Quarterly Report to Shareholders

TC Energy reports strong second quarter 2026 operating and financial results

Solid execution and asset performance support higher end of 2026 financial outlook
$0.7 billion of new growth projects sanctioned in second quarter, totaling approximately $3 billion of low-risk, accretive growth projects announced in 2026

CALGARY, Alberta – **July 30, 2026** – TC Energy Corporation (TSX, NYSE: TRP) (TC Energy or the Company) released its second quarter results today. François Poirier, TC Energy's President and Chief Executive Officer commented, "Driven by safe and reliable operations, we delivered strong financial results in the first half of 2026 and now expect to be at the upper end of our 2026 comparable EBITDA[1] outlook range of $11.6 to $11.8 billion. Our performance continues to underscore the strength of our diversified portfolio and our ability to consistently deliver low-risk, repeatable results." Poirier continued, "Over the past six months, we have sanctioned approximately $3 billion of new growth projects across our North American natural gas portfolio, including the announcement today of three natural gas pipeline projects. Two of these projects expand our U.S. natural gas footprint and are expected to deliver a weighted average build multiple[2] of approximately 5.8 times, supported by 20-year take-or-pay contracts. In Canada, the third project represents another step in expanding the NGTL System to serve growing customer demand through our Multi-Year Growth Plan (MYGP). Together, these investments reflect our disciplined approach to advancing capital-efficient, low-risk growth opportunities that create long-term value for shareholders."

Financial Highlights

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

- Second quarter 2026 financial results from continuing operations:
    - **Comparable earnings**[1] of $1.0 billion or $0.94 per common share[1] compared to $0.8 billion or $0.82 per common share in second quarter 2025
    - **Net income attributable to common shares** of $1.0 billion or $0.95 per common share compared to $0.9 billion or $0.83 per common share in second quarter 2025
    - **Comparable EBITDA** of $2.9 billion compared to $2.6 billion in second quarter 2025
    - **Segmented earnings** of $2.2 billion compared to $2.0 billion in second quarter 2025
- TC Energy's Board of Directors declared a quarterly dividend of $0.8775 per common share for the quarter ending September 30, 2026
- 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 at the upper end of our $11.6 to $11.8 billion range

[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] Build multiple is a non-GAAP ratio calculated by dividing capital expenditures by comparable EBITDA. Weighted average build multiple is calculated across all projects based on each project's capital expenditures.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.

◦ **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.[1]

Operational Highlights

- Canadian Natural Gas Pipelines deliveries averaged 24.2 Bcf/d, up one per cent compared to second quarter 2025
  - Canadian Mainline Western receipts averaged 4.6 Bcf/d, up four per cent compared to second quarter 2025
- U.S. Natural Gas Pipelines daily average flows were 27.0 Bcf/d, up five per cent compared to second quarter 2025
  - Deliveries to LNG facilities averaged 3.9 Bcf/d, up 13 per cent compared to second quarter 2025
  - North Baja set a new all-time delivery record of 886 MMcf on June 17, 2026
  - Gillis Access set a new all-time delivery record of 1.5 Bcf on July 3, 2026
- Mexico Natural Gas Pipelines flows averaged 3.4 Bcf/d, lower than second quarter 2025 primarily attributed to adjustments to pipeline flows
  - Deliveries to power generation facilities averaged 1.4 Bcf/d in second quarter 2026, in line with second quarter 2025
- Bruce Power achieved 98.5 per cent availability in second quarter 2026, with no forced outage days in the quarter
- Cogeneration power plant fleet achieved 89.6 per cent availability in second quarter 2026, primarily reflecting spring planned outages.

Project Highlights

- **Sanctioned $0.7 billion of low-risk, in-corridor expansion projects including:**
  - **Approved the Central Virginia Capacity project** with an expected build multiple[2] of 6.4x: an expansion project on our Columbia Gas system designed to provide up to 0.4 Bcf/d of capacity to facilitate new natural gas-fired power generation to support data centre development. The project has anticipated in-service dates in 2028 and 2030 with a total estimated project cost of approximately US$0.3 billion
  - **Approved the Clark project** with an expected build multiple of 4.4x: an expansion project on our Columbia Gulf system designed to provide up to 0.3 Bcf/d of capacity to provide firm transportation service to an existing natural gas-fired power plant. The project has an anticipated in-service date of 2028 and an estimated project cost of approximately US$0.1 billion
  - **Approved expansion facilities as part of the Multi-Year Growth Plan** with an anticipated in-service date of 2028 and an estimated project cost of approximately $0.1 billion to deliver incremental growth on the NGTL System
- **For the six months ended June 30, 2026, we placed approximately $1.8 billion of projects into service**:
  - Placed approximately $0.4 billion of capacity projects in service on the NGTL System in the six months ended June 30, 2026, including approximately $0.1 billion of Multi-Year Growth Plan projects. **Completed the Valhalla North and Berland River project**, adding approximately 400 MMcf/d of incremental capacity to the NGTL System. The project has a total capital cost of approximately $0.5 billion and includes approximately 33 km of new pipeline and a non-emitting electric compressor unit. The Valhalla North section was placed in service in third quarter 2025 and the Berland River compressor unit became operational on July 14, 2026
  - **Placed the Bison XPress project in service** with a total project cost of US$0.4 billion, of which our share is US$0.2 billion, strengthening Northern Border system reliability and adding up to approximately 0.3 Bcf/d of capacity to support regional transportation demand
  - **Bruce Power has returned Unit 3 to service** seven months ahead of the schedule that was committed to the Independent Electricity System Operator (IESO) following its Major Component Replacement (MCR). Our share of equity contributions was $1.1 billion and achieved a 15 per cent reduction in cost relative to the Unit 6 MCR. As a result of Bruce Power's

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[1] 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.

[2] 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.

performance, the company is expecting to return approximately $150 million to Ontario ratepayers through the IESO, demonstrating the strength of the province's nuclear refurbishment model and Bruce Power's commitment to delivering value for families and businesses

- Advanced multiple NGTL service offerings, including the recently completed Greater Edmonton Area delivery offering, ongoing delivery opportunities for 2030–2032 across intra-Alberta markets, and the Empress/McNeill borders, representing approximately 1.0 Bcf/d of marketed delivery capacity
- Canadian Mainline received approval from the Canada Energy Regulator for a four-year negotiated settlement for the period from January 2027 through December 2030
  - **New Capacity Open Season** commenced for incremental capacity at Empress. TC Energy has committed up to $200 million of capital, subject to FID, to support incremental capacity, with targeted returns that exceed the approved return on equity
- Advanced U.S. rate case settlements on ANR and Great Lakes. ANR filed a settlement with FERC in May 2026, which FERC approved in July 2026, and Great Lakes filed a settlement with FERC in June 2026, for which approval is anticipated in the fourth quarter of 2026

	three months ended June 30		six months ended June 30	
(millions of $, except per share amounts)	2026	2025	2026	2025
Income				
Net income (loss) attributable to common shares from continuing operations	**987**	862	**1,886**	1,840
per common share – basic	**$0.95**	$0.83	**$1.81**	$1.77
Segmented earnings (losses)				
Canadian Natural Gas Pipelines	**545**	551	**1,054**	1,067
U.S. Natural Gas Pipelines	**992**	907	**2,067**	2,016
Mexico Natural Gas Pipelines	**397**	191	**786**	402
Power and Energy Solutions	**240**	312	**441**	447
Corporate	**(1)**	(7)	**(4)**	(12)
Total segmented earnings (losses)	**2,173**	1,954	**4,344**	3,920
Comparable EBITDA from continuing operations				
Canadian Natural Gas Pipelines	**961**	923	**1,880**	1,813
U.S. Natural Gas Pipelines	**1,218**	1,089	**2,715**	2,456
Mexico Natural Gas Pipelines	**409**	319	**841**	552
Power and Energy Solutions	**361**	301	**604**	525
Corporate	**(1)**	(7)	**(4)**	(12)
Comparable EBITDA from continuing operations	**2,948**	2,625	**6,036**	5,334
Depreciation and amortization	**(737)**	(671)	**(1,460)**	(1,349)
Interest expense included in comparable earnings	**(860)**	(847)	**(1,698)**	(1,687)
Allowance for funds used during construction	**60**	114	**99**	362
Foreign exchange gains (losses), net included in comparable earnings	**28**	55	**29**	45
Interest income and other	**34**	49	**67**	100
Income tax (expense) recovery included in comparable earnings	**(316)**	(294)	**(632)**	(586)
Net (income) loss attributable to non-controlling interests included in comparable earnings	**(144)**	(155)	**(369)**	(332)
Preferred share dividends	**(29)**	(28)	**(57)**	(56)
Comparable earnings from continuing operations	**984**	848	**2,015**	1,831
Comparable earnings per common share from continuing operations	**$0.94**	$0.82	**$1.93**	$1.76

(millions of $, except per share amounts)	three months ended June 30		six months ended June 30	
	2026	**2025**	**2026**	**2025**
Cash flows				
Net cash provided by operations	**2,217**	2,173	**4,820**	3,532
Comparable funds generated from operations[1]	**1,996**	1,964	**4,332**	3,913
Capital spending[2]	**1,123**	1,379	**2,430**	3,188
Dividends declared				
per common share	**$0.8775**	$0.85	**$1.7550**	$1.70
Basic common shares outstanding (millions)				
– weighted average for the period	**1,042**	1,040	**1,042**	1,040
– issued and outstanding at end of period	**1,042**	1,040	**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 half of 2026, TC Energy continued to demonstrate strong execution, driven by safe and reliable operations. As a result, we delivered solid financial results and **now expect to be at the upper end of our 2026 comparable EBITDA outlook range of $11.6 to $11.8 billion.** For the second quarter, **comparable EBITDA increased 12 per cent and segmented earnings increased 11 per cent** compared to the same period in 2025, reflecting the strength of our diversified portfolio and disciplined execution. As we continue to connect energy across North America, we remain focused on maximizing the value of our assets through safety and operational excellence, while executing our selective portfolio of growth projects. These results reinforce the strength and resilience of our low-risk business model and our ability to deliver solid growth and repeatable performance.

Compelling North American market fundamentals continue to reinforce our long-term growth outlook for TC Energy. Our latest natural gas demand forecast estimates approximately **51 Bcf/d of demand growth from 2025 to 2035**, driven primarily by LNG exports, gas-fired power generation and industrial growth. Our incumbent position across Western Canada, the U.S. Heartland and Mexico positions us to capture this demand through low-risk, capital-efficient growth opportunities that connect competitive supply to high-quality demand markets across North America.

The strength of these underlying market fundamentals continues to translate into tangible growth opportunities across our U.S. Natural Gas Pipelines business. In June 2026, we approved two expansion projects on our Columbia Gas and Columbia Gulf systems that further strengthen our position in high-growth power markets and support increasing demand from gas-fired generation including data centre development. The **Central Virginia Capacity project** is expected to provide up to 0.4 Bcf/d of capacity and has anticipated in-service dates of 2028 and 2030, while the **Clark project** is designed to provide up to 0.3 Bcf/d of capacity with an anticipated in-service date of 2028. Together, these projects represent approximately US$0.4 billion of capital investment, are **backed by 20-year take-or-pay contracts** and are expected to deliver a **weighted average build multiple of approximately 5.8x**, reflecting our disciplined approach to advancing low-risk, in-corridor expansions.

In Western Canada, demand across the NGTL System footprint remains strong, with multiple delivery and receipt service offerings underway representing up to approximately **1.0 Bcf/d of incremental system throughput**. Growth is being supported by emerging power generation opportunities, including data centre-related load growth, as well as industrial development, LNG demand, and oilsands expansions. These trends reinforce the strategic importance of the NGTL System in connecting Western Canadian supply to growing demand markets. Reflecting this momentum, the Greater Edmonton Area offering, launched in March 2026 for up to approximately 0.26 Bcf/d of delivery service, was **fully subscribed**, demonstrating robust customer demand across the system.

Disciplined project execution continues to strengthen our financial position and support our long-term outlook. Year to date, we have placed approximately $1.8 billion of projects into service. In the U.S., we placed the Bison XPress project in service with a total project cost of approximately US$0.4 billion, of which our share is US$0.2 billion, strengthening Northern Border system reliability and adding up to approximately 0.3 Bcf/d of capacity to support growing regional transportation demand. On the NGTL System, the Berland River compressor unit became operational on July 14, 2026 following completion of the third-party power transmission connection. Together with the Valhalla North section, which was placed in service in the third quarter of 2025, the project provides approximately 400 MMcf/d of incremental capacity to the NGTL System. Looking ahead to the second half of 2026, we expect to place approximately $1.6 billion of capital into service, which we expect to be largely on time and on budget or better, while remaining on track to achieve our long-term target of 4.75x debt-to-EBITDA.[1]

Bruce Power delivered an important milestone in the quarter. **Unit 3 MCR**, which began refurbishment in March 2023, was declared commercially operational on June 12, 2026, ahead of schedule and within budget. Most notably among several innovations, the Unit 3 MCR marked the first time robotic tools were used on a reactor face to rebuild a CANDU reactor.

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[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.

