

TC Energy reports strong first quarter 2026 operating and financial results

Safety and operational excellence drive seven delivery records across North America

Approves US\$1.5 billion Columbia Gas expansion project, extending reach into high-demand market

CALGARY, Alberta – May 1, 2026 – TC Energy Corporation (TSX, NYSE: TRP) (TC Energy or the Company) released its first quarter results today. François Poirier, TC Energy's President and Chief Executive Officer commented, "We entered 2026 with strong momentum. Our best safety performance in six years drove seven delivery records across North America, while consistent execution delivered strong financial results, with comparable EBITDA¹ up 14 per cent and segmented earnings up 10 per cent compared to first quarter 2025." Poirier continued, "Constructive market conditions continue to translate into attractive, disciplined growth opportunities. Today, I'm pleased to announce the Appalachia Supply Project, a US\$1.5 billion, low-risk, strategic expansion on our Columbia Gas system that is expected to strengthen our position and create a new platform for capital-efficient opportunities in a high-growth power and industrial corridor. Customer demand continues to validate our strategy; our recent 2.5x oversubscribed open season on Crossroads reinforces the strength of our project origination backlog and provides clear visibility to long-term, high-quality growth."

Financial Highlights

(All financial figures are unaudited and in Canadian dollars unless otherwise noted)

- First quarter 2026 financial results:
 - **Comparable earnings**¹ of \$1.0 billion or \$0.99 per common share¹ compared to \$1.0 billion or \$0.95 per common share in first quarter 2025
 - **Net income attributable to common shares** of \$0.9 billion or \$0.86 per common share compared to \$1.0 billion or \$0.94 per common share in first quarter 2025
 - **Comparable EBITDA** of \$3.1 billion compared to \$2.7 billion in first quarter 2025
 - **Segmented earnings** of \$2.2 billion compared to \$2.0 billion in first quarter 2025
- TC Energy's Board of Directors declared a quarterly dividend of \$0.8775 per common share for the quarter ending June 30, 2026
- Reaffirming 2026 outlook:
 - We expect **our 2026 comparable EBITDA** and **comparable earnings per common share (EPS)** outlooks to be higher than 2025, consistent with our 2025 Annual Report
 - **Comparable EBITDA** is expected to be \$11.6 to \$11.8 billion
 - **Capital expenditures** are anticipated to be \$6.0 to \$6.5 billion prior to adjustments for non-controlling interests, or \$5.5 to \$6.0 billion of net capital expenditures.²

¹ Comparable EBITDA, comparable earnings and comparable earnings per common share are non-GAAP measures used throughout this news release. These measures do not have any standardized meaning under GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. The most directly comparable GAAP measures are Segmented earnings, Net income attributable to common shares and Net income per common share, respectively. We do not forecast Segmented earnings. For more information on non-GAAP measures, refer to the Non-GAAP and Supplementary financial measure section of this news release.

² Net capital expenditures are adjusted for the portion attributed to non-controlling interests and is a supplementary financial measure used throughout this news release. For more information on non-GAAP measures and the supplementary financial measure, refer to the Non-GAAP and Supplementary financial measure section of this news release.

Operational Highlights

- Canadian Natural Gas Pipelines deliveries averaged 29.7 Bcf/d, up three per cent compared to first quarter 2025 and set a new all-time delivery record of 33.2 Bcf on Jan. 22, 2026
 - Total NGTL system receipts averaged 14.6 Bcf/d, comparable to first quarter 2025
 - NGTL System deliveries set a new all-time delivery record of 18.3 Bcf on Jan. 22, 2026
 - Canadian Mainline Western receipts averaged 5.0 Bcf/d, in line with first quarter 2025
- U.S. Natural Gas Pipelines daily average flows were 32.6 Bcf/d, up five per cent compared to first quarter 2025
 - U.S. Natural Gas Pipelines achieved an all-time delivery record of 39.9 Bcf on Jan. 29, 2026
 - ANR System deliveries set a new all-time delivery record of 10.6 Bcf on Jan. 29, 2026
 - Six individual pipelines set new all-time delivery records in first quarter 2026
 - Deliveries to LNG facilities averaged 3.9 Bcf/d, up 12 per cent compared to first quarter 2025
- Mexico Natural Gas Pipelines flows averaged 2.8 Bcf/d, lower than first quarter 2025 primarily attributed to adjustments to pipeline flows
 - Deliveries to power generation facilities averaged 1.2 Bcf/d in first quarter 2026, in line with first quarter 2025
- Bruce Power achieved 88.2 per cent availability in first quarter 2026, primarily reflecting a planned outage on Unit 8
- Cogeneration power plant fleet achieved 99.5 per cent availability in first quarter 2026.

Project Highlights

- **Approved the Appalachia Supply Project** with an expected build multiple¹ of 7.3x: an expansion project of our Columbia Gas system designed to provide up to 0.8 Bcf/d of capacity to facilitate expanded new natural gas-fired power generation. The project has an anticipated in-service date of 2030 and an estimated project cost of approximately US\$1.5 billion.
- **Coastal GasLink Limited Partnership (Coastal GasLink LP) entered into commercial agreements with LNG Canada**, establishing a framework for advancing a proposed CGL Phase 2 Expansion. The commercial structure of the agreements includes limits on CGL's capital commitments and overall liability for construction cost and schedule risks.
- **Reached settlement agreements with customers on Canadian Mainline, ANR and Great Lakes:**
 - **Canadian Mainline:** filed an application with the Canada Energy Regulator seeking approval of a four-year negotiated settlement for the period from January 2027 through December 2030. The proposed settlement maintains a return on equity of 10.1 per cent on 40 per cent deemed common equity and includes an incentive mechanism which provides the ability to outperform the approved rate of return. In addition, TC Energy has committed up to \$200 million of capital to support incremental capacity, with targeted returns that exceed the approved return on equity.
 - **ANR:** on Mar. 18, 2026, ANR notified FERC that it has reached a settlement-in-principle with its customers on the ANR Section 4 Rate Case. The final settlement is expected to include an increase relative to pre-filed rates, subject to revision following completion and approval of settlement terms, which is anticipated in third quarter 2026.
 - **Great Lakes:** on April 28, 2026, Great Lakes notified FERC that it has reached a settlement-in-principle with its customers, subject to revision following completion and approval of settlement terms, which we anticipate in fourth quarter 2026.
- **Advanced key projects and placed projects into service:**
 - Placed \$0.4 billion of capacity projects in service on the NGTL System, including \$0.1 billion of Multi-Year Growth (MYGP) projects
 - Completed construction of the Berland River non-emitting electric compressor unit on the Valhalla North and Berland River project with a capital cost of approximately \$0.3 billion. The unit is expected to be operational in the second half of 2026.

¹ Build multiple is a non-GAAP ratio calculated by dividing capital expenditures by comparable EBITDA. Please note our method for calculating build multiple may differ from methods used by other entities. Therefore, it may not be comparable to similar measures presented by other entities. For more information on non-GAAP measures and the supplementary financial measure, refer to the Non-GAAP and Supplementary financial measure section of this news release.

(millions of \$, except per share amounts)	three months ended March 31	
	2026	2025
Income		
Net income (loss) attributable to common shares	899	978
per common share – basic	\$0.86	\$0.94
Segmented earnings (losses)		
Canadian Natural Gas Pipelines	509	516
U.S. Natural Gas Pipelines	1,075	1,109
Mexico Natural Gas Pipelines	389	211
Power and Energy Solutions	201	135
Corporate	(3)	(5)
Total segmented earnings (losses)	2,171	1,966
Comparable EBITDA		
Canadian Natural Gas Pipelines	919	890
U.S. Natural Gas Pipelines	1,497	1,367
Mexico Natural Gas Pipelines	432	233
Power and Energy Solutions	243	224
Corporate	(3)	(5)
Comparable EBITDA	3,088	2,709
Depreciation and amortization	(723)	(678)
Interest expense	(838)	(840)
Allowance for funds used during construction	39	248
Foreign exchange gains (losses), net included in comparable earnings	1	(10)
Interest income and other	33	51
Income tax (expense) recovery included in comparable earnings	(316)	(292)
Net (income) loss attributable to non-controlling interests included in comparable earnings	(225)	(177)
Preferred share dividends	(28)	(28)
Comparable earnings	1,031	983
Comparable earnings per common share	\$0.99	\$0.95

(millions of \$, except per share amounts)	three months ended March 31	
	2026	2025
Cash flows		
Net cash provided by operations	2,603	1,359
Comparable funds generated from operations ¹	2,336	1,949
Capital spending ²	1,307	1,809
Dividends declared		
per common share	\$0.8775	\$0.85
Basic common shares outstanding (millions)		
– weighted average for the period	1,041	1,039
– issued and outstanding at end of period	1,042	1,040

- 1 Comparable funds generated from operations is a non-GAAP measure used throughout this news release. This measure does not have any standardized meaning under GAAP and therefore is unlikely to be comparable to similar measures presented by other companies. The most directly comparable GAAP measure is net cash provided by operations. For more information on non-GAAP measures, refer to the Non-GAAP and Supplementary financial measure section of this news release.
- 2 Capital spending reflects cash flows associated with our Capital expenditures, Capital projects in development and Contributions to equity investments. Refer to Note 4, Segmented information of our Condensed consolidated financial statements for additional information.

CEO Message

Throughout the first quarter of 2026, TC Energy continued to build on momentum and demonstrate strong execution against a clear set of strategic priorities. Our unwavering focus on safety and operational excellence continues to support the availability and reliability of our assets that continue to drive strong operational and financial results. For the three months ended Mar. 31, 2026, **comparable EBITDA increased 14 per cent and segmented earnings increased 10 per cent compared to first quarter 2025**. Our consistent results reinforce the strength and resilience of our low-risk business model and our ability to deliver solid growth and repeatable performance despite ongoing macroeconomic volatility. Additionally, during Winter Storm Fern, our team continued to deliver exceptional reliability that contributed in part to the seven delivery records we achieved on our system during the quarter. We remain focused on maximizing the value of our assets through safety and operational excellence, executing our selective portfolio of growth projects, and ensuring financial strength and agility.

Sustained growth in natural gas and power demand in the U.S. continues to translate into attractive investment opportunities across our diversified portfolio. Consistent with our capital allocation priorities, we have announced a strategic expansion project on our Columbia Gas system that reinforces visibility to incremental growth into the next decade. The US\$1.5 billion **Appalachia Supply Project** on our Columbia Gas system extends our reach into a corridor that serves multiple high-growth power and industrial markets. The expansion project is supported by a 20-year take-or-pay contract backed by an investment-grade utility and is expected to deliver a 7.3x build multiple. The project is designed to provide up to 0.8 Bcf/d of capacity to facilitate expanded new natural gas-fired power generation and has an anticipated in-service date in 2030. The project is capable of up to 2.0 Bcf/d through future expansions, creating additional opportunities to pursue capital-efficient, high-value growth projects as diversified demand from electrification, economic development, and data centres is anticipated to accelerate long-duration load growth in the U.S. Heartland market. The project represents a deliberate investment in a strategic, high-growth corridor that further strengthens the long-term competitive positioning of the Columbia Gas Transmission system and establishes a durable platform for repeatable value creation into the next decade.

Supported by strong customer demand, on Feb. 9, 2026, we launched a non-binding expansion project open season on our Crossroads Pipeline system for up to 1.5 Bcf/d of capacity to serve growing markets in Northern Indiana, Illinois, Iowa, and South Dakota. **The open season was 2.5 times oversubscribed**, reflecting the asset's unique connectivity and bi-directional flexibility. By linking multiple major pipeline systems, the Crossroads pipeline is well positioned to support the anticipated substantial growth in Midwest power demand, and our established footprint enables capital-efficient expansion and reduced execution risk. The Crossroads open season builds off the momentum of the non-binding expansion project open season on our Columbia Gas Transmission system that closed on Jan. 9, 2026 and received bids at three times the proposed project capacity. These developments illustrate how connectivity between our systems enables highly competitive pathways from premium supply to high-quality demand markets and reinforces the value and scalability of our integrated footprint.

Broader market dynamics, including volatility and structural change in the global LNG market, continue to underscore our role as a critical conduit for North American supply to global markets. As the only company serving every major LNG export shoreline in North America, transporting approximately 30 per cent of feedgas bound for export, we continue to see strong demand across our system. Deliveries to U.S. LNG facilities increased 12 per cent year-over-year, averaging 3.9 Bcf/d in the first quarter 2026. Against this backdrop, we reached an important milestone as **Coastal GasLink LP entered into commercial agreements with LNG Canada, establishing a framework to advance a proposed CGL Phase 2 Expansion**. The commercial structure of the agreements includes limits on CGL's capital commitments and overall liability for construction cost and schedule risks, reflecting our disciplined approach to risk allocation as we advance critical infrastructure projects across North America.

In both Canada and the U.S., we made meaningful progress **reaching settlement agreements with customers on the Canadian Mainline, ANR and Great Lakes**. On the Canadian Mainline, we filed an application with the CER seeking approval of a four-year negotiated settlement covering the period from January 2027 through December 2030, maintaining a return on equity of 10.1 per cent on 40 per cent deemed common equity, with an incentive mechanism designed to encourage cost management and revenue optimization and provides the opportunity to outperform the approved rate of return. In addition, TC Energy has committed up to \$200 million of capital to support incremental capacity, with targeted returns that exceed the

approved return on equity. On ANR, we reached a settlement-in-principle with customers in the Section 4 rate case, which is expected to include an increase relative to pre-filed rates, subject to revision following completion and approval of settlement terms, which we anticipate in third quarter of 2026. On Great Lakes, we reached a settlement-in-principle with customers, subject to revision following completion and approval of settlement terms, which we anticipate in fourth quarter 2026. Together, these developments reinforce the stability and long-term strength of our regulated earnings profile.

Execution remained strong across the portfolio. During the quarter, we placed approximately \$0.4 billion of capacity projects into service on the NGTL System, including \$0.1 billion of MYGP projects, on time and on budget. We completed construction of the approximately \$0.3 billion Berland River unit, a non-emitting electric compressor on the Valhalla North and Berland River project which is expected to be operational in the second half of 2026. At Bruce Power, we continue to track to cost and schedule on the Major Component Replacement (MCR) Unit 3 and 4.

Disciplined execution and prudent capital spending continue to strengthen the balance sheet and advance our strategic priorities, while keeping us **on track to achieve our long-term target of 4.75x debt-to-EBITDA**.¹ Together, these milestones reflect the strength and resilience of our asset base, our ability to execute reliably at scale, and our focused, capital-efficient approach to growth that enhances long-term value for TC Energy shareholders.

Dividends

TC Energy's Board of Directors declared a quarterly dividend of \$0.8775 per common share for the quarter ending June 30, 2026, equivalent to \$3.51 on an annualized basis. The common share dividend is payable on July 31, 2026, to shareholders of record at the close of business on June 30, 2026.

The Board of Directors also declared dividends on the outstanding Cumulative First Preferred Shares (preferred shares). Information related to the preferred shares dividends are available on our website under [TC Energy – Shareholder Information](#).

¹ Debt-to-EBITDA is a non-GAAP ratio. Adjusted debt and adjusted comparable EBITDA are non-GAAP measures used to calculate debt-to-EBITDA. For more information on non-GAAP measures, refer to the non-GAAP measures of this news release. These measures do not have any standardized meaning under GAAP and therefore are unlikely to be comparable to similar measures presented by other companies.

Teleconference and Webcast

We will hold a teleconference and webcast on Friday, May 1 at 6:30 a.m. (MT) / 8:30 a.m. (ET) to discuss our first quarter 2026 financial results. Presenters will include François Poirier, President and Chief Executive Officer; Sean O'Donnell, Executive Vice-President and Chief Financial Officer; and other members of the executive leadership team.

Members of the investment community and other interested parties are invited to participate by calling **1-833-752-3826 (Canada/U.S. toll free) or 1-647-846-8864 (International toll)**. No passcode is required. Please dial in 15 minutes prior to the start of the call. Alternatively, participants may pre-register for the call [here](#). Upon registering, you will receive a calendar booking by email with dial in details and a unique PIN. This process will bypass the operator and avoid the queue. Registration will remain open until the end of the conference call.

A live webcast of the teleconference will be available on TC Energy's website at [TC Energy — Events and presentations](#) or via the following URL: <https://www.gowebcasting.com/14393>. The webcast will be available for replay following the meeting.

A replay of the teleconference will be available two hours after the conclusion of the call until midnight ET on Friday, May 8, 2026. Please call 1-855-669-9658 (Canada/U.S. toll free) or 1-412-317-0088 (International toll) and enter passcode 4884355.

The unaudited interim Condensed consolidated financial statements and Management's Discussion and Analysis (MD&A) are available on our website at www.TCEnergy.com and will be filed today under TC Energy's profile on SEDAR+ at www.sedarplus.ca and with the U.S. Securities and Exchange Commission on EDGAR at www.sec.gov.

About TC Energy

We are a leader in North American energy infrastructure, spanning Canada, the U.S. and Mexico. Every day, our dedicated team proudly connects the world to the energy it needs, moving over 30 per cent of the cleaner-burning natural gas used across the continent. Complemented by strategic ownership and low-risk investments in power generation, our infrastructure fuels industries and generates affordable, reliable and sustainable power across North America, while enabling LNG exports to global markets.

Our business is based on the connections we make. By partnering with communities, businesses and leaders across our extensive energy network, we unlock opportunity today and for generations to come.

TC Energy's common shares trade on the Toronto (TSX) and New York (NYSE) stock exchanges under the symbol TRP. To learn more, visit us at TCEnergy.com.

Forward-Looking Information

This release contains certain information that is forward-looking and is subject to important risks and uncertainties and is based on certain key assumptions. Forward-looking statements are usually accompanied by words such as "anticipate", "expect", "believe", "may", "will", "should", "estimate" or other similar words. Forward-looking statements in this document may include, but are not limited to, statements related to expectations with respect to expected comparable EBITDA, comparable earnings in total and per common share and the sources and drivers thereof, expectations with respect to anticipated capital expenditures and net capital expenditures and the timing thereof, expectations with respect to identified approved and future projects, including associated capital expenditures, timelines, in-service dates, and outcomes, expectations with respect to completed projects and expected impacts thereof, expectations on rate case settlements and timing of approved settlement terms, expectations with respect to our ability to deploy capital at targeted build multiples and achieve expected returns on invested capital, expectations with respect to the approximate value of projects to be placed in-service in subsequent years, expectations with respect to our strategic priorities, and the execution thereof, expectation on the value of and risk profile of our incremental growth projects, expectations with respect to our ability to maximize the value of our assets through safety and operational excellence, expectations regarding financial ratio targets such as debt-to-EBITDA, expectations on repeatable value creation through the next decade, expected cost and schedules for planned projects, including projects under construction and in development, expectations about energy demand levels and drivers thereof, expectations regarding the competitive positioning and long-term value contribution of specific assets and our ability to capture growth opportunities, expectations about our ability to execute our identified portfolio of growth projects and ensure financial strength and agility, our ability to deliver low-risk, solid growth and repeatable performance, expected industry, market and economic conditions, and ongoing trade negotiations, including their expected impact on our business, customers and suppliers. Our forward-looking information is subject to important risks and uncertainties and is based on certain key assumptions. Forward-looking statements and future-oriented financial information in this document are intended to provide TC Energy security holders and potential investors with information regarding TC Energy and its subsidiaries, including management's assessment of TC Energy's and its subsidiaries' future plans and financial outlook. All forward-looking statements reflect TC Energy's beliefs and assumptions based on information available at the time the statements were made and as such are not guarantees of future performance. As actual results could vary significantly from the forward-looking information, you should not put undue reliance on forward-looking information and should not use future-oriented information or financial outlooks for anything other than their intended purpose. We do not update our forward-looking information due to new information or future events, unless we are required to by law. For additional information on the assumptions made, and the risks and uncertainties which could cause actual results to differ from the anticipated results, refer to the most recent Quarterly Report to Shareholders and the 2025 Annual Report filed under TC Energy's profile on SEDAR+ at www.sedarplus.ca and with the U.S. Securities and Exchange Commission at www.sec.gov and the "Forward-looking information" section of our Report on Sustainability which is available on our website at www.TCEnergy.com.

