance that states that the Treasury and the IRS intend to amend the effective dates of the Treasury regulations to provide that withholding on dividend equivalents paid or deemed paid will not apply to specified equity-linked instruments that are not delta one specified equity-linked instruments and are issued before January 1, 2021.

Based on our determination that the Securities are not "delta-one" with respect to the underlying asset, our counsel is of the opinion that the Securities should not be delta one specified equity-linked instruments and thus should not be subject to withholding on dividend equivalents. Our determination is not binding on the IRS, and the IRS may disagree with this determination. Furthermore, the application of Section 871(m) of the Code will depend on our determinations made upon issuance of the Securities. If withholding is required, we will not make payments of any additional amounts.

Nevertheless, after issuance, it is possible that your Securities could be deemed to be reissued for tax purposes upon the occurrence of certain events affecting the underlying asset or your Securities, and following such occurrence your Securities could be treated as delta one specified equity-linked instruments that are subject to withholding on dividend equivalents. It is also possible that withholding tax or other tax under Section 871(m) of the Code could apply to the Securities under these rules if you enter, or have entered, into certain other transactions in respect of the underlying asset or the Securities. If you enter, or have entered, into other transactions in respect of the underlying asset or the Securities, you should consult your tax advisor regarding the application of Section 871(m) of the Code to your Securities in the context of your other transactions.

Because of the uncertainty regarding the application of the 30% withholding tax on dividend equivalents to the Securities, you are urged to consult your tax advisor regarding the potential application of Section 871(m) of the Code and the 30% withholding tax to an investment in the Securities.

Foreign Account Tax Compliance Act. The Foreign Account Tax Compliance Act ("FATCA") was enacted on March 18, 2010, and imposes a 30% U.S. withholding tax on "withholdable payments" (i.e., certain U.S.-source payments, including interest (and original issue discount), dividends, other fixed or determinable annual or periodical gain, profits, and income, and on the gross proceeds from a disposition of property of a type which can produce U.S.-source interest or dividends) and "passthru payments" (i.e., certain payments attributable to withholdable payments) made to certain foreign financial institutions (and certain of their affiliates) unless the payee foreign financial institution agrees (or is required), among other things, to disclose the identity of any U.S. individual with an account of the institution (or the relevant affiliate) and to annually report certain information about such account. FATCA also requires withholding agents making withholdable payments to certain foreign entities that do not disclose the name, address, and taxpayer identification number of any substantial U.S. owners (or do not certify that they do not have any substantial U.S. owners) to withhold tax at a rate of 30%. Under certain circumstances, a holder may be eligible for

refunds or credits of such taxes.

Pursuant to final and temporary Treasury regulations and other IRS guidance, the withholding and reporting requirements under FATCA will generally apply to certain “withholdable payments” made on or after July 1, 2014, certain gross proceeds on a taxable disposition occurring after December 31, 2018, and certain foreign passthru payments made after December 31, 2018 (or, if later, the date that final regulations defining the term “foreign passthru payment” are published). If withholding is required, we (or the applicable paying agent) will not be required to pay additional amounts with respect to the amounts so withheld. Foreign financial institutions and non-financial foreign entities located in jurisdictions that have an intergovernmental agreement with the U.S. governing FATCA may be subject to different rules.

Investors should consult their tax advisors about the application of FATCA, in particular if they may be classified as financial institutions (or if they hold their Securities through a foreign entity) under the FATCA rules.

Proposed Legislation. In 2007, legislation was introduced in Congress that, if it had been enacted, would have required holders of Securities purchased after the bill was enacted to accrue interest income over the term of the Securities despite the fact that there may be no interest payments over the entire term of the Securities.

Furthermore, in 2013, the House Ways and Means Committee released in draft form certain proposed legislation relating to financial instruments. If it had been enacted, the effect of this legislation generally would have been to require instruments such as the Securities to be marked to market on an annual basis with all gains and losses to be treated as ordinary, subject to certain exceptions.

It is not possible to predict whether any similar or identical bills will be enacted in the future, or whether any such bill would affect the tax treatment of your Securities. You are urged to consult your tax advisor regarding the possible changes in law and their possible impact on the tax treatment of your Securities.

Both U.S. and non-U.S. holders are urged to consult their tax advisors concerning the application of U.S. federal income tax laws to their particular situation, as well as any tax consequences of the purchase, beneficial ownership and disposition of the Securities (including possible alternative treatments and the issues presented by Notice 2008-2) arising under the laws of any state, local, non-U.S. or other taxing jurisdiction.

Supplemental Plan of Distribution (Conflicts of Interest); Secondary Markets (if any)

We will agree to sell to UBS Securities LLC and UBS Securities LLC will agree to purchase, all of the Securities at the issue price to the public less the underwriting discount indicated on the cover of the final terms supplement, the document that will be filed pursuant to Rule 424(b) containing the final pricing terms of the Securities. UBS Securities LLC will agree to resell all of the Securities to UBS Financial Services Inc. at a discount from the issue price to the public equal to the underwriting discount indicated on the cover of the final terms supplement.

Conflicts of Interest - Each of UBS Securities LLC and UBS Financial Services Inc. is an affiliate of UBS and, as such, has a "conflict of interest" in this offering within the meaning of FINRA Rule 5121. In addition, UBS will receive the net proceeds (excluding the underwriting discount) from the initial public offering of the Securities and, thus creates an additional conflict of interest within the meaning of FINRA Rule 5121. Consequently, the offering is being conducted in compliance with the provisions of Rule 5121. Neither UBS Securities LLC nor UBS Financial Services Inc. is permitted to sell Securities in the offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

UBS Securities LLC and its affiliates may offer to buy or sell the Securities in the secondary market (if any) at prices greater than UBS' internal valuation - The value of the Securities at any time will vary based on many factors that cannot be predicted. However, the price (not including UBS Securities LLC's or any affiliate's customary bid-ask spreads) at which UBS Securities LLC or any affiliate would offer to buy or sell the Securities immediately after the trade date in the secondary market is expected to exceed the estimated initial value of the Securities as determined by reference to our internal pricing models. The amount of the excess will decline to zero on a straight line basis over a period ending no later than 1 month after the trade date, provided that UBS Securities LLC may shorten the period based on various factors, including the magnitude of purchases and other negotiated provisions with selling agents. Notwithstanding the foregoing, 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. 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.

Prohibition of Sales to EEA Retail Investors — The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC, as amended. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

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Autocallable Optimization

Securities due on or about November 21, 2019

Preliminary Terms Supplement dated November 16, 2018

(To Prospectus Supplement dated November 1, 2018,

Product Supplement dated October 31, 2018 and

Prospectus dated October 31, 2018)

UBS Investment Bank

UBS Financial Services Inc.