Bruce Power and its partners also set a CANDU refurbishment record for calandria tube removal by completing it 11 days ahead of schedule. **Unit 4 MCR** continues to track on time and on budget. In addition, the Ontario IESO approved an additional $300 million in funding to advance **Bruce C** impact assessment and pre-development work, including First Nations and community engagement, workforce planning, and site preparation. We believe that Bruce Power's consistent execution track record continues to position the asset to deliver stable, enduring value while meeting Ontario's growing need for affordable, non-emitting and reliable power.

Finally, we released our 2026 Report on Sustainability. The report demonstrates how sustainability is integrated into our business and supports long-term value creation through disciplined execution, measurable progress on our commitments and transparent reporting, as we navigate a changing energy landscape. Key highlights include:

- Delivered our strongest safety performance in five years, with continued improvement in High Energy Serious Injury and Fatality rate and zero significant process safety events, reflecting disciplined operations and risk management
- Reduced methane emissions intensity by 24 per cent between 2019 and 2025 while increasing natural gas throughput by 20 per cent and comparable EBITDA in our natural gas business by 57 per cent over the same period
- Outlined potential pathways to advance our 40 to 55 per cent methane intensity reduction target by 2035 with accountability reinforced through alignment with executive compensation
- Through early and ongoing Indigenous engagement, secured 36 letters of support ahead of regulatory filings as we progress various projects under our NGTL System Multi-Year Growth Plan.

Together, our results through the first half of 2026 demonstrate the strength of TC Energy's strategy, the durability of our low-risk business model and the value of our differentiated natural gas and power footprint. We remain focused on safely delivering reliable energy, executing our portfolio of growth projects, maintaining financial strength and agility, and creating long-term value for our shareholders.

Dividends

TC Energy's Board of Directors declared a quarterly dividend of $0.8775 per common share for the quarter ending September 30, 2026, equivalent to $3.51 on an annualized basis. The common share dividend is payable on October 30, 2026, to shareholders of record at the close of business on September 29, 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.

Teleconference and Webcast

We will hold a teleconference and webcast on Thursday, July 30, 2026 at 6:30 a.m. (MT) / 8:30 a.m. (ET) to discuss our second 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/14394. 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 Thursday, Aug. 6, 2026. Please call 1-855-669-9658 (Canada/U.S. toll free) or 1-412-317-0088 (International toll) and enter passcode 2418450.

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. For over 75 years, we have proudly connected the world to the energy it needs. Every day, we move more than 30 per cent of the natural gas used across the continent and connect LNG exports to global markets—powering communities and industries. Complemented by strategic ownership and low-risk investments in power generation, our infrastructure delivers affordable, reliable and sustainable energy across North America.

We carry forward a legacy of nation-building energy infrastructure and strong partnerships. By working with communities, businesses and leaders across our extensive energy network, we create opportunities 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 regarding benefit-sharing or cost-sharing arrangements in respect of our power generation assets, 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 with respect to our environmental and sustainability targets, including our methane emissions intensity reduction target, expectations on long-term value creation, expected cost and schedules for planned projects, including projects under construction and in development, expectations about energy demand levels and drivers thereof and our ability to meet expected energy demand, 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 EBITDA[1].

	year ended December 31		
(millions of Canadian $)	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 EBITDA[1]	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

Second quarter 2026

Management’s discussion and analysis

July 29, 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 and six months ended June 30, 2026 and should be read with the accompanying unaudited Condensed consolidated financial statements for the three and six months ended June 30, 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.

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. Discussions throughout this MD&A are based on continuing operations unless otherwise noted. Refer to our 2025 Annual Report and the Discontinued operations section for additional information.

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 activities.

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 and comparable earnings per common share from continuing and discontinued operations 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 and Discontinued operations sections for reconciliations to the most directly comparable GAAP measures.

Discussions throughout this MD&A are based on continuing operations unless otherwise noted.

	three months ended June 30		six months ended June 30	
(millions of $, except per share amounts)	**2026**	**2025**	**2026**	**2025**
Income				
Revenues	**3,957**	3,744	**7,818**	7,367
Net income (loss) attributable to common shares	**987**	833	**1,886**	1,811
from continuing operations	**987**	862	**1,886**	1,840
from discontinued operations	—	(29)	—	(29)
Net income (loss) per common share – basic	**$0.95**	$0.80	**$1.81**	$1.74
from continuing operations	**$0.95**	$0.83	**$1.81**	$1.77
from discontinued operations	—	($0.03)	—	($0.03)
Comparable EBITDA[1]	**2,948**	2,625	**6,036**	5,334
from continuing operations	**2,948**	2,625	**6,036**	5,334
from discontinued operations	—	—	—	—
Comparable earnings[1]	**984**	848	**2,015**	1,831
from continuing operations	**984**	848	**2,015**	1,831
from discontinued operations	—	—	—	—
Comparable earnings per common share[1]	**$0.94**	$0.82	**$1.93**	$1.76
from continuing operations	**$0.94**	$0.82	**$1.93**	$1.76
from discontinued operations	—	—	—	—
Dividends declared				
per common share	**$0.8775**	$0.85	**$1.7550**	$1.70
Basic common shares outstanding (millions)				
– weighted average for the period	**1,042**	1,040	**1,042**	1,040
– issued and outstanding at end of period	**1,042**	1,040	**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 June 30		six months ended June 30	
	2026	**2025**	**2026**	**2025**
Cash flows				
Net cash provided by operations[1]	**2,217**	2,173	**4,820**	3,532
Comparable funds generated from operations[2]	**1,996**	1,964	**4,332**	3,913
Capital spending[3]	**1,123**	1,379	**2,430**	3,188

1 Includes continuing and discontinued operations, refer to the Financial condition section for additional information.

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

3 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 June 30 2026	three months ended June 30 2025	six months ended June 30 2026	six months ended June 30 2025
Canadian Natural Gas Pipelines	**545**	551	**1,054**	1,067
U.S. Natural Gas Pipelines	**992**	907	**2,067**	2,016
Mexico Natural Gas Pipelines	**397**	191	**786**	402
Power and Energy Solutions	**240**	312	**441**	447
Corporate	**(1)**	(7)	**(4)**	(12)
Total segmented earnings (losses)	**2,173**	1,954	**4,344**	3,920
Interest expense	**(859)**	(847)	**(1,697)**	(1,687)
Allowance for funds used during construction	**60**	114	**99**	362
Foreign exchange gains (losses), net	**45**	69	**45**	112
Interest income and other	**34**	49	**67**	100
Income (loss) from continuing operations before income taxes	**1,453**	1,339	**2,858**	2,807
Income tax (expense) recovery from continuing operations	**(307)**	(337)	**(561)**	(630)
Net income (loss) from continuing operations	**1,146**	1,002	**2,297**	2,177
Net income (loss) from discontinued operations, net of tax	**—**	(29)	**—**	(29)
Net income (loss)	**1,146**	973	**2,297**	2,148
Net (income) loss attributable to non-controlling interests	**(130)**	(112)	**(354)**	(281)
Net income (loss) attributable to controlling interests	**1,016**	861	**1,943**	1,867
Preferred share dividends	**(29)**	(28)	**(57)**	(56)
Net income (loss) attributable to common shares	**987**	833	**1,886**	1,811
Net income (loss) per common share – basic	**$0.95**	$0.80	**$1.81**	$1.74
from continuing operations	**$0.95**	$0.83	**$1.81**	$1.77
from discontinued operations	**—**	($0.03)	**—**	($0.03)

(millions of $)	three months ended June 30 2026	three months ended June 30 2025	six months ended June 30 2026	six months ended June 30 2025
Amounts attributable to common shares				
Net income (loss) from continuing operations	**1,146**	1,002	**2,297**	2,177
Net (income) loss attributable to non-controlling interests	**(130)**	(112)	**(354)**	(281)
Net income (loss) attributable to controlling interests from continuing operations	**1,016**	890	**1,943**	1,896
Preferred share dividends	**(29)**	(28)	**(57)**	(56)
Net income (loss) attributable to common shares from continuing operations	**987**	862	**1,886**	1,840
Net income (loss) from discontinued operations, net of tax	**—**	(29)	**—**	(29)
Net income (loss) attributable to common shares	**987**	833	**1,886**	1,811

Net income (loss) attributable to common shares from continuing operations increased by $125 million or $0.12 per common share and $46 million or $0.04 per common share for the three and six months ended June 30, 2026, respectively, compared to the same periods 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 or non-operating, and are separately identifiable from our normal business operations and in our view are not reflective of our underlying operations in the period. Specific items 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 settlements; acquisition, integration and restructuring costs; expected credit loss (ECL) 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. These measures are applicable to our continuing and discontinued operations. Quantitative reconciliations of our comparable measures to their GAAP measures and a discussion of specific adjustments made for the three and six months ended June 30, 2026 and comparative periods 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 and the Discontinued operations section 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 on 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 and the Discontinued operations section for reconciliations to Net income (loss) attributable to common shares and Net income (loss) per common share for our continuing operations and discontinued operations.

Comparable earnings and comparable earnings per common share - from continuing operations

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

2026 results

- pre-tax unrealized foreign exchange gains, net, of $81 million and $139 million for the three and six months ended June 30, 2026 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
- pre-tax expenses of $70 million and $103 million for the three and six months ended June 30, 2026 related to third-party settlements
- a pre-tax recovery of $12 million and pre-tax expense of $5 million for the three and six months ended June 30, 2026, respectively, on the ECL provision related to TGNH net investment in leases, net of non-controlling interest as well as certain contract assets in Mexico.

2025 results

- pre-tax unrealized foreign exchange losses, net, of $132 million and $129 million for the three and six months ended June 30, 2025 on the peso-denominated intercompany loan between TCPL and TGNH, net of non-controlling interest
- a pre-tax loss of $93 million and $91 million for the three and six months ended June 30, 2025 on the ECL provision related to TGNH net investment in leases, net of non-controlling interest as well as certain contract assets in Mexico.

RECONCILIATION OF NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHARES TO COMPARABLE EARNINGS - FROM CONTINUING OPERATIONS

	three months ended June 30		six months ended June 30	
(millions of $, except per share amounts)	**2026**	**2025**	**2026**	**2025**
Net income (loss) attributable to common shares from continuing operations	**987**	862	**1,886**	1,840
Specific items (pre tax):				
Foreign exchange (gains) losses, net – intercompany loan[1]	**(81)**	132	**(139)**	129
Third-party settlements	**70**	—	**103**	—
Expected credit loss provision on net investment in leases and certain contract assets in Mexico[2]	**(12)**	93	**5**	91
Bruce Power unrealized fair value adjustments	**(17)**	(8)	**(5)**	(18)
Risk management activities[3]	**46**	(274)	**236**	(255)
Taxes on specific items[4]	**(9)**	43	**(71)**	44
Comparable earnings from continuing operations	**984**	848	**2,015**	1,831
Net income (loss) per common share from continuing operations	**$0.95**	$0.83	**$1.81**	$1.77
Specific items (net of tax)	**(0.01)**	(0.01)	**0.12**	(0.01)
Comparable earnings per common share from continuing operations	**$0.94**	$0.82	**$1.93**	$1.76

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 ECL 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 TSAs, the latest of which extends through 2055. This provision does not reflect losses or cash outflows from the underlying TSA arrangements 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.

3

Risk management activities	three months ended June 30		six months ended June 30	
(millions of $)	**2026**	**2025**	**2026**	**2025**
U.S. Natural Gas Pipelines	**38**	64	**(95)**	58
Canadian Power	**(74)**	19	**(87)**	(22)
U.S. Power	**(1)**	3	**4**	2
Natural Gas Storage	**39**	9	**50**	(20)
Interest rate	**1**	—	**1**	—
Foreign exchange	**(49)**	179	**(109)**	237
	(46)	274	**(236)**	255
Income tax attributable to risk management activities	**10**	(67)	**58**	(62)
Total unrealized gains (losses) from risk management activities	**(36)**	207	**(178)**	193

4 Refer to the Corporate section for additional information.

COMPARABLE EBITDA TO COMPARABLE EARNINGS - FROM CONTINUING OPERATIONS

Comparable EBITDA from continuing operations represents segmented earnings (losses) from continuing operations 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.

	three months ended June 30		six months ended June 30	
(millions of $, except per share amounts)	**2026**	**2025**	**2026**	**2025**
Canadian Natural Gas Pipelines	**961**	923	**1,880**	1,813
U.S. Natural Gas Pipelines	**1,218**	1,089	**2,715**	2,456
Mexico Natural Gas Pipelines	**409**	319	**841**	552
Power and Energy Solutions	**361**	301	**604**	525
Corporate	**(1)**	(7)	**(4)**	(12)
Comparable EBITDA from continuing operations	**2,948**	2,625	**6,036**	5,334
Depreciation and amortization	**(737)**	(671)	**(1,460)**	(1,349)
Interest expense included in comparable earnings	**(860)**	(847)	**(1,698)**	(1,687)
Allowance for funds used during construction	**60**	114	**99**	362
Foreign exchange gains (losses), net included in comparable earnings	**28**	55	**29**	45
Interest income and other	**34**	49	**67**	100
Income tax (expense) recovery included in comparable earnings	**(316)**	(294)	**(632)**	(586)
Net (income) loss attributable to non-controlling interests included in comparable earnings	**(144)**	(155)	**(369)**	(332)
Preferred share dividends	**(29)**	(28)	**(57)**	(56)
Comparable earnings from continuing operations	**984**	848	**2,015**	1,831
Comparable earnings per common share from continuing operations	**$0.94**	$0.82	**$1.93**	$1.76

Comparable EBITDA from continuing operations – *2026 versus 2025*

Comparable EBITDA from continuing operations increased by $323 million for the three months ended June 30, 2026 compared to the same period in 2025 primarily due to the net result of the following:

- increased U.S. dollar-denominated EBITDA in U.S. Natural Gas Pipelines due to additional contract sales and higher earnings from ANR and Columbia Gas, partially offset by lower contract sales on GTN
- increased U.S. dollar-denominated EBITDA in Mexico Natural Gas Pipelines due to higher earnings from 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 EBITDA in Power and Energy Solutions due to higher contributions from Bruce Power resulting from a higher contract price and increased generation following the return to service of Unit 3 from its Major Component Replacement (MCR) outage, as well as higher results from Natural Gas Storage and other, partially offset by lower earnings from marketing activities
- increased EBITDA in Canadian Natural Gas Pipelines mainly due to higher flow-through depreciation on the NGTL System and Canadian Mainline and higher incentive earnings on the NGTL System, partially offset by lower flow-through income taxes on the Canadian Mainline and lower equity earnings from Coastal GasLink.