Non-GAAP and Supplementary Financial Measure

This release contains references to the following non-GAAP measures: comparable EBITDA, comparable earnings, comparable earnings per common share and comparable funds generated from operations. It also contains references to debt-to-EBITDA, a non-GAAP ratio, which is calculated using adjusted debt and adjusted comparable EBITDA, each of which are non-GAAP measures. These non-GAAP measures do not have any standardized meaning as prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities. These non-GAAP measures are calculated by adjusting certain GAAP measures for specific items we believe are significant but not reflective of our underlying operations in the period. These comparable measures are calculated on a consistent basis from period to period and are adjusted for specific items in each period, as applicable except as otherwise described in the Condensed consolidated financial statements and MD&A. Refer to: (i) each business segment for a reconciliation of comparable EBITDA to segmented earnings (losses); (ii) Consolidated results section for reconciliations of comparable earnings and comparable earnings per common share to Net income attributable to common shares and Net income per common share, respectively; and (iii) Financial condition section for a reconciliation of comparable funds generated from operations to Net cash provided by operations. Refer to the Non-GAAP Measures section of the MD&A in our most recent quarterly report for more information about the non-GAAP measures we use. The MD&A is included with, and forms part of, this release. The MD&A can be found on SEDAR+ at www.sedarplus.ca under TC Energy's profile.

With respect to non-GAAP measures used in the calculation of debt-to-EBITDA, adjusted debt is defined as the sum of Reported total debt, including Notes payable, Long-term debt, Current portion of long-term debt and Junior subordinated notes, as reported on our Consolidated balance sheet as well as Operating lease liabilities recognized on our Consolidated balance sheet and 50 per cent of Preferred shares as reported on our Consolidated balance sheet due to the debt-like nature of their contractual and financial obligations, less Cash and cash equivalents as reported on our Consolidated balance sheet and 50 per cent of Junior subordinated notes as reported on our Consolidated balance sheet due to the equity-like nature of their contractual and financial obligations. Adjusted comparable EBITDA is calculated as the sum of comparable EBITDA from continuing operations and comparable EBITDA from discontinued operations excluding Operating lease costs recorded in Plant operating costs and other in our Consolidated statement of income and adjusted for Distributions received in excess of (income) loss from equity investments and a Loan from affiliate as reported in our Consolidated statement of cash flows which we believe is more reflective of the cash flows available to TC Energy to service our debt and other long-term commitments. Beginning in 2025, we entered into a subordinated demand revolving credit facility to borrow funds from the Sur de Texas joint venture and received proceeds totaling \$111 million during the year. We believe that debt-to-EBITDA provides investors with useful information as it reflects our ability to service our debt and other long-term commitments. See the Reconciliation section for reconciliations of adjusted debt and adjusted comparable EBITDA for the years ended Dec. 31, 2023, 2024 and 2025.

This release contains references to build multiple, which is non-GAAP ratio which is calculated using capital expenditures and comparable EBITDA, of which comparable EBITDA is a non-GAAP measure. We believe build multiple provides investors with a useful measure to evaluate capital projects.

This release also contains references to net capital expenditures, which is a supplementary financial measure. Net capital expenditures represent capital costs incurred for growth projects, maintenance capital expenditures, contributions to equity investments and projects under development, adjusted for the portion attributed to non-controlling interests in the entities we control. Net capital expenditures reflect capital costs incurred during the period, excluding the impact of timing of cash payments. We use net capital expenditures as a key measure in evaluating our performance in managing our capital spending activities in comparison to our capital plan.

Reconciliation

The following is a reconciliation of adjusted debt and adjusted comparable EBITDA¹.

(millions of Canadian \$)	year ended December 31		
	2025	2024	2023
Reported total debt	60,086	59,366	63,201
Management adjustments:			
Debt treatment of preferred shares ²	1,128	1,250	1,250
Equity treatment of junior subordinated notes ³	(6,047)	(5,524)	(5,144)
Cash and cash equivalents	(168)	(801)	(3,678)
Operating lease liabilities	431	511	457
Adjusted debt	55,430	54,802	56,086
Comparable EBITDA from continuing operations ⁴	10,952	10,049	9,472
Comparable EBITDA from discontinued operations ⁴	—	1,145	1,516
Operating lease cost	112	117	105
Distributions received in excess of (income) loss from equity investments	342	67	(123)
Loan from affiliate	111	—	—
Adjusted Comparable EBITDA	11,517	11,378	10,970
Adjusted Debt/Adjusted Comparable EBITDA¹	4.8	4.8	5.1

- 1 Adjusted debt and adjusted comparable EBITDA are non-GAAP measures. The calculations are based on management methodology. Individual rating agency calculations will differ.
- 2 50 per cent debt treatment on \$2.3 billion of preferred shares as of Dec. 31, 2025.
- 3 50 per cent equity treatment on \$12.1 billion of junior subordinated notes as of Dec. 31, 2025. U.S. dollar-denominated notes translated at Dec. 31, 2025, USD/CAD foreign exchange rate of 1.37.
- 4 Comparable EBITDA from continuing operations and Comparable EBITDA from discontinued operations are non-GAAP financial measures. See the Forward-looking information and Non-GAAP measures sections in our 2025 Annual Report for more information. Comparable EBITDA from discontinued operations represents nine months of Liquids Pipelines earnings in 2024 compared to a full year of earnings in 2023. Refer to the Discontinued operations section in our 2024 Annual Report for additional information.

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Quarterly report to shareholders

First quarter 2026

Management's discussion and analysis

April 30, 2026

This management's discussion and analysis (MD&A) contains information to help the reader make investment decisions about TC Energy Corporation (TC Energy). It discusses our business, operations, financial position, risks and other factors for the three months ended March 31, 2026 and should be read with the accompanying unaudited Condensed consolidated financial statements for the three months ended March 31, 2026, which have been prepared in accordance with U.S. GAAP.

This MD&A should also be read in conjunction with our December 31, 2025 audited Consolidated financial statements and notes and the MD&A in our 2025 Annual Report. Capitalized and abbreviated terms that are used but not otherwise defined herein are defined in our 2025 Annual Report. Certain comparative figures have been adjusted to reflect the current period's presentation.

On October 1, 2024, TC Energy completed the spinoff of its Liquids Pipelines business into a new public company, South Bow Corporation (the Spinoff Transaction). Upon completion of the Spinoff Transaction, the Liquids Pipelines business was accounted for as a discontinued operation. For the three months ended March 31, 2026 and 2025, we did not recognize any income or loss from discontinued operations.

FORWARD-LOOKING INFORMATION

We disclose forward-looking information to help the reader understand management's assessment of our future plans and financial outlook and our future prospects overall.

Statements that are **forward looking** are based on certain assumptions and on what we know and expect today and generally include words like **anticipate, expect, believe, may, will, should, estimate** or other similar words.

Forward-looking statements in this MD&A include information about the following, among other things:

- our financial and operational performance, including the performance of our subsidiaries
- expectations about strategies and goals for growth and expansion, including acquisitions
- expected cash flows and future financing options available along with portfolio management
- expectations regarding the size, structure, timing, conditions and outcome of ongoing and future transactions
- expected dividend growth
- expected access to and cost of capital
- expected energy demand levels
- expected costs and schedules for planned projects, including projects under construction and in development
- expected capital expenditures, contractual obligations, commitments and contingent liabilities, including environmental remediation costs
- expected regulatory processes and outcomes
- expected outcomes with respect to legal proceedings, including arbitration and insurance claims
- expected impact of future tax and accounting changes
- commitments and targets contained in our Report on Sustainability, including statements related to our GHG emissions reduction targets, such as our methane emissions intensity target
- expected industry, market and economic conditions, and ongoing trade negotiations, including their impact on our customers and suppliers.

Forward-looking statements do not guarantee future performance. Actual events and results could be significantly different because of assumptions, risks or uncertainties related to our business or events that happen after the date of this MD&A.

Our forward-looking information is based on the following key assumptions and subject to the following risks and uncertainties:

Assumptions

- realization of expected impacts from acquisitions and divestitures
- regulatory decisions and outcomes
- planned and unplanned outages and the utilization of our pipelines, power and storage assets
- integrity and reliability of our assets
- anticipated construction costs, schedules and completion dates
- access to capital markets, including portfolio management
- expected industry, market and economic conditions, including the impact of these on our customers and suppliers
- inflation rates, commodity and labour prices
- interest, tax and foreign exchange rates
- nature and scope of hedging.

Risks and uncertainties

- realization of expected impacts from acquisitions and divestitures
- our ability to successfully implement our strategic priorities and whether they will yield the expected benefits
- our ability to implement a capital allocation strategy aligned with maximizing shareholder value
- operating performance of our pipelines, power generation and storage assets
- amount of capacity sold and rates achieved in our pipeline businesses

- amount of capacity payments and revenues from power generation assets due to plant availability
- production levels within supply basins
- construction and completion of capital projects
- cost, availability of, and inflationary pressures on, labour, equipment and materials
- availability and market prices of commodities
- access to capital markets on competitive terms
- interest, tax and foreign exchange rates
- performance and credit risk of our counterparties
- regulatory decisions and outcomes of legal proceedings, including arbitration and insurance claims
- our ability to effectively anticipate and assess changes to government policies and regulations, including those related to the environment
- our ability to realize the value of tangible assets and contractual recoveries
- competition in the businesses in which we operate
- unexpected or unusual weather
- acts of civil disobedience
- cybersecurity and technological developments
- sustainability-related risks including climate-related risks and the impact of energy transition on our business
- economic and political conditions, and ongoing trade negotiations in North America, as well as globally
- global health crises, such as pandemics and epidemics, and the impacts related thereto.

You can read more about these factors and others in reports we have filed with the Canadian securities regulators and the SEC, including the MD&A in our 2025 Annual Report.

As actual results could vary significantly from the forward-looking information, you should not put undue reliance on forward-looking information and should not use future-oriented information or financial outlooks for anything other than their intended purpose. We do not update our forward-looking statements due to new information or future events unless we are required to by law.

FOR MORE INFORMATION

You can find more information about TC Energy in our Annual Information Form and other disclosure documents, which are available on SEDAR+ (www.sedarplus.ca).

Financial highlights

We use certain financial measures that do not have a standardized meaning under GAAP because we believe they improve our ability to compare results between reporting periods and enhance understanding of our operating performance. Known as non-GAAP measures, they may not be comparable to similar measures provided by other companies.

Comparable EBITDA, comparable earnings, comparable earnings per common share and comparable funds generated from operations are all non-GAAP measures. Refer to the Non-GAAP measures section for additional information, as well as each business segment and the Financial condition sections for reconciliations to the most directly comparable GAAP measures.

(millions of \$, except per share amounts)	three months ended March 31	
	2026	2025
Income		
Revenues	3,861	3,623
Net income (loss) attributable to common shares	899	978
per common share – basic	\$0.86	\$0.94
Comparable EBITDA ¹	3,088	2,709
Comparable earnings ¹	1,031	983
per common share	\$0.99	\$0.95
Dividends declared		
per common share	\$0.8775	\$0.85
Basic common shares outstanding (millions)		
– weighted average for the period	1,041	1,039
– issued and outstanding at end of period	1,042	1,040

1 Additional information on the most directly comparable GAAP measure can be found in the Non-GAAP measures section.

(millions of \$)	three months ended March 31	
	2026	2025
Cash flows		
Net cash provided by operations	2,603	1,359
Comparable funds generated from operations ¹	2,336	1,949
Capital spending ²	1,307	1,809

1 Additional information on the most directly comparable GAAP measure can be found in the Non-GAAP measures section.

2 Capital spending reflects cash flows associated with our Capital expenditures, Capital projects in development and Contributions to equity investments. Refer to Note 4, Segmented information of our Condensed consolidated financial statements for additional information.

Consolidated results

(millions of \$, except per share amounts)	three months ended March 31	
	2026	2025
Canadian Natural Gas Pipelines	509	516
U.S. Natural Gas Pipelines	1,075	1,109
Mexico Natural Gas Pipelines	389	211
Power and Energy Solutions	201	135
Corporate	(3)	(5)
Total segmented earnings (losses)	2,171	1,966
Interest expense	(838)	(840)
Allowance for funds used during construction	39	248
Foreign exchange gains (losses), net	—	43
Interest income and other	33	51
Income (loss) before income taxes	1,405	1,468
Income tax (expense) recovery	(254)	(293)
Net income (loss)	1,151	1,175
Net (income) loss attributable to non-controlling interests	(224)	(169)
Net income (loss) attributable to controlling interests	927	1,006
Preferred share dividends	(28)	(28)
Net income (loss) attributable to common shares	899	978
Net income (loss) per common share – basic	\$0.86	\$0.94

Net income (loss) attributable to common shares decreased by \$79 million or \$0.08 per common share for the three months ended March 31, 2026 compared to the same period in 2025.

NON-GAAP MEASURES

This MD&A references non-GAAP measures, which are identified in the table below. These measures do not have any standardized meaning as prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities. These measures are reviewed regularly by our President and Chief Executive Officer, management and the Board of Directors in assessing our performance and making decisions regarding the ongoing operations of our business and its ability to generate cash flows. Some or all of these measures may also be used by investors and other external users of our financial statements as a supplemental measure to provide decision-useful information regarding our period-over-period performance and ability to generate earnings that are core to our ongoing operations. Discussions throughout this MD&A on the factors impacting comparable earnings before interest, taxes, depreciation and amortization (comparable EBITDA) and comparable earnings before interest and taxes (comparable EBIT) are consistent with the factors that impact segmented earnings, except where noted otherwise.

Comparable measures

We calculate comparable measures by adjusting certain GAAP measures for specific items we believe are significant but not reflective of our underlying operations in the period. Except as otherwise described herein, these comparable measures are calculated on a consistent basis from period to period and are adjusted for specific items in each period, as applicable.

Our decision to adjust for a specific item in reporting comparable measures is subjective and made after careful consideration. We maintain a consistent approach to adjustments, which generally fall into the categories described below:

- by their nature are unusual, infrequent and separately identifiable from our normal business operations and in our view are not reflective of our underlying operations in the period and generally include the following:
 - gains or losses on sales of assets or assets held for sale; impairment of goodwill, plant, property and equipment, equity investments and other assets; legal, contractual and other infrequent settlements; acquisition, integration and restructuring costs; expected credit loss provisions on net investment in leases and certain contract assets in Mexico; impacts resulting from changes in legislation and enacted tax rates and unusual tax refunds/payments and valuation allowance adjustments
- unrealized gains and losses related to fair value adjustments that do not reflect realized earnings or losses or cash impacts incurred in the current period from our underlying operations and generally include the following:
 - unrealized gains and losses from changes in the fair value of derivatives related to financial and commodity price risk management activities; unrealized fair value adjustments related to our proportionate share of Bruce Power's risk management activities and its funds invested for post-retirement benefits and unrealized foreign exchange gains and losses on intercompany loans that impact consolidated earnings.

The following table identifies our non-GAAP measures against their most directly comparable GAAP measures. Quantitative reconciliations of our comparable measures to their GAAP measures and a discussion of specific adjustments made for the three months ended March 31, 2026 and comparative period are found throughout this MD&A.

Non-GAAP measure	GAAP measure
comparable EBITDA	segmented earnings (losses)
comparable EBIT	segmented earnings (losses)
comparable earnings	net income (loss) attributable to common shares
comparable earnings per common share	net income (loss) per common share
funds generated from operations	net cash provided by operations
comparable funds generated from operations	net cash provided by operations

Comparable EBITDA and comparable EBIT

Comparable EBITDA represents segmented earnings (losses) adjusted for specific items described in the Comparable measures section, excluding charges for depreciation and amortization. We use comparable EBITDA as a measure of our earnings from ongoing operations as it is a useful indicator of our performance and is also presented on a consolidated basis. Comparable EBIT represents segmented earnings (losses) adjusted for specific items and is an effective tool for evaluating trends in each segment. Refer to each business segment for a reconciliation to segmented earnings (losses).

Funds generated from operations and comparable funds generated from operations

Funds generated from operations reflects net cash provided by operations before changes in operating working capital. The components of changes in working capital are disclosed in the Consolidated financial statements of our 2025 Annual Report. Comparable funds generated from operations is adjusted for the cash impact of specific items described in the Comparable measures section. We believe funds generated from operations and comparable funds generated from operations are useful measures of our consolidated operating cash flows because they exclude fluctuations from working capital balances, which do not necessarily reflect underlying operations in the same period, and are used to provide a consistent measure of the cash-generating ability of our businesses. Refer to the Financial condition section for a reconciliation to Net cash provided by operations.

Comparable earnings and comparable earnings per common share

Comparable earnings represents earnings attributable to common shareholders on a consolidated basis, adjusted for specific items described in the Comparable measures section. Comparable earnings is comprised of segmented earnings (losses), Interest expense, AFUDC, Foreign exchange (gains) losses, net, Interest income and other, Income tax expense (recovery), Net income (loss) attributable to non-controlling interests and Preferred share dividends in our Condensed consolidated statement of income, adjusted for specific items. We use comparable earnings as a measure of our earnings from ongoing operations as it is a useful indicator of our performance and is also presented on a consolidated basis. Refer to the following page for reconciliations to Net income (loss) attributable to common shares and Net income (loss) per common share.

Comparable earnings and comparable earnings per common share

The following specific items were recognized in Net income (loss) attributable to common shares and were excluded from comparable earnings:

2026 results

- pre-tax unrealized foreign exchange gains, net, of \$58 million on the peso-denominated intercompany loan between TransCanada PipeLines Limited (TCPL) and Transportadora de Gas Natural de la Huasteca (TGNH), net of non-controlling interest
- a pre-tax expense of \$33 million related to the resolution of certain legal matters within our U.S. Natural Gas Pipelines segment
- a pre-tax expense of \$17 million on the expected credit loss provision related to TGNH net investment in leases, net of non-controlling interest as well as on certain contract assets in Mexico.

2025 results

- pre-tax unrealized foreign exchange gains, net, of \$3 million on the peso-denominated intercompany loan between TCPL and TGNH, net of non-controlling interest
- a pre-tax recovery of \$2 million on the expected credit loss provision related to TGNH net investment in leases, net of non-controlling interest as well as on certain contract assets in Mexico.

