

SPIN-OFF OF TC ENERGY'S LIQUIDS PIPELINES BUSINESS

On October 1, 2024, TC Energy Corporation (TC Energy) announced the completion of the spin-off of its Liquids Pipelines business into South Bow Corporation (South Bow). TC Energy shareholders retained their interest in TC Energy common shares and received a pro rata allocation of South Bow common shares. Each holder of TC Energy common shares generally received 0.2 of a South Bow common share for each TC Energy common share held on the Distribution Record Date of September 25, 2024.

CANADIAN TAX INFORMATION

Resident Shareholders (as defined in the Management Information Circular dated April 10, 2024) should not realize a capital gain or capital loss as a result of the distribution. Pursuant to the Arrangement, TC Energy shareholders retained their interest in TC Energy common shares and received a pro rata allocation of South Bow common shares. Under the Income Tax Act (Canada), the adjusted cost base to a TC Energy shareholder should be allocated between the TC Energy common shares and the South Bow common shares distributed pursuant to the Arrangement proportionately based on the relative fair market values of such shares at the time of the Arrangement. The companies believe the allocation set out below is reasonable for Canadian income tax purposes. However, such allocation is not binding on shareholders or the Canadian tax authorities.

In connection with the Arrangement, the adjusted cost base to a Resident Shareholder of each TC Energy common share held immediately before completion of the Arrangement may be allocated to the post-Arrangement TC Energy common shares and South Bow common shares as follows:

- 91% to a TC Energy common share; and
- 9% to a South Bow common share.

Please refer to the sections "Certain Canadian Federal Income Tax Considerations" and "Certain United States Federal Income Tax Considerations" in the Circular for further information regarding the Canadian and United States federal income tax consequences to shareholders as a result of the Arrangement. All of the assumptions, qualifications, and limitations in those sections of the Management Information Circular are applicable to the information contained herein. This notice is not, and is not intended to be, legal or tax advice. Shareholders should consult their own legal or tax advisors in light of their particular circumstances.

U.S. TAX INFORMATION

The distribution should qualify as a tax-free distribution under section 355(a) of the Internal Revenue Code. U.S. holders of TC Energy common shares should recognize no gain or loss upon receipt of South Bow common shares except with respect to any cash received in lieu of fractional South Bow common shares. The tax basis in TC Energy common shares should be allocated between TC Energy common shares and South Bow common shares, including any fractional shares deemed received, in proportion to their relative fair market values at the date of the completion of the spin-off. While U.S. federal income tax law does not specifically prescribe how shareholders should determine the fair market values for this purpose, one reasonable approach would allocate the pre-spin-off aggregate tax basis in TC Energy common shares (i) 91% to TC Energy common shares and (ii) 9% to South Bow common shares.