Comparable EBITDA from continuing operations increased by $702 million for the six months ended June 30, 2026 compared to the same period in 2025 primarily due to the net result of the following:

- increased U.S. dollar-denominated EBITDA in U.S. Natural Gas Pipelines due to additional contract sales, higher earnings from ANR and Columbia Gas and incremental earnings from projects placed into service, partially offset by lower margins in our U.S. natural gas marketing business and lower contract sales on GTN
- increased U.S. dollar-denominated EBITDA in Mexico Natural Gas Pipelines due to higher earnings from 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 EBITDA in Power and Energy Solutions due to higher net contributions from Bruce Power resulting from a higher contract price and increased generation, which includes the return to service of Unit 3 from its MCR outage
- increased EBITDA in Canadian Natural Gas Pipelines mainly due to higher flow-through depreciation on the NGTL System and Canadian Mainline and higher incentive earnings on the NGTL System, partially offset by lower flow-through income taxes on the Canadian Mainline and lower equity earnings from Coastal GasLink
- a negative foreign exchange impact from a weaker U.S. dollar on the Canadian dollar equivalent of comparable EBITDA from our U.S. dollar-denominated operations, which was translated at a rate of 1.38 in 2026 versus 1.41 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 from continuing operations – *2026 versus 2025*

Comparable earnings increased by $136 million or $0.12 per common share for the three months ended June 30, 2026 compared to the same period in 2025 primarily due to the net effect of the following:

- changes in comparable EBITDA described above
- higher depreciation and amortization primarily due to an increase in assets placed in service on the Canadian Mainline and NGTL System, higher depreciation rates on the NGTL System and depreciation rate changes resulting from the Columbia Gas Settlement, partially offset by a depreciation rate decrease as a result of the ANR Settlement. Refer to the Recent Developments – U.S. Natural Gas Pipelines section for additional information
- lower AFUDC primarily due to the completion of the Southeast Gateway pipeline in second quarter 2025
- risk management activities used to manage our foreign exchange exposure to net liabilities in Mexico and to U.S. dollar-denominated income and the revaluation of our U.S. dollar-denominated assets and liabilities to Canadian dollars as well as on our peso-denominated net monetary liabilities to U.S. dollars
- higher income tax expense primarily due to changes in geographic and business mix of earnings and higher flow-through income taxes, partially offset by the impact of our Mexico foreign exchange exposure
- lower interest income and other due to lower income from restricted investments
- higher interest expense primarily due to long-term debt issuances and maturities
- lower net income attributable to non-controlling interests primarily due to lower net income recognized from the Columbia Gas and Columbia Gulf assets.

Comparable earnings increased by $184 million or $0.17 per common share for the six months ended June 30, 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 in second quarter 2025
- higher depreciation and amortization primarily due to an increase in assets placed in service on the Canadian Mainline and NGTL System, higher depreciation rates on the NGTL System and depreciation rate changes as a result of the Columbia Gas Settlement, partially offset by a depreciation rate decrease as a result of the ANR Settlement. Refer to the Recent Developments – U.S. Natural Gas Pipelines section for additional information
- higher income tax expense primarily due to changes in geographic and business mix of earnings and higher flow-through income taxes partially offset by the impact of our Mexico foreign exchange exposure
- higher net income attributable to non-controlling interests primarily due to higher net income recognized from the Columbia Gas and Columbia Gulf assets
- lower interest income and other due to lower income from restricted investments
- risk management activities used to manage our foreign exchange exposure to net liabilities in Mexico and to U.S. dollar-denominated income and the revaluation of our peso-denominated net monetary liabilities to U.S. dollars as well as on our U.S. dollar-denominated assets and liabilities to Canadian dollars
- higher interest expense primarily due to long-term debt issuances and maturities.

Supplementary financial measure

Net capital expenditures

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.

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 $22 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 six months ended June 30, 2026, we placed approximately $1.8 billion of projects into service, including natural gas pipeline capacity projects along our extensive North American asset footprint and Bruce Power Unit 3, which was declared commercially operational on June 12, 2026, after its MCR outage. In addition, approximately $0.9 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 progress through key approval 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 June 30, 2026
Canadian Natural Gas Pipelines[1]			
NGTL System	2027	0.6 [2]	0.1
	2028+	0.4 [2]	0.1
Regulated maintenance capital expenditures	2026-2028	2.6	0.4
U.S. Natural Gas Pipelines			
Gillis Access – Extension	2026-2027	US 0.4	US 0.3
Heartland project	2027	US 0.9	US 0.2
Northwoods project	2029	US 0.9	—
Pulaski, Maysville, and Clark projects	2028-2029	US 0.9	US 0.1
Central Virginia Capacity project	2028-2030	US 0.3	—
Appalachia Supply project	2030	US 1.5	—
Southeast Virginia Energy Storage project	2030	US 0.3	US 0.1
Other capital[3]	2026-2031	US 1.7	US 0.4
Regulated maintenance capital expenditures	2026-2028	US 2.6	US 0.4
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 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	1.7	0.8
Other			
Non-recoverable maintenance capital expenditures[8]	2026-2028	0.4	—
		18.0	4.3
Foreign exchange impact on secured projects[9]		4.3	0.9
Total secured projects		22.3	5.2

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 2028, 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 1.42 at June 30, 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).

	three months ended June 30		six months ended June 30	
(millions of $)	**2026**	**2025**	**2026**	**2025**
NGTL System	**676**	639	**1,336**	1,276
Canadian Mainline	**215**	201	**404**	379
Other Canadian pipelines[1]	**70**	83	**140**	158
Comparable EBITDA	**961**	923	**1,880**	1,813
Depreciation and amortization	**(416)**	(372)	**(826)**	(746)
Comparable EBIT and Segmented earnings (losses)	**545**	551	**1,054**	1,067

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 $6 million and $13 million for the three and six months ended June 30, 2026 compared to the same periods 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

	three months ended June 30		six months ended June 30	
(millions of $)	**2026**	**2025**	**2026**	**2025**
Net income				
NGTL System	**202**	199	**406**	397
Canadian Mainline	**65**	66	**122**	123
Average investment base				
NGTL System			**19,037**	19,350
Canadian Mainline			**3,713**	3,673

Net income for the NGTL System increased by $3 million and $9 million for the three and six months ended June 30, 2026 compared to the same periods 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 an incentive for certain operating costs where variances from projected amounts and emissions savings are shared with customers.

Net income for the Canadian Mainline for the three and six months ended June 30, 2026 was generally consistent compared to the same periods 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 $38 million and $67 million for the three and six months ended June 30, 2026 compared to the same periods in 2025 due to the net effect of:

- higher flow-through depreciation and income taxes as well as higher incentive earnings on the NGTL System
- higher flow-through depreciation, partially offset by lower flow-through income taxes on the Canadian Mainline
- lower equity earnings from Coastal GasLink.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased by $44 million and $80 million for the three and six months ended June 30, 2026 compared to the same periods 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).

	three months ended June 30		six months ended June 30	
(millions of US$, unless otherwise noted)	**2026**	2025	**2026**	2025
Columbia Gas[1]	**441**	432	**989**	884
ANR	**202**	135	**469**	333
Columbia Gulf[1]	**71**	62	**169**	116
Great Lakes	**40**	38	**106**	109
GTN	**39**	62	**95**	122
Other U.S. pipelines[2]	**88**	58	**144**	176
Comparable EBITDA	**881**	787	**1,972**	1,740
Depreciation and amortization	**(190)**	(177)	**(377)**	(353)
Comparable EBIT	**691**	610	**1,595**	1,387
Foreign exchange impact	**263**	233	**600**	571
Comparable EBIT (Cdn$)	**954**	843	**2,195**	1,958
Specific items:				
Third-party settlements	**—**	—	**(33)**	—
Risk management activities	**38**	64	**(95)**	58
Segmented earnings (losses) (Cdn$)	**992**	907	**2,067**	2,016

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 increased by $85 million and $51 million for the three and six months ended June 30, 2026 compared to the same periods 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 a third-party settlement from the resolution of a certain legal matter in our U.S. Natural Gas Pipelines segment in first quarter 2026
- 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 six months ended June 30, 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$94 million and US$232 million for the three and six months ended June 30, 2026 compared to the same periods in 2025 primarily due to the net effect of:

- a net increase in earnings from ANR as a result of higher transportation rates effective November 1, 2025 and adjustments related to the ANR Settlement as well as additional contract sales. Refer to the Recent Developments – U.S. Natural Gas Pipelines section for additional information
- 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
- 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, offset by lower contract sales in 2026 compared to 2025 on GTN
- 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$13 million and US$24 million for the three and six months ended June 30, 2026 compared to the same periods in 2025 primarily due to new projects placed in service and depreciation rate changes as a result of the Columbia Gas Settlement, partially offset by a depreciation rate decrease as a result of the ANR Settlement. Refer to the Recent Developments – U.S. Natural Gas Pipelines section for additional information.

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).

	three months ended June 30		six months ended June 30	
(millions of US$, unless otherwise noted)	**2026**	2025	**2026**	2025
TGNH[1,2]	**205**	159	**416**	223
Sur de Texas[3]	**23**	1	**59**	27
Topolobampo	**39**	39	**78**	78
Guadalajara	**13**	14	**26**	31
Mazatlán	**16**	17	**32**	34
Comparable EBITDA	**296**	230	**611**	393
Depreciation and amortization	**(18)**	(17)	**(36)**	(34)
Comparable EBIT	**278**	213	**575**	359
Foreign exchange impact	**106**	81	**217**	144
Comparable EBIT (Cdn$)	**384**	294	**792**	503
Specific item:				
Expected credit loss provision on net investment in leases and certain contract assets in Mexico[2]	**13**	(103)	**(6)**	(101)
Segmented earnings (losses) (Cdn$)	**397**	191	**786**	402

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 $206 million and $384 million for the three and six months ended June 30, 2026 compared to the same periods in 2025 and included a recovery of $13 million and an expense of $6 million, respectively (2025 – expense of $103 million and $101 million, respectively) on the ECL 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 six months ended June 30, 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$66 million and US$218 million for the three and six months ended June 30, 2026 compared to the same periods 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 income tax expense.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization was generally consistent for the three and six months ended June 30, 2026 compared to the same periods 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:

	three months ended June 30		**six months ended June 30**	
(millions of US$)	**2026**	**2025**	**2026**	**2025**
Equity income before foreign exchange impact	**38**	32	**73**	65
Foreign exchange impact included in equity earnings	**(15)**	(31)	**(14)**	(38)
Comparable EBITDA - Sur de Texas	**23**	1	**59**	27

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 June 30		six months ended June 30	
	2026	**2025**	**2026**	**2025**
Bruce Power[1]	**285**	233	**441**	365
Canadian Power	**46**	70	**104**	115
Natural Gas Storage and other[2]	**30**	(2)	**59**	45
Comparable EBITDA	**361**	301	**604**	525
Depreciation and amortization	**(32)**	(28)	**(65)**	(56)
Comparable EBIT	**329**	273	**539**	469
Specific items:				
Third-party settlements	**(70)**	—	**(70)**	—
Bruce Power unrealized fair value adjustments	**17**	8	**5**	18
Risk management activities	**(36)**	31	**(33)**	(40)
Segmented earnings (losses)	**240**	312	**441**	447

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 decreased by $72 million and $6 million for the three and six months ended June 30, 2026 compared to the same periods 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 $70 million related to a third-party contractual settlement in our Power and Energy Solutions segment in second quarter 2026
- 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 $60 million and $79 million for the three and six months ended June 30, 2026 compared to the same periods in 2025 primarily due to the net effect of:

- increased Bruce Power contributions primarily due to a higher contract price and increased generation partially due to the return of Unit 3 from its MCR outage as well as higher realized gains on funds invested for post-retirement benefits, partially offset by increased operating costs. Refer to the Bruce Power results section for additional information
- increased Natural Gas Storage and other reflecting lower business development costs, partially offset by lower contributions from our U.S. marketing business
- lower Canadian Power financial results primarily due to reduced contributions from our marketing business.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased by $4 million and $9 million for the three and six months ended June 30, 2026 compared to the same periods in 2025 as a result of higher depreciation rates on our Alberta cogeneration assets.