RECONCILIATION OF NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHARES TO COMPARABLE EARNINGS

(millions of \$, except per share amounts)	three months ended March 31	
	2026	2025
Net income (loss) attributable to common shares	899	978
Specific items (pre tax):		
Foreign exchange (gains) losses, net – intercompany loan ¹	(58)	(3)
Resolution of legal matters	33	—
Expected credit loss provision on net investment in leases and certain contract assets in Mexico ²	17	(2)
Bruce Power unrealized fair value adjustments	12	(10)
Risk management activities ³	190	19
Taxes on specific items⁴	(62)	1
Comparable earnings	1,031	983
Net income (loss) per common share	\$0.86	\$0.94
Specific items (net of tax)	0.13	0.01
Comparable earnings per common share	\$0.99	\$0.95

- 1 TCPL and TGNH are parties to an unsecured revolving credit facility. While the loan receivable and payable eliminate on consolidation, differences in each entity's reporting currency create a net income impact from revaluing and translating these balances into TC Energy's reporting currency. As the resulting unrealized foreign exchange gains and losses do not reflect amounts expected to be realized at settlement, we exclude them from comparable measures, net of non-controlling interest.
- 2 We have recognized an expected credit loss provision related to net investment in leases and certain contract assets in Mexico, which will fluctuate from period to period based on changing economic assumptions and forward-looking information. This provision is an estimate of losses that may occur over the duration of the TSA through 2055. This provision does not reflect losses or cash outflows that were incurred under this lease arrangement in the current period or from our underlying operations, and therefore, we have excluded any unrealized changes, net of non-controlling interest, from comparable measures. Refer to Note 12, Risk management and financial instruments, in the Condensed consolidated financial statements for additional information.

Risk management activities (millions of \$)	three months ended March 31	
	2026	2025
U.S. Natural Gas Pipelines	(133)	(6)
Canadian Power	(13)	(41)
U.S. Power	5	(1)
Natural Gas Storage	11	(29)
Foreign exchange	(60)	58
	(190)	(19)
Income tax attributable to risk management activities	48	5
Total unrealized gains (losses) from risk management activities	(142)	(14)

- 4 Refer to the Corporate section for additional information.

COMPARABLE EBITDA TO COMPARABLE EARNINGS

Comparable EBITDA represents segmented earnings (losses) adjusted for the specific items described on the previous page and excludes charges for depreciation and amortization. Refer to each business segment for further information on our reconciliation to comparable EBITDA.

(millions of \$, except per share amounts)	three months ended March 31	
	2026	2025
Canadian Natural Gas Pipelines	919	890
U.S. Natural Gas Pipelines	1,497	1,367
Mexico Natural Gas Pipelines	432	233
Power and Energy Solutions	243	224
Corporate	(3)	(5)
Comparable EBITDA	3,088	2,709
Depreciation and amortization	(723)	(678)
Interest expense	(838)	(840)
Allowance for funds used during construction	39	248
Foreign exchange gains (losses), net included in comparable earnings	1	(10)
Interest income and other	33	51
Income tax (expense) recovery included in comparable earnings	(316)	(292)
Net (income) loss attributable to non-controlling interests included in comparable earnings	(225)	(177)
Preferred share dividends	(28)	(28)
Comparable earnings	1,031	983
Comparable earnings per common share	\$0.99	\$0.95

Comparable EBITDA – 2026 versus 2025

Comparable EBITDA increased by \$379 million for the three months ended March 31, 2026 compared to the same period in 2025 primarily due to the net result of the following:

- increased U.S. dollar-denominated EBITDA in Mexico Natural Gas Pipelines due to higher earnings in TGNH primarily related to the completion of the Southeast Gateway pipeline in second quarter 2025 and higher equity earnings from Sur de Texas as a result of peso-denominated financial exposure
- increased U.S. dollar-denominated EBITDA in U.S. Natural Gas Pipelines due to an increase in earnings from Columbia Gas as a result of higher transportation rates effective April 1, 2025, settlement-in-principle reached with ANR and additional contract sales, partially offset by lower margins in our U.S. natural gas marketing business
- increased EBITDA in Canadian Natural Gas Pipelines mainly due to higher flow-through depreciation on both the NGTL System and Canadian Mainline and incentive earnings on the NGTL System, partially offset by lower flow-through income taxes on the Canadian Mainline
- increased EBITDA in Power and Energy Solutions mainly attributable to higher net contributions from Bruce Power due to a higher contract price partially offset by reduced generation primarily resulting from the Unit 4 Major Component Replacement (MCR)
- a negative foreign exchange impact of a weaker U.S. dollar on the Canadian dollar equivalent comparable EBITDA in our U.S. dollar-denominated operations, which was translated at a rate of 1.37 in 2026 versus 1.43 in 2025. Refer to the Foreign exchange section for additional information.

Due to the flow-through treatment of certain costs including depreciation, financial charges and income taxes in our Canadian rate-regulated pipelines, changes in these costs impact our comparable EBITDA despite having no significant effect on net income.

Comparable earnings – 2026 versus 2025

Comparable earnings increased by \$48 million or 0.04 per common share for the three months ended March 31, 2026 compared to the same period in 2025 primarily due to the net effect of the following:

- changes in comparable EBITDA described above
- lower AFUDC primarily due to the completion of the Southeast Gateway pipeline
- higher net income attributable to non-controlling interests primarily from higher net income recognized from the Columbia Gas and Columbia Gulf assets
- higher depreciation and amortization primarily due to assets placed in service in our Canadian Natural Gas Pipeline segment, higher depreciation rates on the NGTL System and depreciation rate changes as a result of the Columbia Gas Settlement and ANR settlement-in-principle
- higher income tax expense primarily due to a change in geographic and business mix of earnings and higher flow-through income taxes partially offset by the impact of Mexico foreign exchange exposure
- lower interest income and other due to the change in fair value of other restricted investments
- risk management activities used to manage our foreign exchange exposure.

Supplementary financial measure

Net capital expenditures

Net capital expenditures represents capital costs incurred for growth projects, maintenance capital expenditures, contributions to equity investments and projects under development, adjusted for the portion attributed to non-controlling interests in the entities we control. Net capital expenditures reflect capital costs incurred during the period, excluding the impact of timing of cash payments. We use net capital expenditures as a key measure in evaluating our performance in managing our capital spending activities in comparison to our capital plan.

Net capital expenditures does not include an adjustment related to the CFE's minority interest in TGNH capital expenditures until after the in-service of the projects included as part of the 2022 strategic alliance between TGNH and the CFE. The CFE's contribution in second quarter 2024 to obtain a 13.01 per cent equity interest in TGNH included consideration of its proportionate share of required capital contributions for approved projects. Net capital expenditures will be adjusted for any new capital projects approved in TGNH going forward.

Outlook

Comparable EBITDA and comparable earnings

Our overall comparable EBITDA and comparable earnings per common share outlooks for 2026 remain consistent with our 2025 Annual Report.

Consolidated capital expenditures

Our expected total capital expenditures for 2026 as outlined in our 2025 Annual Report remain materially unchanged.

Capital program

We are developing quality projects under our capital program. These long-life infrastructure assets are supported by long-term commercial arrangements with creditworthy counterparties and/or regulated business models and are expected to generate growth in earnings and cash flows.

Our capital program consists of approximately \$23 billion of secured projects that represent commercially supported, committed projects that are either under construction or are in, or preparing to commence the permitting stage.

Three years of maintenance capital expenditures for our businesses are included in the Secured projects table. Maintenance capital expenditures on our regulated Canadian and U.S. natural gas pipelines are added to rate base on which we have the opportunity to earn a return and recover these expenditures through current or future tolls, which is similar to our capacity capital projects on these pipelines.

For the three months ended March 31, 2026, we placed approximately \$0.4 billion of natural gas pipeline capacity projects into service along our extensive North American asset footprint. In addition, approximately \$0.3 billion of maintenance capital expenditures were incurred in the period.

All projects are subject to cost and timing adjustments due to factors including weather, market conditions, route refinement, land acquisition, permitting conditions, scheduling and timing of regulatory permits, as well as other potential restrictions and uncertainties, including inflationary pressures on labour and materials. Amounts exclude capitalized interest and AFUDC, where applicable.

In addition to our secured projects, we are pursuing a portfolio of quality projects in various stages of development across each of our business units as discussed in our 2025 Annual Report. Projects under development have greater uncertainty with respect to timing and estimated project costs and are subject to corporate and regulatory approvals, unless otherwise noted. While each business segment also has additional areas of focus for further ongoing business development activities and growth opportunities, new opportunities will be assessed within our capital allocation framework in order to fit within our annual capital expenditure parameters. As these projects advance and reach necessary milestones they will be included in the Secured projects table on the following page. Refer to the Recent developments section for updates to our secured projects and projects under development.

Secured projects

Estimated and incurred project costs referred to in the following table include 100 per cent of the capital expenditures related to projects within entities that we own or partially own and fully consolidate, as well as our share of equity contributions to fund projects within our equity investments.

(billions of Canadian \$, unless otherwise noted)	Expected in-service date	Estimated project cost	Project costs incurred at March 31, 2026
Canadian Natural Gas Pipelines¹			
NGTL System	2027	0.4 ²	0.1
	2028+	0.6 ²	—
Regulated maintenance capital expenditures	2026-2028	2.6	0.1
U.S. Natural Gas Pipelines			
Gillis Access – Extension	2026-2027	US 0.4	US 0.2
Heartland project	2027	US 0.9	US 0.1
Northwoods project	2029	US 0.9	—
Pulaski and Maysville projects	2029	US 0.8	—
Appalachia Supply project	2030	US 1.5	—
Southeast Virginia Energy Storage project	2030	US 0.3	—
TCO Connector project	2030	US 0.3	—
Other capital ³	2026-2031	US 1.9	US 0.5
Regulated maintenance capital expenditures	2026-2028	US 2.6	US 0.1
Mexico Natural Gas Pipelines			
Villa de Reyes – South section ⁴	—	US 0.4	US 0.3
Tula ⁵	—	US 0.4	US 0.3
Power and Energy Solutions			
Bruce Power – Unit 3 MCR	2026	1.1	1.1
Bruce Power – Unit 4 MCR ⁶	2028	0.9	0.5
Bruce Power – Unit 5 MCR ⁶	2030	1.1	0.3
Bruce Power – life extension ⁷	2026-2031	1.5	0.7
Other			
Non-recoverable maintenance capital expenditures ⁸	2026-2028	0.5	—
		19.1	4.3
Foreign exchange impact on secured projects ⁹		4.1	0.6
Total secured projects		23.2	4.9

1 Our share of committed equity to fund the estimated cost of the Coastal GasLink – Cedar Link project is \$37 million.

2 Includes amounts related to projects within the Multi-Year Growth Plan (MYGP) that have received FID.

3 Includes capital expenditures related to certain large-scope maintenance projects across our U.S. natural gas footprint due to their discrete nature for regulatory recovery.

4 We are working with the CFE on completing the remaining section of the Villa de Reyes pipeline. The in-service date will be determined upon resolution of outstanding stakeholder issues.

5 Estimated project cost as per contracts signed in 2022 as part of the TGNH strategic alliance between TC Energy and the CFE. We continue to evaluate the development and completion of the Tula pipeline, with the CFE, subject to a future FID and an updated cost estimate.

6 Amounts are net of expected investment tax credits.

7 Reflects amounts to be invested under the Asset Management program to 2027, other life extension projects and the incremental uprate initiative.

8 Includes non-recoverable maintenance capital expenditures from all segments and is primarily related to our Power and Energy Solutions and Corporate assets.

9 Reflects U.S./Canada foreign exchange rate of 1.40 at March 31, 2026.

Canadian Natural Gas Pipelines

The following is a reconciliation of comparable EBITDA and comparable EBIT (our non-GAAP measures) to segmented earnings (losses) (the most directly comparable GAAP measure).

(millions of \$)	three months ended March 31	
	2026	2025
NGTL System	660	637
Canadian Mainline	189	178
Other Canadian pipelines ¹	70	75
Comparable EBITDA	919	890
Depreciation and amortization	(410)	(374)
Comparable EBIT and Segmented earnings (losses)	509	516

1 Includes results from Foothills, Ventures LP, Great Lakes Canada and our proportionate share of income related to investments in Trans Québec & Maritimes (TQM) and Coastal GasLink, as well as general and administrative and business development costs related to our Canadian natural gas pipelines.

Canadian Natural Gas Pipelines segmented earnings decreased by \$7 million for the three months ended March 31, 2026 compared to the same period in 2025.

Net income for our rate-regulated Canadian natural gas pipelines is primarily affected by our approved ROE, investment base, the level of deemed common equity and incentive earnings. Comparable EBITDA is impacted by these factors, as well as changes in depreciation, financial charges and income taxes. These additional items do not have a significant impact on net income as they are almost entirely recovered in revenues on a flow-through basis.

NET INCOME AND AVERAGE INVESTMENT BASE

(millions of \$)	three months ended March 31	
	2026	2025
Net income		
NGTL System	204	198
Canadian Mainline	57	57
Average investment base		
NGTL System	19,059	19,365
Canadian Mainline	3,673	3,643

Net income for the NGTL System increased by \$6 million for the three months ended March 31, 2026 compared to the same period in 2025 primarily due to higher incentive earnings. The NGTL System is currently operating under the 2025-2029 NGTL Settlement, which includes an approved ROE of 10.1 per cent on 40 per cent deemed common equity. This settlement provides the NGTL System with higher depreciation rates and the opportunity to further increase depreciation rates with an incentive if tolls fall below specified levels, or if growth projects are undertaken. It also includes incentive mechanisms to reduce both physical emissions and emission compliance costs, while also providing incentive for certain operating costs where variances from projected amounts and emissions savings are shared with customers.

Net income for the Canadian Mainline was consistent for the three months ended March 31, 2026 compared to the same period in 2025. The Canadian Mainline is operating under the 2021-2026 Mainline Settlement, which includes an approved ROE of 10.1 per cent on 40 per cent deemed common equity and an incentive to decrease costs and increase revenues on the pipeline under a beneficial sharing mechanism with our customers.

COMPARABLE EBITDA

Comparable EBITDA for Canadian Natural Gas Pipelines increased by \$29 million for the three months ended March 31, 2026 compared to the same period in 2025 due to the net effect of higher flow-through depreciation and incentive earnings on the NGTL System along with higher flow-through depreciation, partially offset by lower flow-through income taxes on the Canadian Mainline.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased by \$36 million for the three months ended March 31, 2026 compared to the same period in 2025 mainly due to an increase in assets placed in service on the Canadian Mainline and higher depreciation rates and expansion facilities placed in service on the NGTL System.

U.S. Natural Gas Pipelines

The following is a reconciliation of comparable EBITDA and comparable EBIT (our non-GAAP measures) to segmented earnings (losses) (the most directly comparable GAAP measure).

(millions of US\$, unless otherwise noted)	three months ended March 31	
	2026	2025
Columbia Gas ¹	548	452
ANR	267	198
Columbia Gulf ¹	98	54
Great Lakes	66	71
GTN	56	60
Other U.S. pipelines ²	56	118
Comparable EBITDA	1,091	953
Depreciation and amortization	(187)	(176)
Comparable EBIT	904	777
Foreign exchange impact	337	338
Comparable EBIT (Cdn\$)	1,241	1,115
Specific items:		
Resolution of legal matters	(33)	—
Risk management activities	(133)	(6)
Segmented earnings (losses) (Cdn\$)	1,075	1,109

1 Includes non-controlling interest. Refer to the Corporate section for additional information.

2 Reflects comparable EBITDA from our ownership in our mineral rights business (CEVCO), North Baja, Gillis Access, Tuscarora, Bison, Crossroads and our share of equity income from Northern Border, Iroquois, Millennium and Hardy Storage, our U.S. natural gas marketing business, as well as general and administrative and business development costs related to our U.S. natural gas pipelines.

U.S. Natural Gas Pipelines segmented earnings decreased by \$34 million for the three months ended March 31, 2026 compared to the same period in 2025 and included the following specific items which have been excluded from our calculation of comparable EBITDA and comparable EBIT:

- a pre-tax expense of \$33 million related to the resolution of certain legal matters within our U.S. Natural Gas Pipelines segment
- unrealized gains and losses from changes in the fair value of derivatives used in our U.S. natural gas marketing business.

A weaker U.S. dollar for the three months ended March 31, 2026 had a negative impact on the Canadian dollar equivalent segmented earnings from our U.S. dollar-denominated operations compared to the same period in 2025. Refer to the Foreign exchange section for additional information.

Earnings from our U.S. Natural Gas Pipelines operations are generally affected by contracted volume levels, volumes delivered and the rates charged, as well as by the cost of providing services. Columbia Gas and ANR results are also affected by the contracting and pricing of their natural gas storage capacity and incidental commodity sales. Natural gas pipeline and storage volumes and revenues are generally higher in the winter months because of the seasonal nature of the business.

Comparable EBITDA for U.S. Natural Gas Pipelines increased by US\$138 million for the three months ended March 31, 2026 compared to the same period in 2025 and was primarily due to the net effect of:

- a net increase in earnings from Columbia Gas as a result of higher transportation rates effective April 1, 2025, pursuant to the Columbia Gas Settlement
- a net increase in earnings from ANR as a result of higher transportation rates effective November 1, 2025 as well as adjustments related to the ANR settlement-in-principle
- incremental earnings from projects placed in service and lower operating costs on Columbia Gulf
- increased earnings from additional short-term contract sales due to the impacts of a cold weather event across multiple U.S. Natural Gas Pipeline assets
- lower realized earnings related to our U.S. natural gas marketing business primarily due to reduced trading margins from the impacts of a cold weather event.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased by US\$11 million for the three months ended March 31, 2026 compared to the same period in 2025 primarily due to new projects placed in service and depreciation rate changes as a result of the Columbia Gas Settlement, offset by a decrease in depreciation rate changes as a result of the ANR settlement-in-principle.

Mexico Natural Gas Pipelines

The following is a reconciliation of comparable EBITDA and comparable EBIT (our non-GAAP measures) to segmented earnings (losses) (the most directly comparable GAAP measure).

(millions of US\$, unless otherwise noted)	three months ended March 31	
	2026	2025
TGNH ^{1,2}	211	64
Sur de Texas ³	36	26
Topolobampo	39	39
Guadalajara	13	17
Mazatlán	16	17
Comparable EBITDA	315	163
Depreciation and amortization	(18)	(17)
Comparable EBIT	297	146
Foreign exchange impact	111	63
Comparable EBIT (Cdn\$)	408	209
Specific item:		
Expected credit loss provision on net investment in leases and certain contract assets in Mexico ²	(19)	2
Segmented earnings (losses) (Cdn\$)	389	211

1 Includes the operating sections of the Tamazunchale, Villa de Reyes, Tula and Southeast Gateway pipelines.

2 Includes non-controlling interest. Refer to the Corporate section for additional information.

3 Represents equity income from our 60 per cent interest and fees earned from the construction and operation of the pipeline.

