

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See attachment](#)

Horizontal lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ [See attachment](#)

Horizontal lines for providing information regarding loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See attachment](#)

Horizontal lines for providing other necessary information.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ *Alisa Williams* Date ▶ October 11, 2024

Print your name ▶ **Alisa Williams** Title ▶ **Vice-President, Tax**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

TC Energy Corporation
EIN: 98-0398539
Attachment to Form 8937

CONSULT YOUR TAX ADVISOR

The information contained herein is being provided pursuant to the requirements of section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Arrangement (as defined below) on the tax basis of TC Energy Common Shares and South Bow Common Shares (each as defined below) following the Arrangement. The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Neither TC Energy nor South Bow (each as defined below) provides tax advice to its shareholders. The example provided below is illustrative and is being provided pursuant to section 6045B of the Code and as a convenience to shareholders and their tax advisors when establishing their specific tax position. You are urged to consult your own tax advisor regarding the particular consequences of the Arrangement to you, including the applicability and effect of all U.S. federal, state and local tax laws, and foreign tax laws. We urge you to read the Management Information Circular, dated April 10, 2024 and filed with the Canadian Securities Administrators on April 16, 2024, particularly the discussion beginning on page 88 under the heading “Certain United States Federal Income Tax Considerations”. You may access the form at www.sedarplus.ca.

Lines 9, 12

Classification and Description	Exchange	Ticker Symbol
TC Energy Common Shares ¹	NYSE TSX	TRP

Line 14 **Describe the organizational action and, if applicable, the date of the action or the date against which shareholders’ ownership is measured for the action.**

On October 1, 2024, at 12:01 am MT, pursuant to the terms and conditions of the Plan of Arrangement dated April 10, 2024 between TC Energy Corporation (“**TC Energy**”), South Bow Corporation (“**South Bow**”) and South Bow Pipelines Ltd. (“**SBPL**”), (i) TC Energy underwent a reorganization of capital whereby the holders of TC Energy common shares (“**TC Energy Common Shares**”) exchanged their existing TC Energy Common Shares for a new class of TC Energy common shares (the “**TC Energy Arrangement Common Shares**”) and TC Energy preferred shares with a redemption value equal to the value of SBPL (the “**TC Energy Special**”).

¹ As described below, in connection with the Arrangement, holders of TC Energy Common Shares ultimately exchanged their existing TC Energy Common Shares for new TC Energy Common Shares having the same rights and obligations as their existing TC Energy Common Shares. However, each former holder of TC Energy Common Shares will have the same number of “new” TC Energy Common Shares as the number of existing TC Energy Common Shares such holder held immediately prior to the Arrangement. For simplicity and because this step should have no independent significance for U.S. federal income tax purposes, any reference herein to “TC Energy Common Shares” following the Arrangement refers to such “new” TC Energy Common Shares.

Shares”), (ii) former holders of TC Energy Common Shares contributed the TC Energy Special Shares received from TC Energy to South Bow in exchange for all of the South Bow common shares (the “**South Bow Common Shares**”), (iii) TC Energy contributed all of the common shares of SBPL to South Bow in exchange solely for South Bow preferred shares with a redemption value equal to the value of SBPL (the “**South Bow Special Shares**”), (iv) TC Energy and South Bow each redeemed their respective Special Shares in exchange for promissory notes of TC Energy and South Bow, respectively (the “**Promissory Notes**”), in payment of their respective redemption prices, (v) the Promissory Notes were then set-off against each other and cancelled, and (vi) former holders of TC Energy Common Shares exchanged the TC Energy Arrangement Common Shares for new TC Energy Common Shares having the same rights and obligations as the TC Energy Common Shares, and all TC Energy Arrangement Common Shares were cancelled (clauses (i) through (vi) collectively the “**Arrangement**”). As a result of the Arrangement, holders of TC Energy Common Shares received 0.2 South Bow Common Shares in respect of each TC Energy Common Share; provided, however, that fractional South Bow Common Shares were not issued to holders of TC Energy Common Shares. In lieu of issuing such fractional shares, an agent aggregated all fractional shares into whole shares, sold for cash the whole shares in the open market, and distributed to each applicable shareholder of South Bow Common Shares, in lieu of any fractional share to which it otherwise may be entitled, such shareholder’s ratable share of the total cash proceeds from the open market sale.

Line 15 **Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.**

The Arrangement should qualify as a tax-free distribution under section 355(a) of the Code. Therefore, for U.S. federal income tax purposes, each holder of TC Energy Common Shares generally received a distribution of 0.2 South Bow Common Shares in respect of each TC Energy Common Share. Under section 358(a), the aggregate tax basis of TC Energy Common Shares and South Bow Common Shares, including any fractional shares deemed received, in the hands of such holder immediately after the Arrangement should be the same as the aggregate tax basis of TC Energy Common Shares immediately before the Arrangement, allocated between the TC Energy Common Shares and South Bow Common Shares, including any fractional shares deemed received, in proportion to their relative fair market values on the date of the Arrangement.