BRUCE POWER

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

	three months ended June 30		six months ended June 30	
(millions of $, unless otherwise noted)	**2026**	**2025**	**2026**	**2025**
Items included in comparable EBITDA and comparable EBIT are comprised of:				
Revenues[1]	**645**	563	**1,181**	1,064
Operating expenses	**(249)**	(238)	**(541)**	(512)
Depreciation and other	**(111)**	(92)	**(199)**	(187)
Comparable EBITDA and comparable EBIT[2]	**285**	233	**441**	365
Bruce Power – other information				
Plant availability[3,4]	**99%**	98%	**94%**	92%
Planned outage days[4]	**—**	—	**61**	65
Unplanned outage days	**—**	10	**2**	23
Sales volumes (GWh)[5]	**5,423**	5,096	**9,946**	9,741
Realized power price per MWh[6]	**$118**	$110	**$117**	$108

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. The Unit 3 MCR, which began in March 2023, was completed and the unit was declared commercially operational on June 12, 2026, ahead of schedule and within budget.

Corporate

(millions of $)	three months ended June 30		six months ended June 30	
	2026	**2025**	**2026**	**2025**
Segmented earnings (losses)	**(1)**	(7)	**(4)**	(12)

Corporate segmented losses decreased by $6 million and $8 million for the three and six months ended June 30, 2026 compared to the same periods in 2025 primarily due to lower corporate administrative costs in 2026.

INTEREST EXPENSE

(millions of $)	three months ended June 30		six months ended June 30	
	2026	**2025**	**2026**	**2025**
Interest expense on long-term debt and junior subordinated notes				
Canadian dollar-denominated	**(217)**	(202)	**(434)**	(397)
U.S. dollar-denominated	**(434)**	(429)	**(856)**	(858)
Foreign exchange impact	**(167)**	(165)	**(324)**	(352)
	(818)	(796)	**(1,614)**	(1,607)
Other interest and amortization expense	**(43)**	(53)	**(89)**	(85)
Capitalized interest	**1**	2	**5**	5
Interest expense included in comparable earnings	**(860)**	(847)	**(1,698)**	(1,687)
Specific item:				
Risk management activities	**1**	—	**1**	—
Interest expense	**(859)**	(847)	**(1,697)**	(1,687)

Interest expense increased by $12 million and $10 million for the three and six months ended June 30, 2026 compared to the same periods in 2025 and included $1 million of unrealized gains (2025 – nil) on derivatives used to manage our interest rate risk, which have been removed from our calculation of Interest expense included in comparable earnings. Refer to the Financial risks and financial instruments section for additional information.

Interest expense included in comparable earnings increased by $13 million and $11 million for the three and six months ended June 30, 2026 compared to the same periods in 2025 primarily due to the net effect of:

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

ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION

(millions of $)	three months ended June 30		six months ended June 30	
	2026	**2025**	**2026**	**2025**
Canadian dollar-denominated	**9**	13	**20**	24
U.S. dollar-denominated	**37**	72	**57**	238
Foreign exchange impact	**14**	29	**22**	100
Allowance for funds used during construction	**60**	114	**99**	362

AFUDC decreased by $54 million and $263 million for the three and six months ended June 30, 2026 compared to the same periods 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 June 30		six months ended June 30	
	2026	**2025**	**2026**	**2025**
Foreign exchange gains (losses), net included in comparable earnings	**28**	55	**29**	45
Specific items:				
Foreign exchange gains (losses), net – intercompany loan[1]	**66**	(165)	**125**	(170)
Risk management activities	**(49)**	179	**(109)**	237
Foreign exchange gains (losses), net	**45**	69	**45**	112

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 $24 million and $67 million for the three and six months ended June 30, 2026 compared to the same periods 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 $27 million and $16 million for the three and six months ended June 30, 2026 compared to the same periods in 2025. The changes were primarily due to the net effect of:

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

INTEREST INCOME AND OTHER

(millions of $)	three months ended June 30		six months ended June 30	
	2026	**2025**	**2026**	**2025**
Canadian dollar-denominated	**5**	6	**8**	13
U.S. dollar-denominated	**21**	31	**43**	62
Foreign exchange impact	**8**	12	**16**	25
Interest income and other	**34**	49	**67**	100

Interest income and other decreased by $15 million and $33 million for the three and six months ended June 30, 2026 compared to the same periods in 2025 primarily due to:

- lower income from restricted investments
- lower interest earned on Canadian and U.S. dollar-denominated short-term investments.

INCOME TAX (EXPENSE) RECOVERY

(millions of $)	three months ended June 30		six months ended June 30	
	2026	2025	2026	2025
Income tax (expense) recovery included in comparable earnings	**(316)**	(294)	**(632)**	(586)
Specific items:				
Foreign exchange gains (losses), net - intercompany loan	**(9)**	(4)	**(12)**	(6)
Third-party settlements	**17**	—	**25**	—
Expected credit loss provision on net investment in leases and certain contract assets in Mexico	**(4)**	30	**2**	29
Bruce Power unrealized fair value adjustments	**(5)**	(2)	**(2)**	(5)
Risk management activities	**10**	(67)	**58**	(62)
Income tax (expense) recovery	**(307)**	(337)	**(561)**	(630)

Income tax expense decreased by $30 million and $69 million for the three and six months ended June 30, 2026 compared to the same periods 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 $22 million and $46 million for the three and six months ended June 30, 2026 compared to the same periods in 2025 primarily due to changes in geographic and business mix of earnings and higher flow-through income taxes, partially offset by the impact of our Mexico foreign exchange exposure.

NET (INCOME) LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

(millions of $)	Non-Controlling Interests Ownership at June 30, 2026	three months ended June 30		six months ended June 30	
		2026	2025	2026	2025
Columbia Gas and Columbia Gulf	40%	**(145)**	(151)	**(364)**	(322)
TGNH	13.01%	**(11)**	(13)	**(27)**	(29)
Texas Wind Farms[1]	100%	**12**	9	**22**	19
Net (income) loss attributable to non-controlling interests included in comparable earnings		**(144)**	(155)	**(369)**	(332)
Specific items:					
Foreign exchange (gains) losses, net – intercompany loan		**15**	33	**14**	41
Expected credit loss provision on net investment in leases		**(1)**	10	**1**	10
Net (income) loss attributable to non-controlling interests		**(130)**	(112)	**(354)**	(281)

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 $18 million and $73 million for the three and six months ended June 30, 2026 compared to the same periods 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 non-controlling interest portion of the ECL provision related to the TGNH net investment in leases.

Net income attributable to non-controlling interests included in comparable earnings decreased by $11 million for the three months ended June 30, 2026 and increased by $37 million for the six months ended June 30, 2026 compared to the same periods in 2025 primarily due to lower and higher net income, respectively, from the Columbia Gas and Columbia Gulf assets.

PREFERRED SHARE DIVIDENDS

	three months ended June 30		six months ended June 30	
(millions of $)	**2026**	**2025**	**2026**	**2025**
Preferred share dividends	**(29)**	(28)	**(57)**	(56)

Preferred share dividends were generally consistent for the three and six months ended June 30, 2026 compared to the same periods 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 and six months ended June 30, 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

	three months ended June 30		six months ended June 30	
(millions of US$)	**2026**	**2025**	**2026**	**2025**
Comparable EBITDA				
U.S. Natural Gas Pipelines	**881**	787	**1,972**	1,740
Mexico Natural Gas Pipelines	**296**	230	**611**	393
	1,177	1,017	**2,583**	2,133
Depreciation and amortization	**(208)**	(194)	**(413)**	(387)
Interest expense on long-term debt and junior subordinated notes	**(434)**	(429)	**(856)**	(858)
Allowance for funds used during construction	**37**	72	**57**	238
Interest income and other	**21**	31	**43**	62
Net (income) loss attributable to non-controlling interests included in comparable earnings and other	**(99)**	(120)	**(261)**	(235)
	494	377	**1,153**	953
Average exchange rate – U.S. to Canadian dollars	**1.38**	1.38	**1.38**	1.41

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.

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:

June 30, 2026	**17.45**
June 30, 2025	18.84
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:

	three months ended June 30		six months ended June 30	
(millions of $)	**2026**	**2025**	**2026**	**2025**
Comparable EBITDA - Mexico Natural Gas Pipelines[1]	**(20)**	(43)	**(19)**	(54)
Foreign exchange gains (losses), net included in comparable earnings	**32**	55	**28**	72
Income tax (expense) recovery included in comparable earnings	**(13)**	(45)	**(12)**	(59)
Net (income) loss attributable to non-controlling interests included in comparable earnings[2]	**3**	5	**3**	6
	2	(28)	**—**	(35)

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 six months ended June 30, 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. To date, expansion facilities representing approximately $1.2 billion of estimated project costs have received FID, with in-service dates beginning in 2026. As project execution advances, opportunities have been identified to optimize capital through efficient bundling and execution, as well as through refinements to project scope and timing. We continue to evaluate system requirements, and do not expect that all facilities within the Board-approved capital allocation will be required to satisfy the 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 has been completed. The Valhalla North section was placed in service in third quarter 2025, and the Berland River compressor unit became operational on July 14, 2026, following the commissioning of the third-party power transmission connection. At a total capital cost of approximately $0.5 billion, the project includes approximately 33 km (21 miles) of pipeline and a non-emitting electric compressor unit, providing approximately 428 TJ/d (400 MMcf/d) of incremental capacity to the NGTL System.

Canadian Mainline Settlement

On July 9, 2026, the CER approved a four-year negotiated settlement governing the Canadian Mainline tolls and services from January 2027 through December 2030. The 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 return on equity. In addition, TC Energy has committed up to $200 million of capital, subject to FID, 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 May 11, 2026, ANR filed the Stipulation and Agreement of Settlement with FERC, which includes an overall increase relative to pre-filed rates subject to approval. On July 27, 2026, FERC approved the settlement filing (ANR Settlement). We anticipate previously accrued rate refund liabilities will be refunded to customers, including interest, 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 June 24, 2026, Great Lakes filed the Stipulation and Agreement of Settlement with FERC subject to approval, which we anticipate in fourth quarter 2026.

GTN Section 4 Rate Case

GTN has filed to amend its previous rate case settlement to allow for more time to work with its customers in an effort to reach agreement prior to filing a formal rate case. On July 16, 2026, FERC issued an order approving GTN's amendment to the 2024 Rate Case Settlement, extending the deadline for GTN to file a Section 4 Rate Case from September 30, 2026 to December 31, 2026.

Bison XPress Project

The Bison XPress project, an expansion project on our Northern Border and Bison systems to replace and upgrade certain facilities and provide production egress from the Bakken basin to a delivery point at the Cheyenne Hub, was placed in service in May 2026, with a total project cost of US$0.4 billion, of which our share is US$0.2 billion, representing our 50 per cent equity investment in Northern Border and 100 per cent ownership in Bison.

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.

Clark Project

In June 2026, we approved the Clark project, an expansion project of our Columbia Gulf system designed to provide up to 0.3 Bcf/d of capacity to provide firm transportation to an existing natural gas-fired power generation plant. The project has an anticipated in-service date of 2028 and an estimated project cost of approximately US$0.1 billion.

Central Virginia Capacity Project

In June 2026, we approved the Central Virginia Capacity project, an expansion project of our Columbia Gas system designed to provide up to 0.4 Bcf/d of capacity to facilitate new natural gas-fired power generation to support data centre development. The project has anticipated in-service dates in 2028 and 2030 with a total estimated project cost of approximately US$0.3 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.

POWER AND ENERGY SOLUTIONS

Bruce Power Life Extension

The Unit 3 MCR, which began in March 2023, was completed and the unit was declared commercially operational on June 12, 2026, ahead of schedule and within budget, of which our share of equity contributions was $1.1 billion.

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 June 30, 2026, our current assets totaled $7.9 billion and current liabilities amounted to $12.8 billion, leaving us with a working capital deficit of $4.9 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 $8.0 billion of TCPL committed revolving credit facilities, of which $7.6 billion of short-term borrowing capacity remains available, net of $0.4 billion backstopping outstanding commercial paper balances, and arrangements for a further $2.0 billion of demand credit facilities, of which $1.3 billion remains available as of June 30, 2026
- additional $2.1 billion of committed revolving credit facilities at certain of our subsidiaries and affiliates, of which $1.7 billion of short-term borrowing capacity remains available as of June 30, 2026, net of $0.4 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[1]

(millions of $)	three months ended June 30		six months ended June 30	
	2026	2025	2026	2025
Net cash provided by operations	**2,217**	2,173	**4,820**	3,532
Increase (decrease) in operating working capital	**(307)**	(209)	**(566)**	381
Funds generated from operations	**1,910**	1,964	**4,254**	3,913
Specific item:				
Third-party settlements, net of current income tax	**86**	—	**78**	—
Comparable funds generated from operations	**1,996**	1,964	**4,332**	3,913

1 Includes continuing and discontinued operations.

Net cash provided by operations

Net cash provided by operations increased by $44 million for the three months ended June 30, 2026 compared to the same period in 2025 primarily due to the timing of working capital changes, partially offset by lower funds generated from operations. Net cash provided by operations increased by $1,288 million for the six months ended June 30, 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 $32 million for the three months ended June 30, 2026 compared to the same period in 2025 primarily due to higher comparable earnings, partially offset by lower distributions from our equity investments. Comparable funds generated from operations increased by $419 million for the six months ended June 30, 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[1]

(millions of $)	three months ended June 30		six months ended June 30	
	2026	2025	2026	2025
Capital spending				
Capital expenditures	**(889)**	(1,109)	**(1,959)**	(2,669)
Capital projects in development	**(5)**	(6)	**(9)**	(10)
Contributions to equity investments	**(229)**	(264)	**(462)**	(509)
	(1,123)	(1,379)	**(2,430)**	(3,188)
Other distributions from equity investments	—	—	—	5
Deferred amounts and other	**(42)**	(107)	**1**	(39)
Net cash (used in) provided by investing activities	**(1,165)**	(1,486)	**(2,429)**	(3,222)

1 Includes continuing and discontinued operations.

Net cash used in investing activities decreased by $321 million and $793 million for the three and six months ended June 30, 2026 compared to the same periods in 2025 primarily due to decreased capital spending in 2026.