Mexico Natural Gas Pipelines segmented earnings increased by \$178 million for the three months ended March 31, 2026 compared to the same period in 2025 and included an expense of \$19 million (2025 – recovery of \$2 million) on the expected credit loss provision related to the TGNH net investment in leases and certain contract assets in Mexico, which has been excluded from our calculation of comparable EBITDA and comparable EBIT.

A weaker U.S. dollar for the three months ended March 31, 2026 had a negative impact on the Canadian dollar equivalent segmented earnings from our U.S. dollar-denominated operations in Mexico compared to the same period in 2025. Refer to the Foreign exchange section for additional information.

Comparable EBITDA for Mexico Natural Gas Pipelines increased by US\$152 million for the three months ended March 31, 2026 compared with the same period in 2025 due to:

- higher earnings in TGNH due to the completion of the Southeast Gateway pipeline in second quarter 2025
- higher equity earnings from Sur de Texas primarily due to the foreign exchange impacts on the revaluation of peso-denominated liabilities as well as lower interest expense.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization was generally consistent for the three months ended March 31, 2026 compared to the same period in 2025. Under sales-type lease accounting, our in-service TGNH pipeline assets are derecognized from Plant, property and equipment and recorded as a net investment in lease on our Condensed consolidated balance sheet with no depreciation expense being recognized.

Sur de Texas results

Sur de Texas results reflect equity income from our 60 per cent interest and fees earned from the construction and operation of the pipeline. We use foreign exchange derivatives to manage Sur de Texas' foreign exchange exposures, and the impact of these derivatives is recognized in Foreign exchange (gains) losses, net in the Condensed consolidated statement of income. Refer to the Foreign exchange section for additional information.

The following table details our proportionate share of equity income and the foreign exchange impact on Sur de Texas equity earnings from changes in the value of the Mexican peso against the U.S. dollar:

(millions of US\$)	three months ended March 31	
	2026	2025
Equity income before foreign exchange impact	35	33
Foreign exchange impact included in equity earnings	1	(7)
Comparable EBITDA - Sur de Texas	36	26

Power and Energy Solutions

The following is a reconciliation of comparable EBITDA and comparable EBIT (our non-GAAP measures) to segmented earnings (losses) (the most directly comparable GAAP measure).

(millions of \$)	three months ended March 31	
	2026	2025
Bruce Power ¹	156	132
Canadian Power	58	45
Natural Gas Storage and other ²	29	47
Comparable EBITDA	243	224
Depreciation and amortization	(33)	(28)
Comparable EBIT	210	196
Specific items:		
Bruce Power unrealized fair value adjustments	(12)	10
Risk management activities	3	(71)
Segmented earnings (losses)	201	135

1 Represents our share of equity income from Bruce Power.

2 Includes non-controlling interest in the Fluvanna and Blue Cloud Wind Farms (Texas Wind Farms), which is comprised of Class A Membership Interests. Refer to the Corporate section for additional information.

Power and Energy Solutions segmented earnings increased by \$66 million for the three months ended March 31, 2026 compared to the same period in 2025 and included the following specific items which have been excluded from our calculation of comparable EBITDA and comparable EBIT:

- our proportionate share of Bruce Power's unrealized gains and losses on funds invested for post-retirement benefits and risk management activities
- unrealized gains and losses from changes in the fair value of derivatives used to reduce commodity exposures.

Comparable EBITDA for Power and Energy Solutions increased by \$19 million for the three months ended March 31, 2026 compared to the same period in 2025 primarily due to the net effect of:

- increased Bruce Power contributions due to a higher contract price and realized gains on funds invested for post-retirement benefits, partially offset by reduced generation primarily related to the Unit 4 MCR and increased operating costs. Refer to the Bruce Power results section for additional information
- higher Canadian Power financial results primarily from increased contributions from our marketing business
- decreased Natural Gas Storage and other results primarily due to lower contributions from our U.S. marketing business.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization was generally consistent for the three months ended March 31, 2026 compared to the same period in 2025.

BRUCE POWER

The following is our proportionate share of the components of comparable EBITDA and comparable EBIT.

(millions of \$, unless otherwise noted)	three months ended March 31	
	2026	2025
Items included in comparable EBITDA and comparable EBIT are comprised of:		
Revenues ¹	536	501
Operating expenses	(292)	(274)
Depreciation and other	(88)	(95)
Comparable EBITDA and comparable EBIT²	156	132
Bruce Power – other information		
Plant availability ^{3,4}	88%	87%
Planned outage days ⁴	61	65
Unplanned outage days	2	13
Sales volumes (GWh) ⁵	4,523	4,645
Realized power price per MWh ⁶	\$116	\$106

- 1 Net of amounts recorded to reflect operating cost efficiencies shared with the IESO, if applicable.
- 2 Represents our 48.3 per cent ownership interest and internal costs supporting our investment in Bruce Power. Excludes unrealized gains and losses on funds invested for post-retirement benefits and risk management activities.
- 3 The percentage of time the plant was available to generate power, regardless of whether it was running.
- 4 Excludes MCR outage days.
- 5 Sales volumes include deemed generation, if applicable.
- 6 Calculation based on actual and deemed generation. Realized power price per MWh includes realized gains and losses from contracting activities and cost flow-through items. Excludes unrealized gains and losses on contracting activities and non-electricity revenues.

Planned maintenance on Unit 8 was completed in first quarter 2026.

Corporate

(millions of \$)	three months ended March 31	
	2026	2025
Segmented earnings (losses)	(3)	(5)

Corporate segmented losses were generally consistent for the three months ended March 31, 2026 compared to the same period in 2025.

INTEREST EXPENSE

(millions of \$)	three months ended March 31	
	2026	2025
Interest expense on long-term debt and junior subordinated notes		
Canadian dollar-denominated	(217)	(195)
U.S. dollar-denominated	(422)	(429)
Foreign exchange impact	(157)	(187)
	(796)	(811)
Other interest and amortization expense	(46)	(32)
Capitalized interest	4	3
Interest expense	(838)	(840)

Interest expense decreased by \$2 million for the three months ended March 31, 2026 compared to the same period in 2025 primarily due to the net effect of:

- the foreign exchange impact from a weaker U.S. dollar on translation of U.S. dollar-denominated interest expense
- long-term debt issuances and maturities. Refer to the Financial condition section for additional information.

ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION

(millions of \$)	three months ended March 31	
	2026	2025
Canadian dollar-denominated	11	11
U.S. dollar-denominated	20	166
Foreign exchange impact	8	71
Allowance for funds used during construction	39	248

AFUDC decreased by \$209 million for the three months ended March 31, 2026 compared to the same period in 2025. The decrease in U.S. dollar-denominated AFUDC is mainly the result of the completion of the Southeast Gateway pipeline in second quarter 2025 and U.S. natural gas pipeline projects placed in service during 2025.

FOREIGN EXCHANGE GAINS (LOSSES), NET

(millions of \$)	three months ended March 31	
	2026	2025
Foreign exchange gains (losses), net included in comparable earnings	1	(10)
Specific items:		
Foreign exchange gains (losses), net – intercompany loan ¹	59	(5)
Risk management activities	(60)	58
Foreign exchange gains (losses), net	—	43

1 Includes non-controlling interest. Refer to Net (income) loss attributable to non-controlling interests for additional information.

Foreign exchange gains (losses), net, changed by \$43 million for the three months ended March 31, 2026 compared to the same period in 2025. The following specific items have been removed from our calculation of Foreign exchange gains (losses), net included in comparable earnings:

- unrealized foreign exchange gains and losses on the peso-denominated intercompany loan between TCPL and TGNH
- unrealized gains and losses from changes in the fair value of derivatives used to manage our foreign exchange risk. Refer to the Financial risks and financial instruments section for additional information.

Foreign exchange gains (losses), net included in comparable earnings changed by \$11 million for the three months ended March 31, 2026 compared to the same period in 2025. The changes were primarily due to the net effect of:

- risk management activities used to manage our foreign exchange exposure to net liabilities in Mexico and to U.S. dollar-denominated income
- foreign exchange gains in 2026 compared to foreign exchange losses in 2025 on the revaluation of our peso-denominated net monetary liabilities to U.S. dollars
- foreign exchange losses in 2026 compared to foreign exchange gains in 2025 on the revaluation of our U.S. dollar-denominated assets and liabilities to Canadian dollars.

INTEREST INCOME AND OTHER

(millions of \$)	three months ended March 31	
	2026	2025
Canadian dollar-denominated	3	7
U.S. dollar-denominated	22	31
Foreign exchange impact	8	13
Interest income and other	33	51

Interest income and other decreased by \$18 million for the three months ended March 31, 2026 compared to the same period in 2025 primarily due to:

- changes in fair value of other restricted investments
- lower interest earned on Canadian and U.S. dollar-denominated short-term investments.

INCOME TAX (EXPENSE) RECOVERY

(millions of \$)	three months ended March 31	
	2026	2025
Income tax (expense) recovery included in comparable earnings	(316)	(292)
Specific items:		
Resolution of legal matters	8	—
Foreign exchange gains (losses), net – intercompany loan	(3)	(2)
Expected credit loss provision on net investment in leases and certain contract assets in Mexico	6	(1)
Bruce Power unrealized fair value adjustments	3	(3)
Risk management activities	48	5
Income tax (expense) recovery	(254)	(293)

Income tax expense decreased by \$39 million for the three months ended March 31, 2026 compared to the same period in 2025. The income tax impacts on specified items referenced throughout the MD&A have been removed from our calculation of Income tax expense included in comparable earnings.

Income tax expense included in comparable earnings increased by \$24 million for the three months ended March 31, 2026 compared to the same period in 2025 primarily due to a change in geographic and business mix of earnings and higher flow-through income taxes, partially offset by the impact of Mexico foreign exchange exposure.

NET (INCOME) LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

(millions of \$)	Non-Controlling Interests Ownership at March 31, 2026	three months ended March 31	
		2026	2025
Columbia Gas and Columbia Gulf	40%	(219)	(171)
TGNH	13.01%	(16)	(16)
Texas Wind Farms ¹	100%	10	10
Net (income) loss attributable to non-controlling interests included in comparable earnings		(225)	(177)
Specific items:			
Foreign exchange (gains) losses, net – intercompany loan		(1)	8
Expected credit loss provision on net investment in leases		2	—
Net (income) loss attributable to non-controlling interests		(224)	(169)

1 Tax equity investors own 100 per cent of the Class A Membership Interests, to which a percentage of earnings, tax attributes and cash flows are allocated. We own 100 per cent of the Class B Membership Interests.

Net income attributable to non-controlling interests increased by \$55 million for the three months ended March 31, 2026 compared to the same period in 2025 and included the following specific items which have been excluded from our calculation of Net (income) loss attributable to non-controlling interests included in comparable earnings:

- the non-controlling interest portion of the unrealized foreign exchange gains and losses on the TGNH peso-denominated intercompany loan payable to TCPL
- the expected credit loss provision related to the TGNH net investment in leases.

Net income attributable to non-controlling interests included in comparable earnings increased by \$48 million for the three months ended March 31, 2026 compared to the same period in 2025 resulting from higher net income recognized from the Columbia Gas and Columbia Gulf assets.

PREFERRED SHARE DIVIDENDS

(millions of \$)	three months ended March 31	
	2026	2025
Preferred share dividends	(28)	(28)

Preferred share dividends were consistent for the three months ended March 31, 2026 compared to the same period in 2025 primarily due to the offsetting impacts of the redemption of preferred shares in 2025 and dividend rate resets on and conversions of certain series of preferred shares in 2026 and 2025.

Foreign exchange

FOREIGN EXCHANGE RELATED TO U.S. DOLLAR-DENOMINATED OPERATIONS

Certain of our businesses generate all or most of their earnings in U.S. dollars and since we report our financial results in Canadian dollars, changes in the value of the U.S. dollar against the Canadian dollar directly affect our comparable EBITDA and may also impact comparable earnings. As our U.S. dollar-denominated operations continue to grow, this exposure increases. A portion of the U.S. dollar-denominated comparable EBITDA exposure is naturally offset by U.S. dollar-denominated amounts below comparable EBITDA within Depreciation and amortization, Interest expense and other income statement line items. A portion of the remaining exposure is actively managed on a rolling forward basis up to three years using foreign exchange derivatives; however, the natural exposure beyond that period remains. The net impact of the U.S. dollar movements on comparable earnings during the three months ended March 31, 2026 after considering natural offsets and economic hedges was not significant.

The components of our financial results denominated in U.S. dollars are set out in the table below, including our U.S. Natural Gas Pipelines and Mexico Natural Gas Pipelines operations. Comparable EBITDA is a non-GAAP measure.

PRE-TAX U.S. DOLLAR-DENOMINATED INCOME AND EXPENSE ITEMS

(millions of US\$)	three months ended March 31	
	2026	2025
Comparable EBITDA		
U.S. Natural Gas Pipelines	1,091	953
Mexico Natural Gas Pipelines	315	163
	1,406	1,116
Depreciation and amortization	(205)	(193)
Interest expense on long-term debt and junior subordinated notes	(422)	(429)
Interest income and other	22	31
Allowance for funds used during construction	20	166
Net (income) loss attributable to non-controlling interests included in comparable earnings and other	(162)	(115)
	659	576
Average exchange rate – U.S. to Canadian dollars	1.37	1.43

FOREIGN EXCHANGE RELATED TO MEXICO NATURAL GAS PIPELINES

Changes in the value of the Mexican peso against the U.S. dollar can affect our comparable earnings as a portion of our Mexico Natural Gas Pipelines' monetary assets and liabilities are peso-denominated, while our financial results are denominated in U.S. dollars for our Mexico operations. These peso-denominated balances are revalued to U.S. dollars, creating foreign exchange gains and losses that are included in Income (loss) from equity investments, Foreign exchange (gains) losses, net and Net income (loss) attributable to non-controlling interests in the Condensed consolidated statement of income.

In addition, foreign exchange gains or losses calculated for Mexico income tax purposes on the revaluation of U.S. dollar-denominated monetary assets and liabilities result in a peso-denominated income tax exposure for these entities, leading to fluctuations in Income from equity investments and Income tax expense. This exposure increases as our U.S. dollar-denominated net monetary liabilities grow.

The above exposures are managed using foreign exchange derivatives, although some unhedged exposure remains. The impacts of the foreign exchange derivatives are recorded in Foreign exchange (gains) losses, net in the Condensed consolidated statement of income. Refer to the Financial risks and financial instruments section for additional information.

The period end exchange rates for one U.S. dollar to Mexican pesos were as follows:

March 31, 2026	18.05
March 31, 2025	20.45
December 31, 2025	18.00
December 31, 2024	20.87

A summary of the impacts of transactional foreign exchange gains and losses from changes in the value of the Mexican peso against the U.S. dollar and associated derivatives is set out in the table below:

(millions of \$)	three months ended March 31	
	2026	2025
Comparable EBITDA - Mexico Natural Gas Pipelines ¹	1	(11)
Foreign exchange gains (losses), net included in comparable earnings	(4)	17
Income tax (expense) recovery included in comparable earnings	1	(14)
Net (income) loss attributable to non-controlling interests included in comparable earnings ²	—	1
	(2)	(7)

1 Includes the foreign exchange impacts from the Sur de Texas joint venture recorded in Income (loss) from equity investments in the Condensed consolidated statement of income.

2 Represents the non-controlling interest portion related to TGNH. Refer to the Corporate section for additional information.

Recent developments

CANADIAN NATURAL GAS PIPELINES

NGTL System

In the three months ended March 31, 2026, the NGTL System placed approximately \$0.4 billion of capacity projects into service, including \$0.1 billion of Multi-Year Growth Plan (MYGP) projects.

Multi-Year Growth Plan

The 2025-2029 NGTL Settlement enables an investment framework that supports our Board of Directors' approval to allocate up to \$3.3 billion of capital towards progression of the MYGP for expansion facilities to meet commitments on the NGTL System. It is comprised of multiple distinct projects with various targeted in-service dates, subject to final company and regulatory approvals. As of March 31, 2026, approximately \$1.1 billion of expansion facilities have received FID, with various in-service dates starting in 2026. As we have continued to evaluate plans for each MYGP facility, we do not expect that all facilities up to the Board-approved capital allocation will be required to satisfy our MYGP capacity commitments of approximately 1.0 Bcf/d of incremental system throughput.

Valhalla North and Berland River Project

The Valhalla North and Berland River project continues to advance. The Valhalla section, which consists of approximately 33 km (21 miles) of new pipeline, was placed in service in third quarter 2025, with a capital cost of approximately \$0.2 billion. The construction of the Berland River non-emitting electric compressor unit was completed in first quarter 2026, with a capital cost of approximately \$0.3 billion, and is expected to be operational in the second half of 2026 upon completion of the third-party power transmission connection. The project is designed to provide incremental capacity on the NGTL System of approximately 428 TJ/d (400 MMcf/d).

Canadian Mainline Settlement

In March 2026, we filed an application with the CER seeking approval of a four-year negotiated settlement governing the Canadian Mainline tolls and service for the period from January 2027 through December 2030. The proposed settlement, supported by our customers and other interested parties, maintains a return on equity of 10.1 per cent on 40 per cent deemed common equity and includes an incentive mechanism designed to encourage cost management and revenue optimization, with benefits shared between customers and us. This incentive provides the opportunity to outperform the approved rate of return. In addition, TC Energy has committed up to \$200 million of capital to support incremental capacity, with targeted returns that exceed the approved return on equity.

Coastal GasLink

Coastal GasLink Pipeline Phase 2 Expansion

In March 2026, Coastal GasLink Limited Partnership (Coastal GasLink LP) entered into commercial agreements with LNG Canada (LNGC), which establish a framework for advancing a proposed expansion of the Coastal GasLink pipeline (the CGL Phase 2 Expansion) to enable the delivery of incremental pipeline capacity to the LNGC export facility in Kitimat, British Columbia. The commercial structure of the agreements includes limits on Coastal GasLink LP's capital commitments and overall liability for construction cost and schedule risks. Under the agreements, LNGC will lead project construction as the CGL Phase 2 Expansion execution manager and Coastal GasLink LP will provide LNGC technical advisory services. The CGL Phase 2 Expansion remains subject to FID by LNGC and its joint venture participants, as well as approval by Coastal GasLink LP.

U.S. NATURAL GAS PIPELINES

ANR Section 4 Rate Case

In April 2025, ANR filed a Section 4 Rate Case with FERC requesting an increase to its overall maximum transportation rates effective November 1, 2025, subject to refund. On March 18, 2026, ANR notified FERC that it has reached a settlement-in-principle with its customers. ANR expects the final settlement to include an increase relative to pre-filed rates, subject to revision following completion and approval of settlement terms, which we anticipate in third quarter 2026.

Great Lakes Section 4 Rate Case

In April 2025, Great Lakes filed a Section 4 Rate Case with FERC requesting an increase to its maximum transportation rates effective November 1, 2025, subject to refund. On April 28, 2026, Great Lakes notified FERC that it has reached a settlement-in-principle with its customers, subject to revision following completion and approval of settlement terms, which we anticipate in fourth quarter 2026.