U.S. federal income tax law does not specifically prescribe how shareholders should determine the fair market values of the TC Energy Common Shares and South Bow Common Shares for purposes of allocating their tax basis. One reasonable approach is to use the volume-weighted average price (“**VWAP**”) of TC Energy Common Shares and South Bow Common Shares on October 2, 2024, the second trading day on the TSX after the Arrangement, for each of TC Energy and South Bow after the Arrangement (*see Line 16 for additional data*). Under this approach, the pre-Arrangement aggregate tax basis in the TC Energy Common Shares would be allocated (i) 91% to TC Energy Common Shares and (ii) 9% to South Bow Common Shares, including any fractional shares deemed received, (*see computation on Line 16 below*). **Other valuation methodologies may exist, and shareholders should consult their own tax advisors regarding basis allocation calculations. Shareholders are not bound by the approach illustrated above and may, in consultation with their own tax advisors, use another approach to determine fair market values.**

Further, holders of TC Energy Common Shares that purchased or acquired TC Energy Common Shares at different times or at different prices should allocate the aggregate tax basis to TC Energy Common Shares and South Bow Common Shares, including any fractional shares deemed received, in a manner that replicates, to the greatest extent possible, the bases and holding periods of the TC Energy Common Shares with respect to which the TC Energy Common Shares and South Bow Common Shares were received. This allocation may result in some South Bow Common Shares having split basis and holding periods.

Line 16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

The relative fair market value of the TC Energy Common Shares and South Bow Common Shares on October 2, 2024 (the second trading day on the TSX after the Arrangement) was calculated using the VWAP on the TSX – converted from CAD to USD using the closing CAD:USD foreign exchange rate on October 2, 2024² – of TC Energy Common Shares (\$43.89) and South Bow Common Shares (\$21.58). As noted above, each holder of TC Energy Common Shares received 0.2 South Bow Common Shares in respect of each TC Energy Common Share. Accordingly, with respect to the aggregate tax basis in the TC Energy Common Shares immediately before the Arrangement (i) 91% of the aggregate tax basis is allocable to TC Energy Common Shares, and (ii) 9% of the aggregate tax basis is allocable to South Bow Common Shares, including any fractional shares deemed received, received in the Arrangement.

The following is an example illustrating the tax basis rules described above.

Assumptions

- TC Energy Common Shares owned by a holder immediately prior to the Arrangement: 500.
- Such holder's aggregate tax basis in such TC Energy Common Shares immediately prior to the Arrangement (assumed to be \$50 per share): \$25,000.
- TC Energy Common Shares and South Bow Common Shares as a result of the Arrangement: (i) 500 TC Common Shares and (ii) 100 South Bow Common Shares (*i.e.*, 500 TC Energy Common Shares multiplied by the distribution ratio of 0.2).

² Per the foreign exchange rates published by the Wall Street Journal, the closing CAD:USD foreign exchange rate on October 2, 2024 was 0.7405. Such foreign exchange rate can be accessed at the following link: <https://www.wsj.com/market-data/quotes/fx/CADUSD>.

Tax Basis Allocation:

	# of Shares Owned (A)	Assumed Beginning Basis (B)	VWAP (USD) (C) ¹	FMV of Shares Owned Post-Arrangement (A) x (C)	% of Total FMV (D)	Allocated Tax Basis (B) x (D)
TC Energy Common Shares	500 ²	\$25,000 ³	\$43.89 ⁴	\$21,945	91% ⁵	\$22,750
South Bow Common Shares	100		\$21.58 ⁶	\$2,158	9% ⁷	\$2,250
Total				\$24,103	100.00%	\$25,000

1. Per the foreign exchange rates published by the Wall Street Journal, the closing CAD:USD foreign exchange rate on October 2, 2024 was 0.7405. Such foreign exchange rate can be accessed at the following link: <https://www.wsj.com/market-data/quotes/fx/CADUSD>.
2. Number TC Energy Common Shares owned immediately prior to the Arrangement.
3. Aggregate tax basis in the TC Energy Common Shares owned immediately prior to the Arrangement.
4. VWAP of TC Energy Common Shares on October 2, 2024 on the TSX, converted from CAD to USD per the foreign exchange rate noted above.
5. $\$21,945 / \$24,103 = \text{approx. } 91\%$
6. VWAP of South Bow Common Shares on October 2, 2024 on the TSX, converted from CAD to USD per the foreign exchange rate noted above.
7. $\$2,158 / \$24,103 = \text{approx. } 9\%$

Line 17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

Sections 368, 355(a), 358(a), and 358(b); section 1001 (to the extent cash was received in lieu of fractional South Bow Common Shares).

Line 18 Can any resulting loss be recognized?

Holders of TC Energy Common Shares should not recognize gain or loss for U.S. federal income tax purposes upon the receipt of South Bow Common Shares in the Arrangement. Holders of TC Energy Common Shares may recognize gain or loss with respect to cash received in lieu of a fractional South Bow Common Share equal to the difference between the cash received and the shareholder's allocated basis in such fractional share.

Line 19 **Provide any other information necessary to implement the adjustment, such as the reportable tax year.**

The Arrangement was effective on October 1, 2024. For a shareholder with a calendar tax year, the reportable tax year is 2024.

You are urged to consult your own tax advisors regarding the particular tax consequences of the Arrangement to you, including the applicability and effect of all U.S. federal, state, and local and foreign taxes.

Additional information is located in the Management Information Circular, dated April 10, 2024, distributed to holders of TC Energy Common Shares and filed with the Canadian Securities Administrators on April 16, 2024, particularly the discussion beginning on page 88 under the heading “Certain United States Federal Income Tax Considerations”. You may access the form at www.sedarplus.ca.