Capital expenditures incurred for the six months ended June 30, 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 six months ended June 30, 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

	three months ended June 30		six months ended June 30	
(millions of $)	**2026**	2025	**2026**	2025
Notes payable issued (repaid), net	**(1,392)**	949	**(407)**	2,096
Long-term debt issued, net of issue costs	**2,321**	(6)	**2,327**	2,421
Long-term debt repaid	**(1,109)**	(1,215)	**(1,619)**	(3,224)
Junior subordinated notes issued, net of issue costs	**1,354**	—	**1,850**	1,054
Dividends and distributions paid	**(1,167)**	(994)	**(2,455)**	(2,097)
Common shares issued, net of issue costs	**12**	20	**74**	50
Amounts related to factoring arrangement	**(125)**	—	**(351)**	—
Loan from affiliate	**33**	—	**65**	—
Net cash (used in) provided by financing activities	**(73)**	(1,246)	**(516)**	300

Long-term debt issued

The following table outlines significant long-term debt issuances in the six months ended June 30, 2026:

(millions of Canadian $, unless otherwise noted)					
Company	**Issue date**	**Type**	**Maturity date**	**Amount**	**Interest rate**
TransCanada PipeLines Limited					
	June 2026	Medium Term Notes	June 2036	700	4.61%
	June 2026	Medium Term Notes	June 2056	600	5.36%
Columbia Pipelines Operating Company LLC					
	May 2026	Senior Unsecured Notes	May 2036	US 750	5.51%

Long-term debt repaid/retired

The following table outlines significant long-term debt repaid/retired in the six months ended June 30, 2026:

(millions of Canadian $, unless otherwise noted)				
Company	**Repayment date**	**Type**	**Amount**	**Interest rate**
TransCanada PipeLines Limited				
	April 2026	Medium Term Notes	400	4.35%
	February 2026	Medium Term Notes	241	8.29%
NGTL Limited Partnership				
	June 2026	Medium Term Notes	45	8.46%
	May 2026	Medium Term Notes	45	8.88%
ANR Pipeline Company				
	June 2026	Senior Unsecured Notes	US 240	4.14%
TC Energía Mexicana, S. de R.L. de C.V.				
	Various	Senior Unsecured Term Loan	US 374	Floating

In May 2026, TC Energía Mexicana, S. de R.L. de C.V. terminated its US$500 million senior unsecured revolving credit facility, with interest at a floating rate on which no amount was outstanding.

Subsequent debt repayment

On July 15, 2026, Columbia Pipelines Holding Company LLC retired US$300 million of senior unsecured notes bearing interest at a fixed rate of 6.06 per cent.

Junior subordinated notes issued

The following table outlines significant junior subordinated notes issued in the six months ended June 30, 2026:

(millions of Canadian $, unless otherwise noted)					
Company	**Issue date**	**Type**	**Maturity date**	**Amount**	**Interest rate**
TransCanada PipeLines Limited					
	April 2026	Junior Subordinated Notes	October 2056	US 500	6.13% [1]
	April 2026	Junior Subordinated Notes	October 2056	US 500	6.38% [2]
	February 2026	Junior Subordinated Notes	August 2056	500	5.13% [3]

1 Fixed rate of interest per year until October 17, 2031, and resetting every five years thereafter, subject to a rate-reset minimum.
2 Fixed rate of interest per year until October 17, 2036, and resetting every five years thereafter, subject to a rate-reset minimum.
3 Fixed rate of interest per year until August 20, 2031, and resetting every five years thereafter, subject to a rate-reset minimum.

We intend to use the net proceeds from these junior subordinated note issuances, to partially 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 September 30, 2026.

SHARE INFORMATION

At July 24, 2026, we had approximately 1.0 billion issued and outstanding common shares and approximately 1.3 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 July 24, 2026, we had a total of $7.9 billion of TCPL committed revolving credit facilities, of which $7.5 billion of short-term borrowing capacity remains available, net of $0.4 billion backstopping outstanding commercial paper balances. We also have arrangements in place for a further $2.0 billion of demand credit facilities, of which $1.3 billion remains available.

In addition, we have $2.1 billion of committed revolving credit facilities at certain of our subsidiaries and affiliates, of which $1.3 billion of borrowing capacity remains available at July 24, 2026, net of $0.8 billion backstopping outstanding commercial paper balances.

CONTRACTUAL OBLIGATIONS

Capital expenditure commitments at June 30, 2026 were approximately $1.4 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 second 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.

Discontinued operations

On October 1, 2024, TC Energy completed the spinoff of its Liquids Pipelines business into a new public company, South Bow Corporation. Upon completion of the Spinoff Transaction, the Liquids Pipelines business was accounted for as a discontinued operation. Refer to our 2025 Annual Report for additional information.

For the three and six months ended June 30, 2026, we did not recognize any income or loss from discontinued operations (2025 – loss of $29 million).

For the three and six months ended June 30, 2026 and 2025, we did not recognize any comparable EBITDA from discontinued operations or comparable earnings from discontinued operations.

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 June 30, 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 recovery of $13 million and pre-tax expense of $6 million on the ECL provision on the TGNH net investment in leases and certain contract assets in Mexico for the three and six months ended June 30, 2026 (2025 – pre-tax expense of $103 million and $101 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 $)	June 30, 2026	December 31, 2025
Other current assets	**431**	438
Other long-term assets	**124**	161
Accounts payable and other	**(485)**	(380)
Other long-term liabilities	**(306)**	(149)
	(236)	70

Unrealized and realized gains (losses) on derivative instruments

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

	three months ended June 30		six months ended June 30	
(millions of $)	**2026**	**2025**	**2026**	**2025**
Derivative Instruments Held for Trading[1]				
Unrealized gains (losses) in the period				
Commodities[2]	**(15)**	102	**(143)**	27
Foreign exchange	**(49)**	179	**(109)**	237
Realized gains (losses) in the period				
Commodities	**(27)**	(9)	**(276)**	(38)
Foreign exchange	**61**	80	**66**	72
Interest rate	**1**	3	**2**	5
Derivative Instruments in Hedging Relationships				
Realized gains (losses) in the period				
Commodities	**10**	5	**21**	14
Foreign exchange	**3**	3	**5**	4
Interest rate	**(2)**	(7)	**(5)**	(16)

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.

2 In the three and six months ended June 30, 2026, no amounts were reclassified to Net income (loss) from AOCI related to discontinued cash flow hedges (2025 – unrealized gains of $1 million).

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 June 30, 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 second 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.

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

	2026		2025				2024	
(millions of $, except per share amounts)	Second	First	Fourth	Third	Second	First	Fourth	Third
Revenues	**3,957**	**3,861**	**4,168**	**3,704**	**3,744**	**3,623**	**3,577**	**3,358**
Net income (loss) attributable to common shares	**987**	**899**	**980**	**609**	**833**	**978**	**971**	**1,457**
from continuing operations	987	899	959	813	862	978	1,069	1,338
from discontinued operations[1]	—	—	21	(204)	(29)	—	(98)	119
Comparable earnings[2]	**984**	**1,031**	**1,018**	**805**	**848**	**983**	**1,094**	**1,074**
from continuing operations	984	1,031	1,018	805	848	983	1,094	894
from discontinued operations[1]	—	—	—	—	—	—	—	180
Per share statistics:								
Net income (loss) per common share – basic	**$0.95**	**$0.86**	**$0.94**	**$0.58**	**$0.80**	**$0.94**	**$0.94**	**$1.40**
from continuing operations	$0.95	$0.86	$0.92	$0.78	$0.83	$0.94	$1.03	$1.29
from discontinued operations[1]	—	—	$0.02	($0.20)	($0.03)	—	($0.09)	$0.11
Comparable earnings per common share[2]	**$0.94**	**$0.99**	**$0.98**	**$0.77**	**$0.82**	**$0.95**	**$1.05**	**$1.03**
from continuing operations	$0.94	$0.99	$0.98	$0.77	$0.82	$0.95	$1.05	$0.86
from discontinued operations[1]	—	—	—	—	—	—	—	$0.17
Dividends declared per common share[3]	**$0.8775**	**$0.8775**	**$0.85**	**$0.85**	**$0.85**	**$0.85**	**$0.8225**	**$0.96**

1 Discontinued operations represents nine months of Liquids Pipelines earnings in 2024 and associated income and losses from the Spinoff Transaction, thereafter.

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 ECL 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 second quarter 2026, comparable earnings from continuing operations also excluded:

- pre-tax unrealized foreign exchange gains, net, of $81 million on the peso-denominated intercompany loan between TCPL and TGNH, net of non-controlling interest
- a pre-tax expense of $70 million related to a third-party contractual settlement in our Power and Energy Solutions segment
- a pre-tax recovery of $12 million on the ECL provision related to TGNH net investment in leases, net of non-controlling interest as well as certain contract assets in Mexico.

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 a third-party settlement from the resolution of a certain legal matter in our U.S. Natural Gas Pipelines segment
- a pre-tax expense of $17 million on the ECL 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 ECL 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 ECL 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 ECL 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 ECL 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 ECL 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 in 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 ECL 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.

Condensed consolidated statement of income

(unaudited - millions of Canadian $, except per share amounts)	three months ended June 30		six months ended June 30	
	2026	**2025**	**2026**	**2025**
Revenues				
Canadian Natural Gas Pipelines	**1,508**	1,455	**2,962**	2,826
U.S. Natural Gas Pipelines	**1,783**	1,704	**3,552**	3,562
Mexico Natural Gas Pipelines	**430**	360	**856**	586
Power and Energy Solutions	**236**	221	**447**	383
Corporate	**—**	4	**1**	10
	3,957	3,744	**7,818**	7,367
Income (Loss) from Equity Investments	**422**	330	**759**	635
Operating and Other Expenses				
Plant operating costs and other	**1,178**	1,182	**2,215**	2,192
Commodity purchases resold	**64**	49	**137**	99
Property taxes	**227**	218	**421**	442
Depreciation and amortization	**737**	671	**1,460**	1,349
	2,206	2,120	**4,233**	4,082
Financial Charges				
Interest expense	**859**	847	**1,697**	1,687
Allowance for funds used during construction	**(60)**	(114)	**(99)**	(362)
Foreign exchange (gains) losses, net	**(45)**	(69)	**(45)**	(112)
Interest income and other	**(34)**	(49)	**(67)**	(100)
	720	615	**1,486**	1,113
Income (Loss) from Continuing Operations before Income Taxes	**1,453**	1,339	**2,858**	2,807
Income Tax Expense (Recovery) from Continuing Operations				
Current	**85**	23	**152**	106
Deferred	**222**	314	**409**	524
	307	337	**561**	630
Net Income (Loss) from Continuing Operations	**1,146**	1,002	**2,297**	2,177
Net Income (Loss) from Discontinued Operations, Net of Tax	**—**	(29)	**—**	(29)
Net Income (Loss)	**1,146**	973	**2,297**	2,148
Net income (loss) attributable to non-controlling interests	**130**	112	**354**	281
Net Income (Loss) Attributable to Controlling Interests	**1,016**	861	**1,943**	1,867
Preferred share dividends	**29**	28	**57**	56
Net Income (Loss) Attributable to Common Shares	**987**	833	**1,886**	1,811
Amounts Attributable to Common Shares				
Net income (loss) from continuing operations	**1,146**	1,002	**2,297**	2,177
Net income (loss) attributable to non-controlling interests	**130**	112	**354**	281
Net income (loss) attributable to controlling interests from continuing operations	**1,016**	890	**1,943**	1,896
Preferred share dividends	**29**	28	**57**	56
Net income (loss) attributable to common shares from continuing operations	**987**	862	**1,886**	1,840
Net income (loss) from discontinued operations, net of tax	**—**	(29)	**—**	(29)
Net Income (Loss) Attributable to Common Shares	**987**	833	**1,886**	1,811
Net Income (Loss) per Common Share - Basic and Diluted				
Continuing operations	**$0.95**	$0.83	**$1.81**	$1.77
Discontinued operations	**—**	($0.03)	**—**	($0.03)
	$0.95	$0.80	**$1.81**	$1.74
Weighted Average Number of Common Shares (millions)				
Basic	**1,042**	1,040	**1,042**	1,040
Diluted	**1,042**	1,040	**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 June 30		six months ended June 30	
	2026	**2025**	**2026**	**2025**
Net Income (Loss)	**1,146**	973	**2,297**	2,148
Other Comprehensive Income (Loss), Net of Income Taxes				
Foreign currency translation gains and losses on net investment in foreign operations	**346**	(1,049)	**710**	(1,090)
Change in fair value of net investment hedges	**—**	—	**—**	1
Change in fair value of cash flow hedges	**3**	(43)	**30**	(40)
Reclassification to net income of (gains) losses on cash flow hedges	**(16)**	37	**(33)**	38
Reclassification to net income of actuarial (gains) losses on pension and other post-retirement benefit plans	**—**	1	**—**	1
Other comprehensive income (loss) on equity investments	**(5)**	(4)	**(14)**	(16)
	328	(1,058)	**693**	(1,106)
Comprehensive Income (Loss)	**1,474**	(85)	**2,990**	1,042
Comprehensive income (loss) attributable to non-controlling interests	**313**	(455)	**714**	(306)
Comprehensive Income (Loss) Attributable to Controlling Interests	**1,161**	370	**2,276**	1,348
Preferred share dividends	**29**	28	**57**	56
Comprehensive Income (Loss) Attributable to Common Shares	**1,132**	342	**2,219**	1,292

See accompanying Notes to the Condensed consolidated financial statements.