Appalachia Supply Project

In April 2026, we approved the Appalachia Supply project, an expansion project of our Columbia Gas system designed to provide up to 0.8 Bcf/d of capacity to facilitate expanded new natural gas-fired power generation. The project has an anticipated in-service date of 2030 and an estimated project cost of approximately US\$1.5 billion.

MEXICO NATURAL GAS PIPELINES

TGNH Strategic Alliance with the CFE

The CFE is an equity partner in TGNH with a 13.01 per cent equity interest, which is expected to increase to a maximum of 15 per cent, subject to regulatory approvals, and will increase to approximately 35 per cent upon expiry of the contract in 2055.

Financial condition

We strive to maintain financial strength and flexibility in all parts of the economic cycle. We rely on our operating cash flows to sustain our business, pay dividends and fund a portion of our growth. In addition, we access capital markets and engage in portfolio management activities to meet our financing needs and to manage our capital structure and credit ratings.

We believe that we have the financial capacity to fund our existing capital program through predictable cash flows from operations, access to capital markets, portfolio management activities, joint ventures, asset-level financing, cash on hand and substantial committed credit facilities. Annually, in the fourth quarter, we renew and extend our credit facilities as required.

At March 31, 2026, our current assets totaled \$6.8 billion and current liabilities amounted to \$10.3 billion, leaving us with a working capital deficit of \$3.5 billion compared to a deficit of \$3.7 billion at December 31, 2025, excluding discontinued operations. Our working capital deficiency is considered to be in the normal course of business and is managed through:

- our ability to generate predictable cash flows from operations
- a total of \$7.9 billion of TCPL committed revolving credit facilities, of which \$6.8 billion of short-term borrowing capacity remains available, net of \$1.1 billion backstopping outstanding commercial paper balances, and arrangements for a further \$2.0 billion of demand credit facilities, of which \$1.2 billion remains available as of March 31, 2026
- additional \$2.1 billion of committed revolving credit facilities at certain of our subsidiaries and affiliates, of which \$0.9 billion of short-term borrowing capacity remains available as of March 31, 2026, net of \$1.2 billion backstopping outstanding commercial paper balances
- our access to capital markets, including through securities issuances, incremental credit facilities, capital rotation and DRP, if deemed appropriate.

CASH PROVIDED BY OPERATING ACTIVITIES

(millions of \$)	three months ended March 31	
	2026	2025
Net cash provided by operations	2,603	1,359
Increase (decrease) in operating working capital	(259)	590
Funds generated from operations	2,344	1,949
Specific item:		
Current income tax expense on resolution of legal matters	(8)	—
Comparable funds generated from operations	2,336	1,949

Net cash provided by operations

Net cash provided by operations increased by \$1,244 million for the three months ended March 31, 2026 compared to the same period in 2025 primarily due to the timing of working capital changes and higher funds generated from operations.

Comparable funds generated from operations

Comparable funds generated from operations, a non-GAAP measure, helps us assess the cash generating ability of our businesses by excluding the timing effects of working capital changes, as well as the cash impact of our specific items.

Comparable funds generated from operations increased by \$387 million for the three months ended March 31, 2026 compared to the same period in 2025 primarily due to higher comparable earnings and higher distributions from our equity investments.

CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES

(millions of \$)	three months ended March 31	
	2026	2025
Capital spending		
Capital expenditures	(1,070)	(1,560)
Capital projects in development	(4)	(4)
Contributions to equity investments	(233)	(245)
	(1,307)	(1,809)
Other distributions from equity investments	—	5
Deferred amounts and other	43	68
Net cash (used in) provided by investing activities	(1,264)	(1,736)

Net cash used in investing activities decreased by \$472 million for the three months ended March 31, 2026 compared to the same period in 2025 primarily due to decreased capital spending in 2026.

Capital expenditures incurred for the three months ended March 31, 2026 were primarily for capital spending across our U.S. Natural Gas Pipelines asset footprint, NGTL System expansion projects and maintenance capital expenditures. Lower capital expenditures for the three months ended March 31, 2026 compared to the same period in 2025 reflect the completion of the Southeast Gateway pipeline and ANR projects in 2025.

CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES

(millions of \$)	three months ended March 31	
	2026	2025
Notes payable issued (repaid), net	985	1,147
Long-term debt issued, net of issue costs	6	2,427
Long-term debt repaid	(510)	(2,009)
Junior subordinated notes issued, net of issue costs	496	1,054
Dividends and distributions paid	(1,288)	(1,103)
Common shares issued, net of issue costs	62	30
Amounts related to factoring arrangement	(226)	—
Loan from affiliate	32	—
Net cash (used in) provided by financing activities	(443)	1,546

Long-term debt repaid/retired

The following table outlines significant long-term debt repaid/retired in the three months ended March 31, 2026:

(millions of Canadian \$, unless otherwise noted)				
Company	Repayment date	Type	Amount	Interest rate
TransCanada Pipelines Limited	February 2026	Medium Term Notes	241	8.29%
TC Energía Mexicana, S. de R.L. de C.V.	March 2026	Senior Unsecured Term Loan	US 168	Floating

Subsequent debt repayment

On April 13, 2026, TCPL fully repaid and retired \$400 million of medium term notes bearing interest at a fixed rate of 4.35 per cent.

Junior subordinated notes issued

The following table outlines significant junior subordinated notes issued in the three months ended March 31, 2026:

(millions of Canadian \$, unless otherwise noted)					
Company	Issue date	Type	Maturity date	Amount	Interest rate
TransCanada Pipelines Limited	February 2026	Junior Subordinated Notes	August 2056	500	5.13% ¹

¹ Fixed rate of interest per year until August 20, 2031, and resetting every five years thereafter, subject to a rate-reset minimum.

On April 17, 2026, TCPL issued US\$500 million of junior subordinated notes, maturing in October 2056 with a fixed interest rate of 6.13 per cent and US\$500 million of junior subordinated notes, maturing in October 2056 with a fixed interest rate of 6.38 per cent. We intend to use the net proceeds from these issuances, combined with the net proceeds of the 5.13 per cent junior subordinated notes issued in February 2026, to fund the redemption price of the US\$1.2 billion in aggregate principal amount of outstanding Trust Notes - Series 2016-A issued by TransCanada Trust, a wholly owned financing trust subsidiary of TCPL, in August 2026 pursuant to their terms. Prior to such redemption, the funds will be used to reduce other indebtedness of TC Energy and for general corporate purposes. Refer to Note 8, Junior subordinated notes, of our Condensed consolidated financial statements for additional information.

DIVIDENDS

Our Board of Directors have declared a quarterly dividend on our outstanding common shares of \$0.8775 per common share for the quarter ending June 30, 2026.

SHARE INFORMATION

At April 24, 2026, we had approximately 1.0 billion issued and outstanding common shares and approximately 1.4 million outstanding and exercisable options to buy common shares.

On January 30, 2026, the remaining 1,929,407 Series 6 preferred shares were converted, on a one-for-one basis, into 1,929,407 Series 5 preferred shares and Series 6 preferred shares were delisted from the TSX at the close of markets on January 30, 2026.

CREDIT FACILITIES

At April 24, 2026, we had a total of \$7.8 billion of TCPL committed revolving credit facilities, of which \$6.8 billion of short-term borrowing capacity remains available, net of \$1.0 billion backstopping outstanding commercial paper balances. We also have arrangements in place for a further \$2.0 billion of demand credit facilities, of which \$1.2 billion remains available.

In addition, we have \$2.1 billion of committed revolving credit facilities at certain of our subsidiaries and affiliates, of which \$1.1 billion of borrowing capacity remains available at April 24, 2026, net of \$1.0 billion backstopping outstanding commercial paper balances.

CONTRACTUAL OBLIGATIONS

Capital expenditure commitments at March 31, 2026 were approximately \$1.3 billion (December 31, 2025 - approximately \$0.8 billion), reflecting contractual commitments entered into for construction on U.S. natural gas pipelines primarily related to the construction costs associated with ANR and other pipeline projects.

There were no material changes to our contractual obligations in first quarter 2026 or to payments due in the next five years or thereafter. Refer to our 2025 Annual Report for additional information about our contractual obligations.

Financial risks and financial instruments

We are exposed to various financial risks and have strategies, policies and limits in place to manage the impact of these risks on our earnings, cash flows and, ultimately, shareholder value.

Risk management strategies, policies and limits are designed to ensure our risks and related exposures are in line with our business objectives and risk tolerance.

Refer to our 2025 Annual Report for additional information about the risks we face in our business which have not changed materially since December 31, 2025, other than as noted within this MD&A.

INTEREST RATE RISK

We utilize both short- and long-term debt to finance our operations which exposes us to interest rate risk. We typically pay fixed rates of interest on our long-term debt and floating rates on short-term debt including our commercial paper programs and amounts drawn on our credit facilities. A small portion of our long-term debt bears interest at floating rates. In addition, we are exposed to interest rate risk on financial instruments and contractual obligations containing variable interest rate components. We actively manage our interest rate risk using interest rate derivatives.

FOREIGN EXCHANGE RISK

Certain of our businesses generate all or most of their earnings in U.S. dollars and since we report our financial results in Canadian dollars, changes in the value of the U.S. dollar against the Canadian dollar directly affect our comparable EBITDA and may also impact comparable earnings.

A portion of our Mexico Natural Gas Pipelines' monetary assets and liabilities are peso-denominated, while our Mexico operations' financial results are denominated in U.S. dollars. Therefore, changes in the value of the Mexican peso against the U.S. dollar can affect our comparable earnings. In addition, foreign exchange gains or losses calculated for Mexico income tax purposes on the revaluation of U.S. dollar-denominated monetary assets and liabilities result in a peso-denominated income tax exposure for these entities, leading to fluctuations in Income (loss) from equity investments and Income tax expense (recovery) in the Condensed consolidated statement of income.

We actively manage a portion of our foreign exchange risk using foreign exchange derivatives. Refer to the Foreign exchange section for additional information.

We hedge a portion of our net investment in foreign operations (on an after-tax basis) with U.S. dollar-denominated debt as appropriate.

COUNTERPARTY CREDIT RISK

We have exposure to counterparty credit risk in a number of areas including:

- cash and cash equivalents
- accounts receivable
- available-for-sale assets
- fair value of derivative assets
- net investment in leases and certain contract assets in Mexico.

Market events causing disruptions in global energy demand and supply may contribute to economic uncertainties impacting a number of our customers. While the majority of our credit exposure is to large creditworthy entities, we maintain close monitoring and communication with those counterparties experiencing greater financial pressures. Refer to our 2025 Annual Report for more information about the factors that mitigate our counterparty credit risk exposure.

We review financial assets carried at amortized cost for impairment using the lifetime expected loss of the financial asset at initial recognition and throughout the life of the financial asset. We use historical credit loss and recovery data, adjusted for our judgment regarding current economic and credit conditions, along with reasonable and supportable forecasts to determine if any impairment, should be recognized in Plant operating costs and other. At March 31, 2026, we had no significant credit risk concentrations, with the exception of the CFE, which represents approximately 33 per cent of gross exposure. At this time, there were no significant amounts past due or impaired. We recorded a pre-tax expense of \$19 million on the expected credit loss provision on the TGNH net investment in leases and certain contract assets in Mexico for the three months ended March 31, 2026 (2025 – pre-tax recovery of \$2 million). Refer to Note 12, Risk management and financial instruments, of our Condensed consolidated financial statements for additional information.

We have significant credit and performance exposure to financial institutions that hold cash deposits and provide committed credit lines and letters of credit that help manage our exposure to counterparties and provide liquidity in commodity, foreign exchange and interest rate derivative markets. Our portfolio of financial sector exposure consists primarily of highly-rated investment grade, systemically important financial institutions.

LIQUIDITY RISK

Liquidity risk is the risk that we will not be able to meet our financial obligations as they come due. We manage our liquidity risk by continuously forecasting our cash flows and ensuring we have adequate cash balances, cash flows from operations, committed and demand credit facilities and access to capital markets to meet our operating, financing and capital expenditure obligations under both normal and stressed economic conditions.

FINANCIAL INSTRUMENTS

With the exception of Long-term debt and Junior subordinated notes, our derivative and non-derivative financial instruments are recorded on the balance sheet at fair value unless they were entered into and continue to be held for the purpose of receipt or delivery in accordance with our normal purchase and sales exemptions and are documented as such. In addition, fair value accounting is not required for other financial instruments that qualify for certain accounting exemptions.

Derivative instruments

We use derivative instruments to reduce volatility associated with fluctuations in commodity prices, interest rates and foreign exchange rates. Derivative instruments, including those that qualify and are designated for hedge accounting treatment, are recorded at fair value.

The majority of derivative instruments that are not designated or do not qualify for hedge accounting treatment have been entered into as economic hedges to manage our exposure to market risk and are classified as held-for-trading. Changes in the fair value of held-for-trading derivative instruments are recorded in net income in the period of change. This may expose us to increased variability in reported operating results since the fair value of the held-for-trading derivative instruments can fluctuate significantly from period to period.

The recognition of gains and losses on derivatives for Canadian natural gas regulated pipeline exposures is determined through the regulatory process. Gains and losses arising from changes in the fair value of derivatives accounted for as part of RRA, including those that qualify for hedge accounting treatment, are expected to be refunded or recovered through the tolls charged by us. As a result, these gains and losses are deferred as regulatory liabilities or regulatory assets and are refunded to or collected from the ratepayers in subsequent years when the derivative settles.

Balance sheet presentation of derivative instruments

The balance sheet presentation of the fair value of derivative instruments were as follows:

(millions of \$)	March 31, 2026	December 31, 2025
Other current assets	476	438
Other long-term assets	140	161
Accounts payable and other	(571)	(380)
Other long-term liabilities	(164)	(149)
	(119)	70

Unrealized and realized gains (losses) on derivative instruments

The following summary does not include hedges of our net investment in foreign operations.

(millions of \$)	three months ended March 31	
	2026	2025
Derivative Instruments Held for Trading¹		
Unrealized gains (losses) in the period		
Commodities	(128)	(75)
Foreign exchange	(60)	58
Realized gains (losses) in the period		
Commodities	(249)	(29)
Foreign exchange	5	(8)
Interest rate	1	2
Derivative Instruments in Hedging Relationships		
Realized gains (losses) in the period		
Commodities	11	9
Foreign exchange	2	1
Interest rate	(3)	(9)

1 Realized and unrealized gains (losses) on held-for-trading derivative instruments used to purchase and sell commodities are included on a net basis in Revenues in the Condensed consolidated statement of income. Realized and unrealized gains (losses) on foreign exchange and interest rate held-for-trading derivative instruments are included on a net basis in Foreign exchange (gains) losses, net and Interest expense, respectively, in the Condensed consolidated statement of income.

For further details on our non-derivative and derivative financial instruments, including classification assumptions made in the calculation of fair value and additional discussion of exposure to risks and mitigation activities, refer to Note 12, Risk management and financial instruments, of our Condensed consolidated financial statements.

Other information

CONTROLS AND PROCEDURES

Management, including our President and CEO and our CFO, evaluated the effectiveness of our disclosure controls and procedures as at March 31, 2026, as required by the Canadian securities regulatory authorities and by the SEC and concluded that our disclosure controls and procedures are effective at a reasonable assurance level.

There were no changes in first quarter 2026 that had or are likely to have a material impact on our internal controls over financial reporting.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICY CHANGES

When we prepare financial statements that conform with U.S. GAAP, we are required to make estimates and assumptions that affect the timing and amounts we record for our assets, liabilities, revenues and expenses because these items may be affected by future events. We base the estimates and assumptions on the most current information available, using our best judgment. We also regularly assess the assets and liabilities themselves. In addition to the items discussed below, refer to our 2025 Annual Report for a listing of critical accounting estimates.

Impairment of goodwill

Goodwill is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate it might be impaired. We can initially make this assessment based on qualitative factors. If we conclude that it is not more likely than not that the fair value of the reporting unit is greater than its carrying value, we will then perform a quantitative goodwill impairment test.

The estimated fair value in excess of the carrying value was less than 10 per cent on our Great Lakes reporting unit at the date of our last quantitative goodwill impairment test. Any future reductions in cash flow forecasts or adverse changes in other key assumptions could result in a future impairment of our goodwill balance.

Accounting changes

Our significant accounting policies have remained unchanged since December 31, 2025 other than as described in Note 2, Accounting changes, of our Condensed consolidated financial statements. A summary of our significant accounting policies is included in our 2025 Annual Report.

Quarterly results

SELECTED QUARTERLY CONSOLIDATED FINANCIAL DATA

(millions of \$, except per share amounts)	2026		2025		2024 ¹			
	First	Fourth	Third	Second	First	Fourth	Third	Second
Revenues	3,861	4,168	3,704	3,744	3,623	3,577	3,358	3,327
Net income (loss) attributable to common shares	899	980	609	833	978	971	1,457	963
from continuing operations	899	959	813	862	978	1,069	1,338	804
from discontinued operations	—	21	(204)	(29)	—	(98)	119	159
Comparable earnings²	1,031	1,018	805	848	983	1,094	1,074	978
from continuing operations	1,031	1,018	805	848	983	1,094	894	822
from discontinued operations	—	—	—	—	—	—	180	156
Per share statistics:								
Net income (loss) per common share – basic	\$0.86	\$0.94	\$0.58	\$0.80	\$0.94	\$0.94	\$1.40	\$0.93
from continuing operations	\$0.86	\$0.92	\$0.78	\$0.83	\$0.94	\$1.03	\$1.29	\$0.78
from discontinued operations	—	\$0.02	(\$0.20)	(\$0.03)	—	(\$0.09)	\$0.11	\$0.15
Comparable earnings per common share²	\$0.99	\$0.98	\$0.77	\$0.82	\$0.95	\$1.05	\$1.03	\$0.94
from continuing operations	\$0.99	\$0.98	\$0.77	\$0.82	\$0.95	\$1.05	\$0.86	\$0.79
from discontinued operations	—	—	—	—	—	—	\$0.17	\$0.15
Dividends declared per common share³	\$0.8775	\$0.85	\$0.85	\$0.85	\$0.85	\$0.8225	\$0.96	\$0.96

1 Discontinued operations represents nine months of Liquids Pipelines earnings in 2024.

2 Additional information on the most directly comparable GAAP measure can be found in the Non-GAAP measures section.

3 Dividends declared in fourth quarter 2024 and thereafter reflect TC Energy's proportionate allocation following the Spinoff Transaction.

FACTORS AFFECTING QUARTERLY FINANCIAL INFORMATION BY BUSINESS SEGMENT

Quarter-over-quarter revenues and net income fluctuate for reasons that vary across our business segments. In addition to the factors below, our revenues and segmented earnings (losses) are impacted by fluctuations in foreign exchange rates, mainly related to our U.S. dollar-denominated operations and our peso-denominated exposure. Refer to the Foreign exchange section for additional information.

In our Natural Gas Pipelines business, except for seasonal fluctuations in short-term throughput volumes on U.S. pipelines, quarter-over-quarter revenues and segmented earnings (losses) generally remain relatively stable during any fiscal year.

Over the long term, however, they fluctuate because of:

- regulatory decisions
- negotiated settlements with customers
- newly constructed assets being placed in service
- acquisitions and divestitures
- natural gas marketing activities and commodity prices
- developments outside of the normal course of operations
- certain fair value adjustments
- provisions for expected credit losses on net investment in leases and certain contract assets in Mexico.

