

Adjusted Cost Base Allocation

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**”) (collectively, the “**Companies**”), implemented by way of statutory plan of arrangement (the “**Arrangement**”). Reference is made to TC Energy’s management information circular dated April 10, 2024 (the “**Circular**”) available on TC Energy’s SEDAR+ profile at www.sedarplus.ca and EDGAR profile at www.sec.gov for more information with respect to the Arrangement.

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 (as defined in the Circular) 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 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.**