Condensed consolidated statement of cash flows

(unaudited - millions of Canadian $)	three months ended June 30 2026	three months ended June 30 2025	six months ended June 30 2026	six months ended June 30 2025
Cash Generated from Operations				
Net income (loss)	**1,146**	973	**2,297**	2,148
Depreciation and amortization	**737**	671	**1,460**	1,349
Deferred income taxes	**222**	314	**409**	524
(Income) loss from equity investments	**(422)**	(330)	**(759)**	(635)
Distributions received from operating activities of equity investments	**341**	416	**873**	752
Employee post-retirement benefits funding, net of expense	**(3)**	—	**(7)**	2
Equity allowance for funds used during construction	**(53)**	(81)	**(86)**	(245)
Unrealized (gains) losses on financial instruments	**64**	(281)	**252**	(264)
Expected credit loss provision	**(13)**	104	**6**	102
Foreign exchange (gains) losses, net – intercompany loan	**(66)**	165	**(125)**	170
Other	**(43)**	13	**(66)**	10
(Increase) decrease in operating working capital	**307**	209	**566**	(381)
Net cash provided by operations	**2,217**	2,173	**4,820**	3,532
Investing Activities				
Capital expenditures	**(889)**	(1,109)	**(1,959)**	(2,669)
Capital projects in development	**(5)**	(6)	**(9)**	(10)
Contributions to equity investments	**(229)**	(264)	**(462)**	(509)
Other distributions from equity investments	**—**	—	**—**	5
Deferred amounts and other	**(42)**	(107)	**1**	(39)
Net cash (used in) provided by investing activities	**(1,165)**	(1,486)	**(2,429)**	(3,222)
Financing Activities				
Notes payable issued (repaid), net	**(1,392)**	949	**(407)**	2,096
Long-term debt issued, net of issue costs	**2,321**	(6)	**2,327**	2,421
Long-term debt repaid	**(1,109)**	(1,215)	**(1,619)**	(3,224)
Junior subordinated notes issued, net of issue costs	**1,354**	—	**1,850**	1,054
Dividends on common shares	**(914)**	(883)	**(1,798)**	(1,738)
Dividends on preferred shares	**(28)**	(28)	**(55)**	(56)
Common shares issued, net of issue costs	**12**	20	**74**	50
Distributions to non-controlling interests and other	**(225)**	(83)	**(602)**	(303)
Amounts related to factoring arrangement	**(125)**	—	**(351)**	—
Loan from affiliate	**33**	—	**65**	—
Net cash (used in) provided by financing activities	**(73)**	(1,246)	**(516)**	300
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	**12**	19	**31**	11
Increase (Decrease) in Cash and Cash Equivalents	**991**	(540)	**1,906**	621
Cash and Cash Equivalents - Beginning of period	**1,083**	1,962	**168**	801
Cash and Cash Equivalents - End of period	**2,074**	1,422	**2,074**	1,422

Includes continuing and discontinued operations. Refer to Note 3, Discontinued operations, for additional information.

See accompanying Notes to the Condensed consolidated financial statements.

Condensed consolidated balance sheet

(unaudited - millions of Canadian $)		June 30, 2026	December 31, 2025
ASSETS			
Current Assets			
Cash and cash equivalents		**2,074**	168
Accounts receivable		**2,490**	2,794
Inventories		**936**	782
Other current assets		**2,394**	2,375
Current assets of discontinued operations		**—**	197
		7,894	6,316
Plant, Property and Equipment	net of accumulated depreciation of $38,567 and $36,951, respectively	**73,301**	71,054
Net Investment in Leases		**8,379**	8,110
Equity Investments		**11,440**	11,358
Restricted Investments		**3,870**	3,502
Regulatory Assets		**3,052**	2,913
Goodwill		**13,481**	13,016
Other Long-Term Assets		**2,509**	2,482
		123,926	118,751
LIABILITIES			
Current Liabilities			
Notes payable		**820**	1,200
Accounts payable and other		**4,915**	5,274
Dividends payable		**933**	901
Accrued interest		**906**	858
Current portion of long-term debt		**3,493**	1,545
Current portion of junior subordinated notes		**1,704**	—
Current liabilities of discontinued operations		**165**	181
		12,936	9,959
Regulatory Liabilities		**6,132**	5,841
Other Long-Term Liabilities		**1,275**	1,034
Deferred Income Tax Liabilities		**8,382**	7,677
Long-Term Debt		**45,109**	45,247
Junior Subordinated Notes		**12,617**	12,094
		86,451	81,852
EQUITY			
Common shares, no par value		**30,300**	30,218
Issued and outstanding:	June 30, 2026 – 1,042 million shares December 31, 2025 – 1,041 million shares		
Preferred shares		**2,255**	2,255
Retained earnings (Accumulated deficit)		**(5,876)**	(5,925)
Accumulated other comprehensive income (loss)		**1,080**	747
Controlling Interests		**27,759**	27,295
Non-Controlling Interests		**9,716**	9,604
		37,475	36,899
		123,926	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

	three months ended June 30		six months ended June 30	
(unaudited - millions of Canadian $)	**2026**	**2025**	**2026**	**2025**
Common Shares				
Balance at beginning of period	**30,287**	30,136	**30,218**	30,101
Shares issued:				
Exercise of stock options	**13**	22	**82**	57
Balance at end of period	**30,300**	30,158	**30,300**	30,158
Preferred Shares				
Balance at beginning and end of period	**2,255**	2,499	**2,255**	2,499
Additional Paid-In Capital				
Balance at beginning of period	**—**	—	**—**	—
Exercise and forfeitures of stock options	**(2)**	(2)	**(8)**	(4)
Reclassification of additional paid-in capital deficit to accumulated deficit	**2**	2	**8**	4
Balance at end of period	**—**	—	**—**	—
Accumulated Deficit				
Balance at beginning of period	**(5,947)**	(5,147)	**(5,925)**	(5,241)
Net income (loss) attributable to controlling interests	**1,016**	861	**1,943**	1,867
Common share dividends	**(915)**	(884)	**(1,829)**	(1,768)
Preferred share dividends	**(28)**	(27)	**(57)**	(53)
Spinoff of Liquids Pipelines business	**—**	(542)	**—**	(542)
Reclassification of additional paid-in capital deficit to accumulated deficit	**(2)**	(2)	**(8)**	(4)
Balance at end of period	**(5,876)**	(5,741)	**(5,876)**	(5,741)
Accumulated Other Comprehensive Income (Loss)				
Balance at beginning of period	**935**	205	**747**	233
Other comprehensive income (loss) attributable to controlling interests	**145**	(491)	**333**	(519)
Impact of non-controlling interest	**—**	348	**—**	348
Spinoff of Liquids Pipelines business	**—**	542	**—**	542
Balance at end of period	**1,080**	604	**1,080**	604
Equity Attributable to Controlling Interests	**27,759**	27,520	**27,759**	27,520
Equity Attributable to Non-Controlling Interests				
Balance at beginning of period	**9,628**	10,746	**9,604**	10,768
Net income (loss) attributable to non-controlling interests	**130**	112	**354**	281
Other comprehensive income (loss) attributable to non-controlling interests	**183**	(567)	**360**	(587)
Disposition of equity interests	**—**	(348)	**—**	(348)
Distributions declared to non-controlling interests	**(225)**	(83)	**(602)**	(254)
Balance at end of period	**9,716**	9,860	**9,716**	9,860
Total Equity	**37,475**	37,380	**37,475**	37,380

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.

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.

Out-of-Period Adjustments

During second quarter 2025, the Company recorded out-of-period adjustments to reclassify a pro rata portion of its net investment hedge losses recorded in Accumulated other comprehensive income (loss) (AOCI).

The adjustments included (i) a reclassification of net investment hedge losses of $348 million from AOCI to Non-controlling interests (NCI) related to the sale of 40 per cent of Columbia Gas and Columbia Gulf on October 4, 2023, which was presented as Impact of non-controlling interest and Disposition of equity interests, respectively, in the Condensed consolidated statement of equity; and (ii) a reclassification of net investment hedge losses of $542 million related to the spinoff of the Company's Liquids Pipelines business that occurred on October 1, 2024 from AOCI to Retained earnings (Accumulated deficit).

The Company determined that the impact of these out-of-period adjustments was not material, individually or in the aggregate, to any previously reported quarterly or annual financial statements and is not material to the Company's Condensed consolidated financial statements.

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. 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 guidance provides criteria for when government grants can be recognized, distinguishes between grants related to assets and grants related to income and provides presentation and disclosure requirements. 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.

Environmental Credits and Environmental Credit Obligations

In May 2026, the FASB issued guidance on the recognition, measurement, presentation and disclosure requirements for all entities that generate, purchase, or receive environmental credits or have a regulatory compliance obligation that may be settled with environmental credits. The new guidance is effective for annual and interim periods beginning January 1, 2028. Early adoption is permitted. The guidance is applied on a retrospective basis as of the beginning of the annual reporting period of adoption. 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 and six months ended June 30, 2026, the Company did not recognize any income or loss from discontinued operations (2025 – loss of $29 million).

For the three and six months ended June 30, 2026 net cash was $2 million used in and $166 million provided by operations of discontinued operations, respectively (2025 – $3 million provided by and $53 million used in operations of discontinued operations, respectively). For the three and six months ended June 30, 2026, net cash provided by investing activities of discontinued operations was nil (2025 – $24 million).

At June 30, 2026, the Company reported nil current assets of discontinued operations (December 31, 2025 – $197 million) and current liabilities of discontinued operations of $165 million (December 31, 2025 – $181 million).

4. SEGMENTED INFORMATION

three months ended June 30, 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	1,508	1,783	430	236	—	3,957
Intersegment revenues[2]	—	26	—	5	(31)	—
	1,508	1,809	430	241	(31)	3,957
Income (loss) from equity investments	25	64	29	304	—	422
Operating costs[2]	(572)	(617)	(37)	(273)	30	(1,469)
Depreciation and amortization	(416)	(264)	(25)	(32)	—	(737)
Segmented Earnings (Losses)	545	992	397	240	(1)	2,173
Interest expense						(859)
Allowance for funds used during construction						60
Foreign exchange gains (losses), net						45
Interest income and other						34
Income (Loss) from Continuing Operations before Income Taxes						1,453
Income tax (expense) recovery from continuing operations						(307)
Net Income (Loss) from Continuing Operations						1,146
Net Income (Loss) from Discontinued Operations, Net of Tax						—
Net Income (Loss)						1,146
Net (income) loss attributable to non-controlling interests						(130)
Net Income (Loss) Attributable to Controlling Interests						1,016
Preferred share dividends						(29)
Net Income (Loss) Attributable to Common Shares						987
Capital Spending						
Capital expenditures	247	579	31	25	7	889
Capital projects in development	—	—	—	5	—	5
Contributions to equity investments	2	5	—	222	—	229
	249	584	31	252	7	1,123

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 June 30, 2025 (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	1,455	1,704	360	221	4	3,744
Intersegment revenues[2]	—	25	—	50	(75)	—
	1,455	1,729	360	271	(71)	3,744
Income (loss) from equity investments	38	53	(3)	242	—	330
Operating costs[2]	(570)	(629)	(141)	(173)	64	(1,449)
Depreciation and amortization	(372)	(246)	(25)	(28)	—	(671)
Segmented Earnings (Losses)	551	907	191	312	(7)	1,954
Interest expense						(847)
Allowance for funds used during construction						114
Foreign exchange gains (losses), net						69
Interest income and other						49
Income (Loss) from Continuing Operations before Income Taxes						1,339
Income tax (expense) recovery from continuing operations						(337)
Net Income (Loss) from Continuing Operations						1,002
Net Income (Loss) from Discontinued Operations, Net of Tax						(29)
Net Income (Loss)						973
Net (income) loss attributable to non-controlling interests						(112)
Net Income (Loss) Attributable to Controlling Interests						861
Preferred share dividends						(28)
Net Income (Loss) Attributable to Common Shares						833
Capital Spending						
Capital expenditures	332	650	115	6	6	1,109
Capital projects in development	—	—	—	6	—	6
Contributions to equity investments	—	51	—	213	—	264
	332	701	115	225	6	1,379

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.