In Power and Energy Solutions, quarter-over-quarter revenues and segmented earnings (losses) are affected by:

- weather
- customer demand
- newly constructed assets being placed in service
- acquisitions and divestitures
- market prices for natural gas and power
- capacity prices and payments
- power marketing and trading activities
- planned and unplanned plant outages
- developments outside of the normal course of operations
- certain fair value adjustments.

FACTORS AFFECTING FINANCIAL INFORMATION BY QUARTER

We calculate comparable measures by adjusting certain GAAP measures for specific items we believe are significant but not reflective of our underlying operations in the period. Except as otherwise described herein, these comparable measures are calculated on a consistent basis from period to period and are adjusted for specific items in each period, as applicable. Refer to the Non-GAAP measures section for additional information.

In first quarter 2026, comparable earnings from continuing operations also excluded:

- pre-tax unrealized foreign exchange gains, net, of \$58 million on the peso-denominated intercompany loan between TCPL and TGNH, net of non-controlling interest
- a pre-tax expense of \$33 million related to the resolution of certain legal matters within our U.S. Natural Gas Pipelines segment
- a pre-tax expense of \$17 million on the expected credit loss provision related to TGNH net investment in leases, net of non-controlling interest as well as on certain contract assets in Mexico.

In fourth quarter 2025, comparable earnings from continuing operations also excluded:

- a pre-tax impairment charge of \$110 million for certain Power and Energy Solutions projects following our decision to discontinue development along with updated forecast assumptions as we refocus our Power and Energy Solutions strategy
- pre-tax unrealized foreign exchange losses, net, of \$47 million on the peso-denominated intercompany loan between TCPL and TGNH, net of non-controlling interest
- a pre-tax recovery of \$4 million on the expected credit loss provision related to TGNH net investment in leases, net of non-controlling interest as well as on certain contract assets in Mexico.

In third quarter 2025, comparable earnings from continuing operations also excluded:

- pre-tax unrealized foreign exchange gains, net, of \$87 million on the peso-denominated intercompany loan between TCPL and TGNH, net of non-controlling interest
- a pre-tax recovery of \$12 million on the expected credit loss provision related to TGNH net investment in leases, net of non-controlling interest as well as on certain contract assets in Mexico.

In second quarter 2025, comparable earnings from continuing operations also excluded:

- pre-tax unrealized foreign exchange losses, net, of \$132 million on the peso-denominated intercompany loan between TCPL and TGNH, net of non-controlling interest
- a pre-tax expense of \$93 million on the expected credit loss provision related to TGNH net investment in leases, net of non-controlling interest as well as on certain contract assets in Mexico.

In first quarter 2025, comparable earnings from continuing operations also excluded:

- pre-tax unrealized foreign exchange gains, net, of \$3 million on the peso-denominated intercompany loan between TCPL and TGNH, net of non-controlling interest
- a pre-tax recovery of \$2 million on the expected credit loss provision related to TGNH net investment in leases, net of non-controlling interest as well as on certain contract assets in Mexico.

In fourth quarter 2024, comparable earnings from continuing operations also excluded:

- a pre-tax net gain on debt extinguishment of \$228 million related to the purchase and cancellation of certain senior unsecured notes and medium term notes and the retirement of outstanding callable notes in October 2024
- pre-tax unrealized foreign exchange gains, net, of \$143 million on the peso-denominated intercompany loan between TCPL and TGNH, net of non-controlling interest
- a pre-tax recovery of \$3 million on the expected credit loss provision related to TGNH net investment in leases, net of non-controlling interest as well as on certain contract assets in Mexico
- a deferred income tax expense of \$96 million resulting from the revaluation of remaining deferred tax balances following the Spinoff Transaction
- a pre-tax impairment charge of \$36 million for a Power and Energy Solutions project following our decision to discontinue development as we refocus our Power and Energy Solutions strategy
- a pre-tax expense of \$9 million related to Focus Project costs.

In third quarter 2024, comparable earnings from continuing operations also excluded:

- a pre-tax gain of \$572 million related to the sale of PNGTS which was completed on August 2024
- pre-tax unrealized foreign exchange losses, net, of \$52 million on the peso-denominated intercompany loan between TCPL and TGNH, net of non-controlling interest
- a pre-tax expense of \$5 million on the expected credit loss provision related to TGNH net investment in leases, net of non-controlling interest as well as on certain contract assets in Mexico
- a pre-tax expense of \$5 million related to Focus Project costs.

In second quarter 2024, comparable earnings from continuing operations also excluded:

- a pre-tax gain of \$48 million related to the sale of non-core assets in U.S. Natural Gas Pipelines and Canadian Natural Gas Pipelines segments
- pre-tax unrealized foreign exchange losses, net, of \$3 million on the peso-denominated intercompany loan between TCPL and TGNH, net of non-controlling interest
- a pre-tax recovery of \$3 million on the expected credit loss provision related to TGNH net investment in leases, net of non-controlling interest as well as on certain contract assets in Mexico
- pre-tax costs of \$10 million related to the NGTL System ownership transfer.

Condensed consolidated statement of income

(unaudited - millions of Canadian \$, except per share amounts)	three months ended March 31	
	2026	2025
Revenues		
Canadian Natural Gas Pipelines	1,454	1,371
U.S. Natural Gas Pipelines	1,769	1,858
Mexico Natural Gas Pipelines	426	226
Power and Energy Solutions	211	162
Corporate	1	6
	3,861	3,623
Income (Loss) from Equity Investments	337	305
Operating and Other Expenses		
Plant operating costs and other	1,037	1,010
Commodity purchases resold	73	50
Property taxes	194	224
Depreciation and amortization	723	678
	2,027	1,962
Financial Charges		
Interest expense	838	840
Allowance for funds used during construction	(39)	(248)
Foreign exchange (gains) losses, net	—	(43)
Interest income and other	(33)	(51)
	766	498
Income (Loss) before Income Taxes	1,405	1,468
Income Tax Expense (Recovery)		
Current	67	83
Deferred	187	210
	254	293
Net Income (Loss)	1,151	1,175
Net income (loss) attributable to non-controlling interests	224	169
Net Income (Loss) Attributable to Controlling Interests	927	1,006
Preferred share dividends	28	28
Net Income (Loss) Attributable to Common Shares	899	978
Net Income (Loss) per Common Share		
Basic and diluted	\$0.86	\$0.94
Weighted Average Number of Common Shares (millions)		
Basic	1,041	1,039
Diluted	1,042	1,040

See accompanying Notes to the Condensed consolidated financial statements.

Condensed consolidated statement of comprehensive income

(unaudited - millions of Canadian \$)	three months ended March 31	
	2026	2025
Net Income (Loss)	1,151	1,175
Other Comprehensive Income (Loss), Net of Income Taxes		
Foreign currency translation gains and losses on net investment in foreign operations	364	(41)
Change in fair value of net investment hedges	—	1
Change in fair value of cash flow hedges	27	3
Reclassification to net income of (gains) losses on cash flow hedges	(17)	1
Other comprehensive income (loss) on equity investments	(9)	(12)
	365	(48)
Comprehensive Income (Loss)	1,516	1,127
Comprehensive income (loss) attributable to non-controlling interests	401	149
Comprehensive Income (Loss) Attributable to Controlling Interests	1,115	978
Preferred share dividends	28	28
Comprehensive Income (Loss) Attributable to Common Shares	1,087	950

See accompanying Notes to the Condensed consolidated financial statements.

Condensed consolidated statement of cash flows

(unaudited - millions of Canadian \$)	three months ended March 31	
	2026	2025
Cash Generated from Operations		
Net income (loss)	1,151	1,175
Depreciation and amortization	723	678
Deferred income taxes	187	210
(Income) loss from equity investments	(337)	(305)
Distributions received from operating activities of equity investments	532	336
Employee post-retirement benefits funding, net of expense	(4)	2
Equity allowance for funds used during construction	(33)	(164)
Unrealized (gains) losses on financial instruments	188	17
Expected credit loss provision	19	(2)
Foreign exchange (gains) losses, net – intercompany loan	(59)	5
Other	(23)	(3)
(Increase) decrease in operating working capital	259	(590)
Net cash provided by operations	2,603	1,359
Investing Activities		
Capital expenditures	(1,070)	(1,560)
Capital projects in development	(4)	(4)
Contributions to equity investments	(233)	(245)
Other distributions from equity investments	—	5
Deferred amounts and other	43	68
Net cash (used in) provided by investing activities	(1,264)	(1,736)
Financing Activities		
Notes payable issued (repaid), net	985	1,147
Long-term debt issued, net of issue costs	6	2,427
Long-term debt repaid	(510)	(2,009)
Junior subordinated notes issued, net of issue costs	496	1,054
Dividends on common shares	(884)	(855)
Dividends on preferred shares	(27)	(28)
Common shares issued, net of issue costs	62	30
Distributions to non-controlling interests and other	(377)	(220)
Amounts related to factoring arrangement	(226)	—
Loan from affiliate	32	—
Net cash (used in) provided by financing activities	(443)	1,546
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	19	(8)
Increase (Decrease) in Cash and Cash Equivalents	915	1,161
Cash and Cash Equivalents - Beginning of period	168	801
Cash and Cash Equivalents - End of period	1,083	1,962

See accompanying Notes to the Condensed consolidated financial statements.

Condensed consolidated balance sheet

(unaudited - millions of Canadian \$)	March 31, 2026	December 31, 2025
ASSETS		
Current Assets		
Cash and cash equivalents	1,083	168
Accounts receivable	2,380	2,794
Inventories	857	782
Other current assets	2,503	2,375
Current assets of discontinued operations	5	197
	6,828	6,316
Plant, Property and Equipment	net of accumulated depreciation of \$37,754 and \$36,951, respectively	71,054
Net Investment in Leases	8,230	8,110
Equity Investments	11,435	11,358
Restricted Investments	3,563	3,502
Regulatory Assets	2,974	2,913
Goodwill	13,244	13,016
Other Long-Term Assets	2,533	2,482
	120,828	118,751
LIABILITIES		
Current Liabilities		
Notes payable	2,223	1,200
Accounts payable and other	4,910	5,274
Dividends payable	933	901
Accrued interest	843	858
Current portion of long-term debt	1,424	1,545
Current liabilities of discontinued operations	169	181
	10,502	9,959
Regulatory Liabilities	5,946	5,841
Other Long-Term Liabilities	1,087	1,034
Deferred Income Tax Liabilities	7,973	7,677
Long-Term Debt	45,411	45,247
Junior Subordinated Notes	12,751	12,094
	83,670	81,852
EQUITY		
Common shares, no par value	30,287	30,218
Issued and outstanding:	March 31, 2026 – 1,042 million shares December 31, 2025 – 1,041 million shares	
Preferred shares	2,255	2,255
Retained earnings (Accumulated deficit)	(5,947)	(5,925)
Accumulated other comprehensive income (loss)	935	747
Controlling Interests	27,530	27,295
Non-Controlling Interests	9,628	9,604
	37,158	36,899
	120,828	118,751

Commitments, Contingencies and Guarantees (Note 13)

Variable Interest Entities (Note 14)

See accompanying Notes to the Condensed consolidated financial statements.

Condensed consolidated statement of equity

(unaudited - millions of Canadian \$)	three months ended March 31	
	2026	2025
Common Shares		
Balance at beginning of period	30,218	30,101
Shares issued:		
Exercise of stock options	69	35
Balance at end of period	30,287	30,136
Preferred Shares		
Balance at beginning and end of period	2,255	2,499
Additional Paid-In Capital		
Balance at beginning of period	—	—
Exercise and forfeitures of stock options	(6)	(2)
Reclassification of additional paid-in capital deficit to accumulated deficit	6	2
Balance at end of period	—	—
Accumulated Deficit		
Balance at beginning of period	(5,925)	(5,241)
Net income (loss) attributable to controlling interests	927	1,006
Common share dividends	(914)	(884)
Preferred share dividends	(29)	(26)
Reclassification of additional paid-in capital deficit to accumulated deficit	(6)	(2)
Balance at end of period	(5,947)	(5,147)
Accumulated Other Comprehensive Income (Loss)		
Balance at beginning of period	747	233
Other comprehensive income (loss) attributable to controlling interests	188	(28)
Balance at end of period	935	205
Equity Attributable to Controlling Interests	27,530	27,693
Equity Attributable to Non-Controlling Interests		
Balance at beginning of period	9,604	10,768
Net income (loss) attributable to non-controlling interests	224	169
Other comprehensive income (loss) attributable to non-controlling interests	177	(20)
Distributions declared to non-controlling interests	(377)	(171)
Balance at end of period	9,628	10,746
Total Equity	37,158	38,439

See accompanying Notes to the Condensed consolidated financial statements.

Notes to Condensed consolidated financial statements

(unaudited)

1. BASIS OF PRESENTATION

These Condensed consolidated financial statements of TC Energy Corporation (TC Energy or the Company) have been prepared by management in accordance with U.S. GAAP. The accounting policies applied are consistent with those outlined in TC Energy's annual audited Consolidated financial statements for the year ended December 31, 2025, except as described in Note 2, Accounting changes. Capitalized and abbreviated terms that are used but not otherwise defined herein are identified in TC Energy's 2025 Annual Report.

These Condensed consolidated financial statements reflect adjustments, all of which are normal recurring adjustments that are, in the opinion of management, necessary to reflect fairly the financial position and results of operations for the respective periods. These Condensed consolidated financial statements do not include all disclosures required in the annual financial statements and should be read in conjunction with the 2025 audited Consolidated financial statements included in TC Energy's 2025 Annual Report. Certain comparative figures have been adjusted to reflect the current period's presentation.

On October 1, 2024, TC Energy completed the spinoff of its Liquids Pipelines business into the new public company, South Bow Corporation (South Bow) (the Spinoff Transaction). The results of the Liquids Pipelines business are presented as discontinued operations and have been excluded from continuing operations and segment disclosures for all periods presented.

Earnings for interim periods may not be indicative of results for the fiscal year in certain of the Company's segments primarily due to:

- Natural gas pipelines segments – the timing of regulatory decisions and negotiated rate case settlements as well as seasonal fluctuations in short-term throughput volumes on U.S. pipelines and marketing activities
- Power and Energy Solutions – the impacts of seasonal weather conditions on customer demand, market supply and prices of natural gas and power as well as maintenance outages in certain of the Company's investments in electrical power generation plants and Canadian non-regulated natural gas storage facilities and marketing activities.

In addition to the factors mentioned above, revenues and segmented earnings are impacted by fluctuations in foreign exchange rates, mainly related to the Company's U.S. dollar-denominated operations and Mexican peso-denominated exposure.

Use of Estimates and Judgments

In preparing these Condensed consolidated financial statements, TC Energy is required to make estimates and assumptions that affect both the amount and timing of recording assets, liabilities, revenues and expenses since the determination of these items may be dependent on future events. The Company uses the most current information available and exercises careful judgment in making these estimates and assumptions. In the opinion of management, these Condensed consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the Company's significant accounting policies included in the annual audited Consolidated financial statements for the year ended December 31, 2025, except as described in Note 2, Accounting changes.

2. ACCOUNTING CHANGES

Future Accounting Changes

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued new guidance requiring additional disclosure on the nature of expenses included in the income statement. The new standard requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. The new guidance is effective for annual periods beginning January 1, 2027 and interim periods beginning January 1, 2028. Early adoption is permitted. The guidance is applied prospectively with retrospective application permitted. The Company is currently assessing the impact of the standard on the Company's consolidated financial statements.

Internal-Use Software

In September 2025, the FASB issued updated guidance for accounting for internal-use software costs. The updated guidance removes references to project development stages and outlines revised guidance for when capitalization begins for internal-use software costs. The guidance is effective for annual and interim periods beginning January 1, 2028. Early adoption is permitted as of the beginning of an annual reporting period. The guidance can be applied prospectively, retrospectively, or with a modified transition approach. The Company is currently assessing the impact of the standard on the Company's consolidated financial statements.

Hedge Accounting Improvements

In November 2025, the FASB issued new guidance to further align hedge accounting with the economics of an entity's risk management activities. The amendments are intended to allow entities to achieve and maintain hedge accounting for highly effective hedges of forecasted transactions. The new guidance is effective for interim and annual reporting periods beginning January 1, 2027. Early adoption is permitted. The guidance is applied on a prospective basis for all hedging relationships that exist at the date of adoption. The Company is currently assessing the impact of the standard on the Company's consolidated financial statements.

Government Grants

In December 2025, the FASB established authoritative guidance on the recognition, measurement and presentation requirements for government grants received. The new guidance is effective for annual and interim periods beginning January 1, 2029. Early adoption is permitted. The guidance can be applied with a modified prospective, a modified retrospective, or a retrospective approach. The Company is currently assessing the impact of the standard on the Company's consolidated financial statements.

3. DISCONTINUED OPERATIONS

Spinoff of Liquids Pipelines Business

For the three months ended March 31, 2026 and 2025, the Company did not recognize any income or loss from discontinued operations.

For the three months ended March 31, 2026 net cash provided by operations of discontinued operations was \$168 million (2025 – \$56 million used in operations).

At March 31, 2026, the Company reported current assets of discontinued operations of \$5 million (December 31, 2025 – \$197 million) and current liabilities of discontinued operations of \$169 million (December 31, 2025 – \$181 million).

4. SEGMENTED INFORMATION

three months ended March 31, 2026 (unaudited - millions of Canadian \$)	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Power and Energy Solutions	Corporate ¹	Total
Revenues	1,454	1,769	426	211	1	3,861
Intersegment revenues ²	—	26	—	54	(80)	—
	1,454	1,795	426	265	(79)	3,861
Income (loss) from equity investments	26	121	45	145	—	337
Operating costs ²	(561)	(585)	(58)	(176)	76	(1,304)
Depreciation and amortization	(410)	(256)	(24)	(33)	—	(723)
Segmented Earnings (Losses)	509	1,075	389	201	(3)	2,171
Interest expense						(838)
Allowance for funds used during construction						39
Foreign exchange gains (losses), net						—
Interest income and other						33
Income (Loss) before Income Taxes						1,405
Income tax (expense) recovery						(254)
Net Income (Loss)						1,151
Net (income) loss attributable to non-controlling interests						(224)
Net Income (Loss) Attributable to Controlling Interests						927
Preferred share dividends						(28)
Net Income (Loss) Attributable to Common Shares						899
Capital Spending						
Capital expenditures	357	676	20	13	4	1,070
Capital projects in development	—	—	—	4	—	4
Contributions to equity investments	—	—	—	233	—	233
	357	676	20	250	4	1,307

1 Includes intersegment eliminations.

2 The Company records intersegment sales at contracted rates. For segmented reporting, these transactions are included as Intersegment revenues in the segment providing the service and Operating costs in the segment receiving the service. These transactions are eliminated on consolidation. Intersegment profit is recognized when the product or service has been provided to third parties or otherwise realized.

three months ended March 31, 2025	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Power and Energy Solutions	Corporate ¹	Total
(unaudited - millions of Canadian \$)						
Revenues	1,371	1,858	226	162	6	3,623
Intersegment revenues ²	—	26	—	—	(26)	—
	1,371	1,884	226	162	(20)	3,623
Income (loss) from equity investments	30	98	34	143	—	305
Operating costs ²	(511)	(621)	(25)	(142)	15	(1,284)
Depreciation and amortization	(374)	(252)	(24)	(28)	—	(678)
Segmented Earnings (Losses)	516	1,109	211	135	(5)	1,966
Interest expense						(840)
Allowance for funds used during construction						248
Foreign exchange gains (losses), net						43
Interest income and other						51
Income (Loss) before Income Taxes						1,468
Income tax (expense) recovery						(293)
Net Income (Loss)						1,175
Net (income) loss attributable to non-controlling interests						(169)
Net Income (Loss) Attributable to Controlling Interests						1,006
Preferred share dividends						(28)
Net Income (Loss) Attributable to Common Shares						978
Capital Spending						
Capital expenditures	416	804	305	30	5	1,560
Capital projects in development	—	—	—	4	—	4
Contributions to equity investments	—	54	—	191	—	245
	416	858	305	225	5	1,809

1 Includes intersegment eliminations.

2 The Company records intersegment sales at contracted rates. For segmented reporting, these transactions are included as Intersegment revenues in the segment providing the service and Operating costs in the segment receiving the service. These transactions are eliminated on consolidation. Intersegment profit is recognized when the product or service has been provided to third parties or otherwise realized.

Total Assets by Segment

(unaudited - millions of Canadian \$)	March 31, 2026	December 31, 2025
Canadian Natural Gas Pipelines	31,368	31,371
U.S. Natural Gas Pipelines	57,909	56,617
Mexico Natural Gas Pipelines	16,448	16,342
Power and Energy Solutions	10,782	10,764
Corporate	4,316	3,460
	120,823	118,554
Discontinued Operations	5	197
	120,828	118,751

5. REVENUES

Disaggregation of Revenues

The following tables summarize total Revenues for the three months ended March 31, 2026 and 2025:

three months ended March 31, 2026	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Power and Energy Solutions	Total
(unaudited - millions of Canadian \$)					
Revenues from contracts with customers					
Capacity arrangements and transportation	1,454	1,618	106	—	3,178
Power generation	—	—	—	54	54
Natural gas storage and other ¹	—	324	73	93	490
	1,454	1,942	179	147	3,722
Sales-type lease income	—	—	247	—	247
Other revenues ²	—	(173)	—	64	(109)
	1,454	1,769	426	211	3,860
Corporate revenues ³					1
					3,861

1 The Mexico Natural Gas Pipelines segment includes \$67 million of revenues generated from non-lease components for the provision of operating and maintenance services with respect to sales-type leases on the in-service Transportadora de Gas Natural de La Huasteca (TGNH) pipelines.

2 Includes the Company's marketing activities, financial instruments and \$31 million of operating lease income. Refer to Note 12, Risk management and financial instruments, for additional information.

3 Revenues generated from the Transition Services Agreement with South Bow.

three months ended March 31, 2025	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Power and Energy Solutions	Total
(unaudited - millions of Canadian \$)					
Revenues from contracts with customers					
Capacity arrangements and transportation	1,371	1,528	113	—	3,012
Power generation	—	—	—	62	62
Natural gas storage and other ¹	—	258	32	115	405
	1,371	1,786	145	177	3,479
Sales-type lease income	—	—	81	—	81
Other revenues ²	—	72	—	(15)	57
	1,371	1,858	226	162	3,617
Corporate revenues ³					6
					3,623

1 The Mexico Natural Gas Pipelines segment includes \$26 million of revenues generated from non-lease components for the provision of operating and maintenance services with respect to sales-type leases on the in-service TGNH pipelines.

2 Includes the Company's marketing activities, financial instruments and \$30 million of operating lease income. Refer to Note 12, Risk management and financial instruments, for additional information.

3 Revenues generated from the Transition Services Agreement with South Bow.

Contract Balances

(unaudited - millions of Canadian \$)	March 31, 2026	December 31, 2025	Affected line item on the Condensed consolidated balance sheet
Receivables from contracts with customers	1,665	1,822	Accounts receivable
Contract assets	295	216	Other current assets
Long-term contract assets	622	627	Other long-term assets
Contract liabilities ¹	73	46	Accounts payable and other

1 During the three months ended March 31, 2026, \$19 million (2025 – \$13 million) of revenues were recognized that were included in contract liabilities at the beginning of the period.

Contract assets and long-term contract assets primarily relate to the Company's right to revenues for services completed but not invoiced at the reporting date on long-term committed capacity natural gas pipelines contracts. The change in contract assets is primarily related to the transfer to Accounts receivable when these rights become unconditional and the customer is invoiced, as well as the recognition of additional revenues that remain to be invoiced. Contract liabilities primarily represent unearned revenue for contracted services.

Future Revenues from Remaining Performance Obligations

At March 31, 2026, future revenues from long-term pipeline capacity arrangements and transportation as well as natural gas storage and other contracts extending through 2055 are approximately \$33.7 billion, of which approximately \$5.7 billion is expected to be recognized during the remainder of 2026.

6. INCOME TAXES

Effective Tax Rates

The effective income tax rates were 18 per cent and 20 per cent for the three months ended March 31, 2026 and 2025, respectively. The decrease in the effective income tax rate is primarily due to the impact of Mexico foreign exchange exposure partially offset by a change in the geographic and business mix of earnings and higher flow-through income taxes.

7. LONG-TERM DEBT

Long-Term Debt Repaid/Retired

Long-term debt repaid/retired by the Company in the three months ended March 31, 2026 included the following:

(unaudited - millions of Canadian \$, unless otherwise noted)				
Company	Repayment date	Type	Amount	Interest rate
TransCanada Pipelines Limited				
	February 2026	Medium Term Notes	241	8.29%
TC Energía Mexicana, S. de R.L. de C.V.				
	March 2026	Senior Unsecured Term Loan	US 168	Floating

Subsequent Debt Repayment

On April 13, 2026, TCPL fully repaid and retired \$400 million of medium term notes bearing interest at a fixed rate of 4.35 per cent.

Capitalized Interest

In the three months ended March 31, 2026, TC Energy capitalized interest related to capital projects of \$4 million (2025 – \$3 million).

8. JUNIOR SUBORDINATED NOTES

Junior Subordinated Notes Issued

Junior subordinated notes issued by the Company in the three months ended March 31, 2026 included the following:

(unaudited - millions of Canadian \$, unless otherwise noted)					
Company	Issue date	Type	Maturity date	Amount	Interest rate
TransCanada Pipelines Limited					
	February 2026	Junior Subordinated Notes	August 2056	500	5.13%

In February 2026, TCPL issued \$500 million of junior subordinated notes maturing in 2056 with a fixed interest rate of 5.13 per cent per year until August 20, 2031. The rate on the junior subordinated notes will reset every five years commencing August 2031 until August 2056 to the then Five-Year Government of Canada Yield, as defined in the document governing the subordinated notes, plus 2.24 per cent per annum, subject to a rate-reset minimum. The junior subordinated notes are callable at TCPL's option at any time from May 20, 2031 to August 20, 2031 and on each interest payment and reset date thereafter at 100 per cent of the principal amount plus accrued and unpaid interest to the date of redemption.

Subsequent Junior Subordinated Notes Issued

On April 17, 2026, TCPL issued US\$500 million of junior subordinated notes maturing in October 2056 with a fixed interest rate of 6.13 per cent until October 17, 2031, and resetting every five years thereafter. The rate on the junior subordinated notes will reset every five years commencing October 2031 until October 2056 to the then current Five-Year Treasury Rate, as defined in the document governing the subordinated notes, plus 2.25 per cent per annum, subject to a rate-reset minimum. The junior subordinated notes are callable at TCPL's option at any time from July 17, 2031 to October 17, 2031 and on each interest payment and reset date thereafter at 100 per cent of the principal amount plus accrued and unpaid interest to the date of redemption.

On April 17, 2026, TCPL issued US\$500 million of junior subordinated notes maturing in October 2056 with a fixed interest rate of 6.38 per cent until October 17, 2036, and resetting every five years thereafter. The rate on the junior subordinated notes will reset every five years commencing October 2036 until October 2056 to the then current Five-Year Treasury Rate, as defined in the document governing the subordinated notes, plus 2.12 per cent per annum, subject to a rate-reset minimum. The junior subordinated notes are callable at TCPL's option at any time from July 17, 2036 to October 17, 2036 and on each interest payment and reset date thereafter at 100 per cent of the principal amount plus accrued and unpaid interest to the date of redemption.

Pursuant to the terms of the junior subordinated notes issued in 2026, TCPL has the option to defer payment of interest for one or more periods of up to ten years without giving rise to an event of default and without permitting acceleration of payment. TC Energy and TCPL would be prohibited from declaring or paying dividends during any deferral period. The junior subordinated notes are subordinated in right of payment to existing and future senior indebtedness and other obligations of TCPL.

9. COMMON SHARES AND PREFERRED SHARES

The Board of Directors of TC Energy declared quarterly dividends as follows:

(unaudited - Canadian \$, rounded to two decimals unless otherwise noted)	three months ended March 31	
	2026	2025
per common share	0.8775	0.85
per Series 1 preferred share	0.31	0.31
per Series 2 preferred share	0.26	0.33
per Series 3 preferred share	0.26	0.11
per Series 4 preferred share	0.22	0.29
per Series 5 preferred share	0.28	0.12
per Series 6 preferred share	—	0.29
per Series 7 preferred share	0.37	0.37
per Series 9 preferred share	0.32	0.32
per Series 10 preferred share	0.28	0.34

On January 30, 2026, the remaining 1,929,407 Series 6 preferred shares were converted, on a one-for-one basis, into 1,929,407 Series 5 preferred shares and Series 6 preferred shares were delisted from the TSX at the close of markets on January 30, 2026.

10. OTHER COMPREHENSIVE INCOME (LOSS) AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Components of other comprehensive income (loss), including the portion attributable to non-controlling interests and related tax effects, were as follows:

three months ended March 31, 2026			
(unaudited - millions of Canadian \$)	Before tax amount	Income tax (expense) recovery	Net of tax amount
Foreign currency translation gains and losses on net investment in foreign operations	360	4	364
Change in fair value of cash flow hedges	36	(9)	27
Reclassification to net income of (gains) losses on cash flow hedges	(22)	5	(17)
Other comprehensive income (loss) on equity investments	(13)	4	(9)
Other Comprehensive Income (Loss)	361	4	365

three months ended March 31, 2025			
(unaudited - millions of Canadian \$)	Before tax amount	Income tax (expense) recovery	Net of tax amount
Foreign currency translation gains and losses on net investment in foreign operations	(40)	(1)	(41)
Change in fair value of net investment hedges	1	—	1
Change in fair value of cash flow hedges	4	(1)	3
Reclassification to net income of (gains) losses on cash flow hedges	2	(1)	1
Other comprehensive income (loss) on equity investments	(17)	5	(12)
Other Comprehensive Income (Loss)	(50)	2	(48)

The changes in AOCI by component, net of tax, were as follows:

three months ended March 31, 2026					
(unaudited - millions of Canadian \$)	Currency translation adjustments	Cash flow hedges	Pension and other post-retirement benefit plans adjustments	Equity investments	Total
AOCI balance at January 1, 2026	22	(7)	101	631	747
Other comprehensive income (loss) before reclassifications ¹	187	27	—	(11)	203
Amounts reclassified from AOCI ²	—	(17)	—	2	(15)
Net current period other comprehensive income (loss)	187	10	—	(9)	188
AOCI balance at March 31, 2026	209	3	101	622	935

- Other comprehensive income (loss) before reclassifications on currency translation adjustments is net of non-controlling interest gains of \$177 million (2025 – losses of \$20 million).
- Gains related to cash flow hedges reported in AOCI and expected to be reclassified to net income in the next 12 months are estimated to be \$13 million (\$10 million after tax) at March 31, 2026. These estimates assume constant commodity prices, interest rates and foreign exchange rates over time; however, the amounts reclassified will vary based on the actual value of these factors at the date of settlement.

Details about reclassifications out of AOCI into the Condensed consolidated statement of income were as follows:

(unaudited - millions of Canadian \$)	three months ended March 31		Affected line item in the Condensed consolidated statement of income ¹
	2026	2025	
Cash flow hedges			
Commodities	5	4	Revenues (Power and Energy Solutions)
Foreign exchange	20	(3)	Interest expense and Foreign exchange gains (losses), net
Interest rate	(3)	(3)	Interest expense
	22	(2)	Total before tax
	(5)	1	Income tax (expense) recovery
	17	(1)	Net of tax
Equity investments			
Equity income (loss)	(2)	2	Income (loss) from equity investments
	—	—	Income tax (expense) recovery
	(2)	2	Net of tax

1 All amounts in parentheses indicate expenses to the Condensed consolidated statement of income.

11. EMPLOYEE POST-RETIREMENT BENEFITS

The components of the net benefit cost (recovery) recognized for the Company's pension benefit plans and other post-retirement benefit plans were as follows:

(unaudited - millions of Canadian \$)	three months ended March 31			
	Pension benefit plans		Other post-retirement benefit plans	
	2026	2025	2026	2025
Service cost ¹	22	25	—	—
Other components of net benefit cost (recovery)¹				
Interest cost	41	41	3	4
Expected return on plan assets	(63)	(63)	(4)	(4)
Amortization of past service costs	—	—	(1)	—
	(22)	(22)	(2)	—
Net Benefit Cost (Recovery)	—	3	(2)	—

1 Service cost and other components of net benefit cost (recovery) are included in Plant operating costs and other in the Condensed consolidated statement of income.

12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Risk Management Overview

TC Energy has exposure to market risk and counterparty credit risk and has strategies, policies and limits in place to manage the impact of these risks on its earnings, cash flows and, ultimately, shareholder value.

Counterparty Credit Risk

TC Energy's exposure to counterparty credit risk includes its cash and cash equivalents, accounts receivable, available-for-sale assets, the fair value of derivative assets, net investment in leases and certain contract assets in Mexico.

Market events causing disruptions in global energy demand and supply may contribute to economic uncertainties impacting a number of TC Energy's customers. While the majority of the Company's credit exposure is to large creditworthy entities, TC Energy maintains close monitoring and communication with those counterparties experiencing greater financial pressures. Refer to TC Energy's 2025 Annual Report for more information about the factors that mitigate the Company's counterparty credit risk exposure.

The Company reviews financial assets carried at amortized cost for impairment using the lifetime expected loss of the financial asset at initial recognition and throughout the life of the financial asset. TC Energy uses historical credit loss and recovery data, adjusted for management's judgment regarding current economic and credit conditions, along with reasonable and supportable forecasts to determine any impairment, which is recognized in Plant operating costs and other.

For the three months ended March 31, 2026, the Company recorded an expense of \$17 million (2025 – recovery of \$2 million) on the expected credit loss (ECL) provision before tax with respect to the net investment in leases associated with in-service TGNH pipelines.

At March 31, 2026, the balance of the ECL provision was \$162 million (December 31, 2025 – \$141 million) with respect to the net investment in leases associated with in-service TGNH pipelines.

The ECL provision is driven primarily by a probability of default measure for the counterparty, which is calculated using information published by an external third party.

Other than the ECL provision noted above, the Company had no significant credit losses at March 31, 2026, and there were no significant credit risk concentrations or amounts past due or impaired.

TC Energy has significant credit and performance exposure to financial institutions that hold cash deposits and provide committed credit lines and letters of credit that help manage the Company's exposure to counterparties and provide liquidity in commodity, foreign exchange and interest rate derivative markets. TC Energy's portfolio of financial sector exposure consists primarily of highly-rated investment grade, systemically important financial institutions.

Net Investment in Foreign Operations

The Company hedges a portion of its net investment in foreign operations (on an after-tax basis) with U.S. dollar-denominated debt as appropriate. The notional amounts and fair values of U.S. dollar-denominated debt designated as a net investment hedge were as follows:

(unaudited - millions of Canadian \$, unless otherwise noted)	March 31, 2026	December 31, 2025
Notional amount	23,900 (US 17,100)	25,700 (US 18,700)
Fair value	23,800 (US 17,100)	25,800 (US 18,800)

Non-Derivative Financial Instruments

Fair value of non-derivative financial instruments

Available-for-sale assets are recorded at fair value which is calculated using quoted market prices where available in addition to the Company's LMCI equity securities which are classified in Level I of the fair value hierarchy. Certain other non-derivative financial instruments included in Cash and cash equivalents, Accounts receivable, Other current assets, Net investment in leases, Restricted investments, Other long-term assets, Notes payable, Accounts payable and other, Dividends payable, Accrued interest and Other long-term liabilities have carrying amounts that approximate their fair value due to the nature of the item or the short time to maturity.

Credit risk has been taken into consideration when calculating the fair value of non-derivative financial instruments.

Balance sheet presentation of non-derivative financial instruments

The following table details the fair value of non-derivative financial instruments, excluding those where carrying amounts approximate fair value and would be classified in Level II of the fair value hierarchy:

(unaudited - millions of Canadian \$)	March 31, 2026		December 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt, including current portion ^{1,2}	(46,835)	(47,225)	(46,792)	(47,720)
Junior subordinated notes	(12,751)	(12,641)	(12,094)	(12,061)
	(59,586)	(59,866)	(58,886)	(59,781)

- 1 Long-term debt is recorded at amortized cost, except for \$4.7 billion (December 31, 2025 – \$4.0 billion) that is attributed to hedged risk and recorded at fair value.
- 2 Net income (loss) for the three months ended March 31, 2026 included unrealized gains of \$26 million (2025 – unrealized losses of \$88 million) for fair value adjustments attributable to the hedged interest rate risk associated with interest rate swap fair value hedging relationships.

The following tables summarize additional information about the Company's restricted investments that were classified as available-for-sale assets and equity securities with readily determinable fair values:

(unaudited - millions of Canadian \$)	March 31, 2026		December 31, 2025	
	LMCI restricted investments	Other restricted investments ¹	LMCI restricted investments	Other restricted investments ¹
Fair value of fixed income securities ^{2,3}				
Maturing within 1 year	—	121	—	94
Maturing within 1-5 years	41	256	26	251
Maturing within 5-10 years	1,861	4	1,846	4
Maturing after 10 years	—	17	—	16
Fair value of equity securities ^{2,4}	1,271	92	1,252	94
	3,173	490	3,124	459

- 1 Other restricted investments have been set aside to fund insurance claim losses to be paid by the Company's wholly-owned captive subsidiary and to pay for certain active employee medical benefits.
- 2 Available-for-sale assets and equity securities with readily determinable fair values are recorded at fair value and included in Other current assets and Restricted investments on the Company's Condensed consolidated balance sheet.
- 3 Classified in Level II of the fair value hierarchy.
- 4 Classified in Level I of the fair value hierarchy.