six months ended June 30, 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	2,962	3,552	856	447	1	7,818
Intersegment revenues[2]	—	52	—	59	(111)	—
	2,962	3,604	856	506	(110)	7,818
Income (loss) from equity investments	51	185	74	449	—	759
Operating costs[2]	(1,133)	(1,202)	(95)	(449)	106	(2,773)
Depreciation and amortization	(826)	(520)	(49)	(65)	—	(1,460)
Segmented Earnings (Losses)	1,054	2,067	786	441	(4)	4,344
Interest expense						(1,697)
Allowance for funds used during construction						99
Foreign exchange gains (losses), net						45
Interest income and other						67
Income (Loss) from Continuing Operations before Income Taxes						2,858
Income tax (expense) recovery from continuing operations						(561)
Net Income (Loss) from Continuing Operations						2,297
Net Income (Loss) from Discontinued Operations, Net of Tax						—
Net Income (Loss)						2,297
Net (income) loss attributable to non-controlling interests						(354)
Net Income (Loss) Attributable to Controlling Interests						1,943
Preferred share dividends						(57)
Net Income (Loss) Attributable to Common Shares						1,886
Capital Spending						
Capital expenditures	604	1,255	51	38	11	1,959
Capital projects in development	—	—	—	9	—	9
Contributions to equity investments	2	5	—	455	—	462
	606	1,260	51	502	11	2,430

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.

six months ended June 30, 2025 (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	2,826	3,562	586	383	10	7,367
Intersegment revenues[2]	—	51	—	50	(101)	—
	2,826	3,613	586	433	(91)	7,367
Income (loss) from equity investments	68	151	31	385	—	635
Operating costs[2]	(1,081)	(1,250)	(166)	(315)	79	(2,733)
Depreciation and amortization	(746)	(498)	(49)	(56)	—	(1,349)
Segmented Earnings (Losses)	1,067	2,016	402	447	(12)	3,920
Interest expense						(1,687)
Allowance for funds used during construction						362
Foreign exchange gains (losses), net						112
Interest income and other						100
Income (Loss) from Continuing Operations before Income Taxes						2,807
Income tax (expense) recovery from continuing operations						(630)
Net Income (Loss) from Continuing Operations						2,177
Net Income (Loss) from Discontinued Operations, Net of Tax						(29)
Net Income (Loss)						2,148
Net (income) loss attributable to non-controlling interests						(281)
Net Income (Loss) Attributable to Controlling Interests						1,867
Preferred share dividends						(56)
Net Income (Loss) Attributable to Common Shares						1,811
Capital Spending						
Capital expenditures	748	1,454	420	36	11	2,669
Capital projects in development	—	—	—	10	—	10
Contributions to equity investments	—	105	—	404	—	509
	748	1,559	420	450	11	3,188

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 $)	June 30, 2026	December 31, 2025
Canadian Natural Gas Pipelines	**31,134**	31,371
U.S. Natural Gas Pipelines	**59,332**	56,617
Mexico Natural Gas Pipelines	**16,677**	16,342
Power and Energy Solutions	**11,119**	10,764
Corporate	**5,664**	3,460
	123,926	118,554
Discontinued Operations	**—**	197
	123,926	118,751

5. REVENUES

Disaggregation of Revenues

The following tables summarize total Revenues for the three and six months ended June 30, 2026 and 2025:

three months ended June 30, 2026 (unaudited - millions of Canadian $)	**Canadian Natural Gas Pipelines**	**U.S. Natural Gas Pipelines**	**Mexico Natural Gas Pipelines**	**Power and Energy Solutions**	**Total**
Revenues from contracts with customers					
Capacity arrangements and transportation	**1,508**	**1,415**	**107**	**—**	**3,030**
Power generation	**—**	**—**	**—**	**48**	**48**
Natural gas storage and other[1]	**—**	**277**	**80**	**156**	**513**
	1,508	**1,692**	**187**	**204**	**3,591**
Sales-type lease income	**—**	**—**	**243**	**—**	**243**
Other revenues[2]	**—**	**91**	**—**	**32**	**123**
	1,508	**1,783**	**430**	**236**	**3,957**
Corporate revenues[3]					**—**
					3,957

1 The Mexico Natural Gas Pipelines segment includes $68 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 $28 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 June 30, 2025 (unaudited - millions of Canadian $)	**Canadian Natural Gas Pipelines**	**U.S. Natural Gas Pipelines**	**Mexico Natural Gas Pipelines**	**Power and Energy Solutions**	**Total**
Revenues from contracts with customers					
Capacity arrangements and transportation	1,455	1,264	110	—	2,829
Power generation	—	—	—	58	58
Natural gas storage and other[1]	—	335	72	85	492
	1,455	1,599	182	143	3,379
Sales-type lease income	—	—	178	—	178
Other revenues[2]	—	105	—	78	183
	1,455	1,704	360	221	3,740
Corporate revenues[3]					4
					3,744

1 The Mexico Natural Gas Pipelines segment includes $65 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 $29 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.

six months ended June 30, 2026 (unaudited - millions of Canadian $)	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Power and Energy Solutions	Total
Revenues from contracts with customers					
Capacity arrangements and transportation	**2,962**	**3,033**	**213**	**—**	**6,208**
Power generation	**—**	**—**	**—**	**102**	**102**
Natural gas storage and other[1]	**—**	**601**	**153**	**249**	**1,003**
	2,962	**3,634**	**366**	**351**	**7,313**
Sales-type lease income	**—**	**—**	**490**	**—**	**490**
Other revenues[2]	**—**	**(82)**	**—**	**96**	**14**
	2,962	**3,552**	**856**	**447**	**7,817**
Corporate revenues[3]					**1**
					7,818

1 The Mexico Natural Gas Pipelines segment includes $135 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 $59 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.

six months ended June 30, 2025 (unaudited - millions of Canadian $)	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Power and Energy Solutions	Total
Revenues from contracts with customers					
Capacity arrangements and transportation	2,826	2,792	223	—	5,841
Power generation	—	—	—	120	120
Natural gas storage and other[1]	—	593	104	200	897
	2,826	3,385	327	320	6,858
Sales-type lease income	—	—	259	—	259
Other revenues[2]	—	177	—	63	240
	2,826	3,562	586	383	7,357
Corporate revenues[3]					10
					7,367

1 The Mexico Natural Gas Pipelines segment includes $91 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 $59 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 $)	June 30, 2026	December 31, 2025	Affected line item on the Condensed consolidated balance sheet
Receivables from contracts with customers	**1,408**	1,822	Accounts receivable
Contract assets	**318**	216	Other current assets
Long-term contract assets	**639**	627	Other long-term assets
Contract liabilities[1]	**42**	46	Accounts payable and other

1 During the six months ended June 30, 2026, $27 million (2025 – $19 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 June 30, 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 $35.3 billion, of which approximately $6.5 billion is expected to be recognized during the remainder of 2026.

6. INCOME TAXES

Effective Tax Rates

The effective income tax rates were 20 per cent and 22 per cent for the six months ended June 30, 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 higher flow-through income taxes and a change in the geographic and business mix of earnings.

7. LONG-TERM DEBT

Long-Term Debt Issued

Long-term debt issued by the Company in the six months ended June 30, 2026 included the following:

(unaudited - millions of Canadian $, unless otherwise noted)					
Company	**Issue date**	**Type**	**Maturity date**	**Amount**	**Interest rate**
TransCanada PipeLines Limited					
	June 2026	Medium Term Notes	June 2036	700	4.61%
	June 2026	Medium Term Notes	June 2056	600	5.36%
Columbia Pipelines Operating Company LLC					
	May 2026	Senior Unsecured Notes	May 2036	US 750	5.51%

Long-Term Debt Repaid/Retired

Long-term debt repaid/retired by the Company in the six months ended June 30, 2026 included the following:

(unaudited - millions of Canadian $, unless otherwise noted)				
Company	**Repayment date**	**Type**	**Amount**	**Interest rate**
TransCanada PipeLines Limited				
	April 2026	Medium Term Notes	400	4.35%
	February 2026	Medium Term Notes	241	8.29%
NGTL Limited Partnership				
	June 2026	Medium Term Notes	45	8.46%
	May 2026	Medium Term Notes	45	8.88%
ANR Pipeline Company				
	June 2026	Senior Unsecured Notes	US 240	4.14%
TC Energía Mexicana, S. de R.L. de C.V.				
	Various	Senior Unsecured Term Loan	US 374	Floating

In May 2026, TC Energía Mexicana, S. de R.L. de C.V. terminated its US$500 million senior unsecured revolving credit facility, with interest at a floating rate on which no amount was outstanding. The related unamortized debt issue costs of $2 million were included in Interest expense in the Condensed consolidated statement of income.

Subsequent Debt Repayment

On July 15, 2026, Columbia Pipelines Holding Company LLC retired US$300 million of senior unsecured notes bearing interest at a fixed rate of 6.06 per cent.

Capitalized Interest

In the three and six months ended June 30, 2026, TC Energy capitalized interest related to capital projects of $1 million and $5 million, respectively (2025 – $2 million and $5 million, respectively).

8. JUNIOR SUBORDINATED NOTES

Junior Subordinated Notes Issued

Junior subordinated notes issued by the Company in the six months ended June 30, 2026 included the following:

(unaudited - millions of Canadian $, unless otherwise noted)					
Company	**Issue date**	**Type**	**Maturity date**	**Amount**	**Interest rate**
TransCanada PipeLines Limited					
	April 2026	Junior Subordinated Notes	October 2056	US 500	6.13%
	April 2026	Junior Subordinated Notes	October 2056	US 500	6.38%
	February 2026	Junior Subordinated Notes	August 2056	500	5.13%

In April 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.

In April 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.

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.

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.

Junior Subordinated Notes Redemption

In June 2026, TCPL exercised its option and provided notice to fully redeem the US$1.2 billion junior subordinated notes issued to TransCanada Trust (TC Trust), a wholly owned financing trust subsidiary of TCPL, in August 2026. The junior subordinated notes bear interest at 6.13 per cent and mature in 2076. The related proceeds will be used by TC Trust to partially fund the redemption price of the US$1.2 billion aggregate principal amount of outstanding Trust Notes – Series 2016-A in August 2026 pursuant to their terms.

9. COMMON SHARES AND PREFERRED SHARES

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

	three months ended June 30		six months ended June 30	
(unaudited - Canadian $, rounded to two decimals unless otherwise noted)	2026	2025	2026	2025
per common share	**0.8775**	0.85	**1.7550**	1.70
per Series 1 preferred share	**0.31**	0.31	**0.62**	0.62
per Series 2 preferred share	**0.26**	0.30	**0.51**	0.63
per Series 3 preferred share	**0.26**	0.11	**0.51**	0.21
per Series 4 preferred share	**0.22**	0.26	**0.43**	0.55
per Series 5 preferred share	**0.28**	0.12	**0.56**	0.24
per Series 6 preferred share	**—**	0.26	**—**	0.55
per Series 7 preferred share	**0.37**	0.37	**0.75**	0.75
per Series 9 preferred share	**0.32**	0.32	**0.64**	0.64
per Series 10 preferred share	**0.29**	0.31	**0.57**	0.65
per Series 11 preferred share	**—**	0.21	**—**	0.21

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 June 30, 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	**347**	**(1)**	**346**
Change in fair value of cash flow hedges	**4**	**(1)**	**3**
Reclassification to net income of (gains) losses on cash flow hedges	**(21)**	**5**	**(16)**
Other comprehensive income (loss) on equity investments	**(6)**	**1**	**(5)**
Other Comprehensive Income (Loss)	**324**	**4**	**328**

three months ended June 30, 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	(1,037)	(12)	(1,049)
Change in fair value of cash flow hedges	(56)	13	(43)
Reclassification to net income of (gains) losses on cash flow hedges	47	(10)	37
Reclassification to net income of actuarial (gains) losses on pension and other post-retirement benefit plans	1	—	1
Other comprehensive income (loss) on equity investments	(3)	(1)	(4)
Other Comprehensive Income (Loss)	(1,048)	(10)	(1,058)

six months ended June 30, 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	**707**	**3**	**710**
Change in fair value of cash flow hedges	**40**	**(10)**	**30**
Reclassification to net income of (gains) losses on cash flow hedges	**(43)**	**10**	**(33)**
Other comprehensive income (loss) on equity investments	**(19)**	**5**	**(14)**
Other Comprehensive Income (Loss)	**685**	**8**	**693**

six months ended June 30, 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	(1,077)	(13)	(1,090)
Change in fair value of net investment hedges	1	—	1
Change in fair value of cash flow hedges	(52)	12	(40)
Reclassification to net income of (gains) losses on cash flow hedges	49	(11)	38
Reclassification to net income of actuarial (gains) losses on pension and other post-retirement benefit plans	1	—	1
Other comprehensive income (loss) on equity investments	(20)	4	(16)
Other Comprehensive Income (Loss)	(1,098)	(8)	(1,106)

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

three months ended June 30, 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 April 1, 2026	**209**	**3**	**101**	**622**	**935**
Other comprehensive income (loss) before reclassifications[1]	**163**	**3**	**—**	**(4)**	**162**
Amounts reclassified from AOCI	**—**	**(16)**	**—**	**(1)**	**(17)**
Net current period other comprehensive income (loss)	**163**	**(13)**	**—**	**(5)**	**145**
AOCI balance at June 30, 2026	**372**	**(10)**	**101**	**617**	**1,080**

1 Other comprehensive income (loss) before reclassifications on currency translation adjustments is net of non-controlling interest gains of $183 million (2025 – losses of $567 million).

six months ended June 30, 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]	**350**	**30**	**—**	**(15)**	**365**
Amounts reclassified from AOCI[2]	**—**	**(33)**	**—**	**1**	**(32)**
Net current period other comprehensive income (loss)	**350**	**(3)**	**—**	**(14)**	**333**
AOCI balance at June 30, 2026	**372**	**(10)**	**101**	**617**	**1,080**

1 Other comprehensive income (loss) before reclassifications on currency translation adjustments is net of non-controlling interest gains of $360 million (2025 – losses of $587 million).

2 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 $15 million ($12 million after tax) at June 30, 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:

	three months ended June 30		six months ended June 30		
(unaudited - millions of Canadian $)	2026	2025	2026	2025	Affected line item in the Condensed consolidated statement of income[1]
Cash flow hedges					
Commodities	**7**	11	**12**	15	Revenues (Power and Energy Solutions)
Foreign exchange	**17**	(55)	**37**	(58)	Interest expense and Foreign exchange gains (losses), net
Interest rate	**(3)**	(3)	**(6)**	(6)	Interest expense
	21	(47)	**43**	(49)	Total before tax
	(5)	10	**(10)**	11	Income tax (expense) recovery
	16	(37)	**33**	(38)	Net of tax
Pension and other post-retirement benefit plans					
Amortization of actuarial gains (losses)	**—**	(1)	**—**	(1)	Plant operating costs and other[2]
	—	—	**—**	—	Income tax (expense) recovery
	—	(1)	**—**	(1)	Net of tax
Equity investments					
Equity income (loss)	**1**	—	**(1)**	2	Income (loss) from equity investments
	—	—	**—**	—	Income tax (expense) recovery
	1	—	**(1)**	2	Net of tax

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

2 These AOCI components are included in the computation of net benefit cost (recovery). Refer to Note 11, Employee post-retirement benefits, for additional information.

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:

	three months ended June 30				six months ended June 30			
	Pension benefit plans		Other post-retirement benefit plans		Pension benefit plans		Other post-retirement benefit plans	
(unaudited - millions of Canadian $)	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
Service cost[1]	**21**	25	**1**	1	**43**	50	**1**	1
Other components of net benefit cost (recovery)[1]								
Interest cost	**42**	40	**4**	3	**83**	81	**7**	7
Expected return on plan assets	**(63)**	(62)	**(4)**	(4)	**(126)**	(125)	**(8)**	(8)
Amortization of past service costs	**—**	—	**—**	(1)	**—**	—	**(1)**	(1)
Amortization of regulatory asset	**—**	—	**(1)**	—	**—**	—	**(1)**	—
	(21)	(22)	**(1)**	(2)	**(43)**	(44)	**(3)**	(2)
Net Benefit Cost (Recovery)	**—**	3	**—**	(1)	**—**	6	**(2)**	(1)

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 and six months ended June 30, 2026, the Company recorded a recovery of $11 million and an expense of $6 million (2025 – expense of $106 million and $104 million, respectively) on the expected credit loss (ECL) provision before tax with respect to the net investment in leases associated with in-service TGNH pipelines.

At June 30, 2026, the balance of the ECL provision was $154 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 June 30, 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)	**June 30, 2026**	**December 31, 2025**
Notional amount	**25,000 (US 17,600)**	25,700 (US 18,700)
Fair value	**24,900 (US 17,500)**	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:

	June 30, 2026		December 31, 2025	
(unaudited - millions of Canadian $)	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt, including current portion[1,2]	**(48,602)**	**(49,220)**	(46,792)	(47,720)
Junior subordinated notes, including current portion	**(14,321)**	**(14,230)**	(12,094)	(12,061)
	(62,923)	**(63,450)**	(58,886)	(59,781)

1 Long-term debt is recorded at amortized cost, except for $4.9 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 and six months ended June 30, 2026 included unrealized gains of $51 million and $77 million, respectively (2025 – unrealized losses of $42 million and $130 million, respectively) 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:

	June 30, 2026		December 31, 2025	
(unaudited - millions of Canadian $)	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	**—**	**30**	—	94
Maturing within 1-5 years	**92**	**174**	26	251
Maturing within 5-10 years	**1,911**	**117**	1,846	4
Maturing after 10 years	**9**	**23**	—	16
Fair value of equity securities[2,4]	**1,425**	**106**	1,252	94
	3,437	**450**	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 $)	June 30, 2026		June 30, 2025	
	LMCI restricted investments[1]	Other restricted investments[2]	LMCI restricted investments[1]	Other restricted investments[2]
Net unrealized gains (losses) in the period				
three months ended	**193**	**13**	37	5
six months ended	**179**	**7**	73	8
Net realized gains (losses) in the period[3]				
three months ended	**26**	**—**	4	—
six months ended	**26**	**—**	(12)	—

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 June 30, 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]	**17**	**—**	**354**	**371**
Foreign exchange	**11**	**—**	**46**	**57**
Interest rate	**—**	**3**	**—**	**3**
	28	**3**	**400**	**431**
Other long-term assets				
Commodities[2]	**3**	**—**	**112**	**115**
Foreign exchange	**—**	**—**	**3**	**3**
Interest rate	**—**	**6**	**—**	**6**
	3	**6**	**115**	**124**
Total Derivative Assets	**31**	**9**	**515**	**555**
Accounts payable and other				
Commodities[2]	**—**	**—**	**(358)**	**(358)**
Foreign exchange	**—**	**—**	**(111)**	**(111)**
Interest rate	**—**	**(16)**	**—**	**(16)**
	—	**(16)**	**(469)**	**(485)**
Other long-term liabilities				
Commodities[2]	**(1)**	**—**	**(167)**	**(168)**
Foreign exchange	**(32)**	**—**	**(19)**	**(51)**
Interest rate	**—**	**(87)**	**—**	**(87)**
	(33)	**(87)**	**(186)**	**(306)**
Total Derivative Liabilities	**(33)**	**(103)**	**(655)**	**(791)**
Total Derivatives	**(2)**	**(94)**	**(140)**	**(236)**

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:

	Carrying amount		Fair value hedging adjustments[1]	
(unaudited - millions of Canadian $)	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025
Long-term debt	**(4,890)**	(4,068)	**56**	(22)

1 At June 30, 2026, adjustments for discontinued hedging relationships included in these balances was a liability of $38 million (December 31, 2025 – $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 June 30, 2026 (unaudited)	Power	Natural gas	Foreign exchange	Interest rate
Net sales (purchases)[1]	**10,060**	**75**	**—**	**—**
Millions of U.S. dollars	**—**	**—**	**6,745**	**3,200**
Millions of Canadian dollars	**—**	**—**	**—**	**400**
Millions of Mexican pesos	**—**	**—**	**18,250**	**—**
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:

	three months ended June 30		six months ended June 30	
(unaudited - millions of Canadian $)	2026	2025	2026	2025
Derivative Instruments Held for Trading[1]				
Unrealized gains (losses) in the period				
Commodities[2]	**(15)**	102	**(143)**	27
Foreign exchange	**(49)**	179	**(109)**	237
Realized gains (losses) in the period				
Commodities	**(27)**	(9)	**(276)**	(38)
Foreign exchange	**61**	80	**66**	72
Interest rate	**1**	3	**2**	5
Derivative Instruments in Hedging Relationships				
Realized gains (losses) in the period				
Commodities	**10**	5	**21**	14
Foreign exchange	**3**	3	**5**	4
Interest rate	**(2)**	(7)	**(5)**	(16)

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.

2 In the three and six months ended June 30, 2026, no amounts were reclassified to Net income (loss) from AOCI related to discontinued cash flow hedges (2025 – unrealized gains of $1 million).

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:

	three months ended June 30		six months ended June 30	
(unaudited - millions of Canadian $, pre tax)	**2026**	**2025**	**2026**	**2025**
Gains (losses) in fair value of derivative instruments recognized in OCI				
Commodities	**2**	(13)	**18**	1
Foreign exchange	**2**	(43)	**22**	(53)
	4	(56)	**40**	(52)

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:

	three months ended June 30		six months ended June 30	
(unaudited - millions of Canadian $)	**2026**	**2025**	**2026**	**2025**
Fair Value Hedges				
Interest rate contracts[1]				
Hedged items	**(57)**	(45)	**(109)**	(89)
Derivatives designated as hedging instruments	**(2)**	(7)	**(5)**	(16)
Cash Flow Hedges				
Reclassification of gains (losses) on derivative instruments from AOCI to Net income (loss)[2]				
Commodities[3]	**7**	11	**12**	15
Foreign exchange[4]	**17**	(55)	**37**	(58)
Interest rate[1]	**(3)**	(3)	**(6)**	(6)

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. In the three and six months ended June 30, 2026, no amounts were reclassified to Net income (loss) from AOCI related to discontinued cash flow hedges (2025 – unrealized gains of $1 million).

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 June 30, 2026 (unaudited - millions of Canadian $)	Gross derivative instruments	Amounts available for offset[1]	Net amounts
Derivative instrument assets			
Commodities	**486**	**(386)**	**100**
Foreign exchange	**60**	**(59)**	**1**
Interest rate	**9**	**(8)**	**1**
	555	**(453)**	**102**
Derivative instrument liabilities			
Commodities	**(526)**	**386**	**(140)**
Foreign exchange	**(162)**	**59**	**(103)**
Interest rate	**(103)**	**8**	**(95)**
	(791)	**453**	**(338)**

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 $145 million and letters of credit of $68 million at June 30, 2026 (December 31, 2025 – $93 million and $73 million, respectively) to its counterparties. At June 30, 2026, the Company held cash collateral of $1 million and $91 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 $22 million at June 30, 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 June 30, 2026, the aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position was $7 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 June 30, 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 June 30, 2026 (unaudited - millions of Canadian $)	**Quoted prices in active markets (Level I)**	**Significant other observable inputs (Level II)**[1]	**Significant unobservable inputs (Level III)**[1]	**Total**
Derivative instrument assets				
Commodities	**143**	**320**	**23**	**486**
Foreign exchange	**—**	**60**	**—**	**60**
Interest rate	**—**	**9**	**—**	**9**
Derivative instrument liabilities				
Commodities	**(118)**	**(355)**	**(53)**	**(526)**
Foreign exchange	**—**	**(162)**	**—**	**(162)**
Interest rate	**—**	**(103)**	**—**	**(103)**
	25	**(231)**	**(30)**	**(236)**

1 There were no transfers from Level II to Level III for the six months ended June 30, 2026.

at December 31, 2025 (unaudited - millions of Canadian $)	Quoted prices in active markets (Level I)	Significant other observable inputs (Level II)[1]	Significant unobservable inputs (Level III)[1]	Total
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:

	three months ended June 30		six months ended June 30	
(unaudited - millions of Canadian $)	**2026**	2025	**2026**	2025
Balance at beginning of period	**47**	45	**74**	72
Net gains (losses) included in Net income (loss)[1]	**(74)**	39	**(94)**	16
Transfers to Level II	**(1)**	—	**(4)**	(2)
Purchases	**—**	—	**(2)**	—
Settlements	**(2)**	(3)	**(4)**	(5)
Foreign exchange	**—**	(1)	**—**	(1)
Balance at end of period	**(30)**	80	**(30)**	80

1 For the three and six months ended June 30, 2026, there were unrealized losses of $74 million and $92 million, respectively, recognized in Revenues attributed to derivatives in the Level III category that were held at June 30, 2026 (2025 – unrealized gains of $39 million and $16 million, respectively).

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 June 30, 2026, TC Energy had approximately $1.4 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:

		June 30, 2026		December 31, 2025	
(unaudited - millions of Canadian $)	Term	Potential exposure[1]	Carrying value	Potential exposure[1]	Carrying value
Bruce Power	Renewable to 2065	**88**	**—**	88	—
Sur de Texas	Renewable to 2053	**81**	**—**	78	—
Other jointly-owned entities	to 2041	**61**	**1**	54	1
		230	**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 $)	June 30, 2026	December 31, 2025
ASSETS		
Current Assets		
Cash and cash equivalents	**277**	167
Accounts receivable	**853**	989
Inventories	**221**	211
Other current assets	**156**	65
	1,507	1,432
Plant, Property and Equipment	**50,865**	49,445
Equity Investments	**1,046**	979
Restricted Investments	**1,265**	1,150
Regulatory Assets	**160**	109
Goodwill	**472**	456
Other Long-Term Assets	**115**	93
	55,430	53,664
LIABILITIES		
Current Liabilities		
Notes Payable	**411**	535
Accounts payable and other	**1,632**	1,703
Accrued interest	**227**	216
Current portion of long-term debt	**1,212**	575
	3,482	3,029
Regulatory Liabilities	**1,541**	1,458
Other Long-Term Liabilities	**61**	51
Deferred Income Tax Liabilities	**9**	7
Long-Term Debt	**14,711**	13,904
	19,804	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 $)	June 30, 2026	December 31, 2025
Balance Sheet Exposure		
Equity investments		
Bruce Power	**8,055**	7,780
Coastal GasLink	**502**	896
Other pipeline equity investments	**157**	158
Off-Balance Sheet Exposure[1]		
Bruce Power	**1,863**	1,955
Coastal GasLink[2]	**200**	200
Maximum Exposure to Loss	**10,777**	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.