(unaudited - millions of Canadian \$)	March 31, 2026		March 31, 2025	
	LMCI restricted investments ¹	Other restricted investments ²	LMCI restricted investments ¹	Other restricted investments ²
Net unrealized gains (losses) in the period	(14)	(6)	36	3
Net realized gains (losses) in the period ³	—	—	(16)	—

- 1 Unrealized and realized gains (losses) arising from changes in the fair value of LMCI restricted investments impact the subsequent amounts to be collected through tolls to cover future pipeline abandonment costs. As a result, the Company records these gains and losses as regulatory liabilities or regulatory assets.
- 2 Unrealized and realized gains (losses) on other restricted investments are included in Interest income and other in the Condensed consolidated statement of income.
- 3 Realized gains (losses) on the sale of LMCI restricted investments are determined using the average cost basis.

Derivative Instruments

Fair value of derivative instruments

The fair value of foreign exchange and interest rate derivatives has been calculated using the income approach which uses period-end market rates and applies a discounted cash flow valuation model. The fair value of commodity derivatives has been calculated using quoted market prices where available. In the absence of quoted market prices, third-party broker quotes or other valuation techniques have been used. The fair value of options has been calculated using the Black-Scholes pricing model. Credit risk has been taken into consideration when calculating the fair value of derivative instruments. Unrealized gains and losses on derivative instruments are not necessarily representative of the amounts that will be realized on settlement.

In some cases, even though the derivatives are considered to be effective economic hedges, they do not meet the specific criteria for hedge accounting treatment or are not designated as a hedge and are accounted for at fair value with changes in fair value recorded in net income in the period of change. This may expose the Company to increased variability in reported earnings because the fair value of the derivative instruments can fluctuate significantly from period to period.

The recognition of gains and losses on derivatives for Canadian natural gas regulated pipeline exposures is determined through the regulatory process. Gains and losses arising from changes in the fair value of derivatives accounted for as part of rate-regulated accounting, including those that qualify for hedge accounting treatment, are expected to be refunded or recovered through the tolls charged by the Company. As a result, these gains and losses are deferred as regulatory liabilities or regulatory assets and are refunded to or collected from the rate payers in subsequent years when the derivative settles.

Balance sheet presentation of derivative instruments

The balance sheet classification of the fair value of derivative instruments was as follows:

at March 31, 2026 (unaudited - millions of Canadian \$)	Cash flow hedges	Fair value hedges	Held for trading	Total fair value of derivative instruments ¹
Other current assets				
Commodities ²	19	—	418	437
Foreign exchange	7	—	28	35
Interest rate	—	4	—	4
	26	4	446	476
Other long-term assets				
Commodities ²	6	—	119	125
Foreign exchange	—	—	1	1
Interest rate	—	14	—	14
	6	14	120	140
Total Derivative Assets	32	18	566	616
Accounts payable and other				
Commodities ²	—	—	(507)	(507)
Foreign exchange	—	—	(55)	(55)
Interest rate	—	(9)	—	(9)
	—	(9)	(562)	(571)
Other long-term liabilities				
Commodities ²	—	—	(72)	(72)
Foreign exchange	(31)	—	(9)	(40)
Interest rate	—	(52)	—	(52)
	(31)	(52)	(81)	(164)
Total Derivative Liabilities	(31)	(61)	(643)	(735)
Total Derivatives	1	(43)	(77)	(119)

1 Fair value equals carrying value.

2 Includes purchases and sales of power and natural gas.

at December 31, 2025 (unaudited - millions of Canadian \$)	Cash flow hedges	Fair value hedges	Held for trading	Total fair value of derivative instruments ¹
Other current assets				
Commodities ²	13	—	371	384
Foreign exchange	9	—	42	51
Interest rate	—	3	—	3
	22	3	413	438
Other long-term assets				
Commodities ²	2	—	122	124
Foreign exchange	—	—	15	15
Interest rate	—	22	—	22
	2	22	137	161
Total Derivative Assets	24	25	550	599
Accounts payable and other				
Commodities ²	(1)	—	(341)	(342)
Foreign exchange	—	—	(30)	(30)
Interest rate	—	(8)	—	(8)
	(1)	(8)	(371)	(380)
Other long-term liabilities				
Commodities ²	(1)	—	(61)	(62)
Foreign exchange	(51)	—	(2)	(53)
Interest rate	—	(34)	—	(34)
	(52)	(34)	(63)	(149)
Total Derivative Liabilities	(53)	(42)	(434)	(529)
Total Derivatives	(29)	(17)	116	70

1 Fair value equals carrying value.

2 Includes purchases and sales of power and natural gas.

The majority of derivative instruments held for trading have been entered into for risk management purposes and all are subject to the Company's risk management strategies, policies and limits. These include derivatives that have not been designated as hedges or do not qualify for hedge accounting treatment but have been entered into as economic hedges to manage the Company's exposures to market risk.

Non-derivatives in fair value hedging relationships

The following table details amounts recorded on the Condensed consolidated balance sheet in relation to cumulative adjustments for fair value hedges included in the carrying amount of the hedged liabilities:

(unaudited - millions of Canadian \$)	Carrying amount		Fair value hedging adjustments ¹	
	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025
Long-term debt	(4,711)	(4,068)	4	(22)

1 At March 31, 2026 and December 31, 2025, adjustments for discontinued hedging relationships included in this balance was a liability of \$39 million.

Notional and maturity summary

The maturity and notional amount or quantity outstanding related to the Company's derivative instruments was as follows:

at March 31, 2026 (unaudited)	Power	Natural gas	Foreign exchange	Interest rate
Net sales (purchases) ¹	10,359	55	—	—
Millions of U.S. dollars	—	—	6,592	3,200
Millions of Canadian dollars	—	—	—	250
Millions of Mexican pesos	—	—	18,750	—
Maturity dates	2026-2044	2026-2032	2026-2030	2030-2039

1 Volumes for power and natural gas derivatives are in GWh and Bcf, respectively.

at December 31, 2025 (unaudited)	Power	Natural gas	Foreign exchange	Interest rate
Net sales (purchases) ¹	10,221	26	—	—
Millions of U.S. dollars	—	—	6,342	2,950
Millions of Mexican pesos	—	—	15,750	—
Maturity dates	2026-2044	2026-2032	2026-2030	2030-2034

1 Volumes for power and natural gas derivatives are in GWh and Bcf, respectively.

Unrealized and Realized Gains (Losses) on Derivative Instruments

The following summary does not include hedges of the net investment in foreign operations:

(unaudited - millions of Canadian \$)	three months ended March 31	
	2026	2025
Derivative Instruments Held for Trading¹		
Unrealized gains (losses) in the period		
Commodities	(128)	(75)
Foreign exchange	(60)	58
Realized gains (losses) in the period		
Commodities	(249)	(29)
Foreign exchange	5	(8)
Interest rate	1	2
Derivative Instruments in Hedging Relationships		
Realized gains (losses) in the period		
Commodities	11	9
Foreign exchange	2	1
Interest rate	(3)	(9)

1 Realized and unrealized gains (losses) on held-for-trading derivative instruments used to purchase and sell commodities are included on a net basis in Revenues in the Condensed consolidated statement of income. Realized and unrealized gains (losses) on foreign exchange and interest rate held-for-trading derivative instruments are included on a net basis in Foreign exchange (gains) losses, net and Interest expense, respectively, in the Condensed consolidated statement of income.

Derivatives in cash flow hedging relationships

The components of OCI (Note 10) related to the change in fair value of derivatives in cash flow hedging relationships before tax were as follows:

(unaudited - millions of Canadian \$, pre tax)	three months ended March 31	
	2026	2025
Gains (losses) in fair value of derivative instruments recognized in OCI		
Commodities	16	14
Foreign exchange	20	(10)
	36	4

Effect of fair value and cash flow hedging relationships

The following table details amounts presented in the Condensed consolidated statement of income in which the effects of fair value or cash flow hedging relationships were recorded:

(unaudited - millions of Canadian \$)	three months ended March 31	
	2026	2025
Fair Value Hedges		
Interest rate contracts ¹		
Hedged items	(52)	(44)
Derivatives designated as hedging instruments	(3)	(9)
Cash Flow Hedges		
Reclassification of gains (losses) on derivative instruments from AOCI to Net income (loss) ²		
Commodities ³	5	4
Foreign exchange ⁴	20	(3)
Interest rate ¹	(3)	(3)

1 Presented within Interest expense in the Condensed consolidated statement of income.

2 Refer to Note 10, Other comprehensive income (loss) and accumulated other comprehensive income (loss), for the components of OCI related to derivatives in cash flow hedging relationships.

3 Presented within Revenues (Power and Energy Solutions) in the Condensed consolidated statement of income.

4 Presented within Interest expense and Foreign exchange (gains) losses, net in the Condensed consolidated statement of income.

Offsetting of derivative instruments

The Company enters into derivative contracts with the right to offset in the normal course of business as well as in the event of default. TC Energy has no master netting agreements; however, similar contracts are entered into containing rights to offset. The Company has elected to present the fair value of derivative instruments with the right to offset on a gross basis on the Condensed consolidated balance sheet. The following tables show the impact on the presentation of the fair value of derivative instrument assets and liabilities had the Company elected to present these contracts on a net basis:

at March 31, 2026 (unaudited - millions of Canadian \$)	Gross derivative instruments	Amounts available for offset ¹	Net amounts
Derivative instrument assets			
Commodities	562	(464)	98
Foreign exchange	36	(36)	—
Interest rate	18	(8)	10
	616	(508)	108
Derivative instrument liabilities			
Commodities	(579)	464	(115)
Foreign exchange	(95)	36	(59)
Interest rate	(61)	8	(53)
	(735)	508	(227)

1 Amounts available for offset do not include cash collateral pledged or received.

at December 31, 2025 (unaudited - millions of Canadian \$)	Gross derivative instruments	Amounts available for offset ¹	Net amounts
Derivative instrument assets			
Commodities	508	(367)	141
Foreign exchange	66	(48)	18
Interest rate	25	(5)	20
	599	(420)	179
Derivative instrument liabilities			
Commodities	(404)	367	(37)
Foreign exchange	(83)	48	(35)
Interest rate	(42)	5	(37)
	(529)	420	(109)

1 Amounts available for offset do not include cash collateral pledged or received.

With respect to the derivative instruments presented above, the Company provided cash collateral of \$159 million and letters of credit of \$151 million at March 31, 2026 (December 31, 2025 – \$93 million and \$73 million, respectively) to its counterparties. At March 31, 2026, the Company held cash collateral of \$3 million and \$128 million of letters of credit (December 31, 2025 – less than \$1 million and \$102 million, respectively) from counterparties on asset exposures. Only cash collateral that has been transferred and held at the reporting date is included in collateral disclosures. Margin payable but not yet posted of \$17 million at March 31, 2026 (December 31, 2025 – \$4 million) represents a financial obligation and is excluded from provided cash collateral balances.

Credit-risk-related contingent features of derivative instruments

Derivative contracts entered into to manage market risk often contain financial assurance provisions that allow parties to the contracts to manage credit risk. These provisions may require collateral to be provided if a credit-risk-related contingent event occurs, such as a downgrade in the Company's credit rating to non-investment grade. The Company may also need to provide collateral if the fair value of its derivative financial instruments exceeds pre-defined exposure limits.

Based on contracts in place and market prices at March 31, 2026, the aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position was \$8 million (December 31, 2025 – net liability of \$5 million), for which the Company has provided no collateral in the normal course of business. If the credit-risk-related contingent features in these agreements were triggered on March 31, 2026, the Company would have been required to provide collateral equal to the fair value of the related derivative instruments discussed above. Collateral may also need to be provided should the fair value of derivative instruments exceed pre-defined contractual exposure limit thresholds. The Company has sufficient liquidity in the form of cash and undrawn committed revolving credit facilities to meet these contingent obligations should they arise.

Fair Value Hierarchy

The Company's financial assets and liabilities recorded at fair value have been categorized into three categories based on a fair value hierarchy.

Levels	How fair value has been determined
Level I	Quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date. An active market is a market in which frequency and volume of transactions provides pricing information on an ongoing basis.
Level II	This category includes interest rate and foreign exchange derivative assets and liabilities where fair value is determined using the income approach and commodity derivatives where fair value is determined using the market approach. Inputs include published exchange rates, interest rates, interest rate swap curves, yield curves and broker quotes from external data service providers.
Level III	This category includes long-dated commodity transactions in certain markets where liquidity is low. The Company uses the most observable inputs available or alternatively long-term broker quotes or negotiated commodity prices that have been contracted for under similar terms in determining an appropriate estimate of these transactions. Where appropriate, these long-dated prices are discounted to reflect the expected pricing from the applicable markets. There is uncertainty caused by using unobservable market data which may not accurately reflect possible future changes in fair value.

The fair value of the Company's derivative assets and liabilities measured on a recurring basis, including both current and non-current portions, were categorized as follows:

at March 31, 2026	Quoted prices in active markets (Level I)	Significant other observable inputs (Level II) ¹	Significant unobservable inputs (Level III) ¹	Total
(unaudited - millions of Canadian \$)				
Derivative instrument assets				
Commodities	183	327	52	562
Foreign exchange	—	36	—	36
Interest rate	—	18	—	18
Derivative instrument liabilities				
Commodities	(171)	(403)	(5)	(579)
Foreign exchange	—	(95)	—	(95)
Interest rate	—	(61)	—	(61)
	12	(178)	47	(119)

1 There were no transfers from Level II to Level III for the three months ended March 31, 2026.

at December 31, 2025	Quoted prices in active markets (Level I)	Significant other observable inputs (Level II) ¹	Significant unobservable inputs (Level III) ¹	Total
(unaudited - millions of Canadian \$)				
Derivative instrument assets				
Commodities	154	279	75	508
Foreign exchange	—	66	—	66
Interest rate	—	25	—	25
Derivative instrument liabilities				
Commodities	(151)	(252)	(1)	(404)
Foreign exchange	—	(83)	—	(83)
Interest rate	—	(42)	—	(42)
	3	(7)	74	70

1 There were no transfers from Level II to Level III for the year ended December 31, 2025.

The Company has entered into contracts which commenced in 2025 and 2026 to sell 50 MW of power with terms ranging from 15 to 20 years provided from specified renewable sources in the Province of Alberta. The fair value of these contracts is classified in Level III of the fair value hierarchy and is based on the assumption that the contract volumes will be sourced approximately 70 per cent from wind generation, 10 per cent from solar generation and 20 per cent from the market (December 31, 2025 – 80 per cent wind generation, 10 per cent solar generation and 10 per cent market).

The following table presents the net change in fair value of derivative assets and liabilities classified as Level III of the fair value hierarchy:

(unaudited - millions of Canadian \$)	three months ended March 31	
	2026	2025
Balance at beginning of period	74	72
Net gains (losses) included in Net income (loss) ¹	(20)	(23)
Transfers to Level II	(3)	(2)
Purchases	(2)	—
Settlements	(2)	(2)
Balance at end of period	47	45

1 For the three months ended March 31, 2026, there were unrealized losses of \$18 million recognized in Revenues attributed to derivatives in the Level III category that were held at March 31, 2026 (2025 – unrealized losses of \$23 million).

13. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Commitments

Capital expenditure commitments include obligations related to the construction of growth projects and are based on the projects proceeding as planned. At March 31, 2026, TC Energy had approximately \$1.3 billion of capital expenditure commitments (December 31, 2025 – approximately \$0.8 billion) reflecting contractual commitments entered into for construction on U.S. natural gas pipelines, primarily related to the construction costs associated with ANR and other pipeline projects.

Contingencies

TC Energy and its subsidiaries are subject to various legal proceedings, arbitrations and actions arising in the normal course of business. While the final outcome of such legal proceedings and actions cannot be predicted with certainty, it is the opinion of management that the resolution of such normal course proceedings and actions will not have a material impact on the Company's consolidated financial position or results of operations.

Guarantees

TC Energy and its partner on the Sur de Texas pipeline, IEnova, have jointly guaranteed the financial performance of the entity which owns the pipeline. Such agreements include a guarantee and a letter of credit which are primarily related to the delivery of natural gas.

TC Energy and its joint venture partner on Bruce Power, BPC Generation Infrastructure Trust, have each severally guaranteed certain contingent financial obligations of Bruce Power related to a lease agreement and contractor and supplier services.

The Company and its partners in certain other jointly-owned entities have either (i) jointly and severally, (ii) jointly or (iii) severally guaranteed the financial performance of these entities. Such agreements include guarantees and letters of credit which are primarily related to construction services and the payment of liabilities. For certain of these entities, any payments made by TC Energy under these guarantees in excess of its ownership interest are to be reimbursed by its partners.

The carrying value of these guarantees has been included in Other long-term liabilities on the Condensed consolidated balance sheet. Information regarding the Company's guarantees is as follows:

(unaudited - millions of Canadian \$)	Term	March 31, 2026		December 31, 2025	
		Potential exposure ¹	Carrying value	Potential exposure ¹	Carrying value
Bruce Power	Renewable to 2065	88	—	88	—
Sur de Texas	Renewable to 2053	80	—	78	—
Other jointly-owned entities	to 2032	55	1	54	1
		223	1	220	1

1 TC Energy's share of the potential estimated current or contingent exposure.

14. VARIABLE INTEREST ENTITIES

Consolidated VIEs

A significant portion of the Company's assets are held through VIEs in which the Company holds a 100 per cent voting interest, the VIE meets the definition of a business and the VIE's assets can be used for general corporate purposes. The consolidated VIEs whose assets cannot be used for purposes other than for the settlement of the VIE's obligations, or are not considered a business, were as follows:

(unaudited - millions of Canadian \$)	March 31, 2026	December 31, 2025
ASSETS		
Current Assets		
Cash and cash equivalents	181	167
Accounts receivable	931	989
Inventories	216	211
Other current assets	82	65
	1,410	1,432
Plant, Property and Equipment	50,121	49,445
Equity Investments	1,036	979
Restricted Investments	1,189	1,150
Regulatory Assets	137	109
Goodwill	464	456
Other Long-Term Assets	164	93
	54,521	53,664
LIABILITIES		
Current Liabilities		
Notes Payable	1,178	535
Accounts payable and other	1,500	1,703
Accrued interest	238	216
Current portion of long-term debt	583	575
	3,499	3,029
Regulatory Liabilities	1,513	1,458
Other Long-Term Liabilities	57	51
Deferred Income Tax Liabilities	9	7
Long-Term Debt	14,117	13,904
	19,195	18,449

Non-Consolidated VIEs

The carrying value of non-consolidated VIEs and the maximum exposure to loss as a result of the Company's involvement with these VIEs are as follows:

(unaudited - millions of Canadian \$)	March 31, 2026	December 31, 2025
Balance Sheet Exposure		
Equity investments		
Bruce Power	7,746	7,780
Coastal GasLink	873	896
Other pipeline equity investments	158	158
Off-Balance Sheet Exposure¹		
Bruce Power	1,781	1,955
Coastal GasLink ²	200	200
Maximum Exposure to Loss	10,758	10,989

1 Includes maximum potential exposure to guarantees and future funding commitments.

2 TC Energy is contractually obligated to fund the capital costs to complete the Coastal GasLink pipeline by funding the remaining equity requirements of Coastal GasLink LP through incremental capacity on the subordinated loan agreement with Coastal GasLink LP until final costs are determined. In addition to the subordinated loan agreement, TC Energy has entered into an equity contribution agreement to fund a maximum of \$37 million for its proportionate share of the equity requirements related to the Cedar Link project.