

**FORM 51-102F3
MATERIAL CHANGE REPORT**

1. Name and Address of Company

South Bow Corporation ("**South Bow**" or the "**Corporation**")
707 – 5th Street S.W.
Calgary, Alberta, T2P 0Y3

2. Date of Material Change

October 1, 2024

3. News Release

A press release of South Bow dated October 1, 2024 disclosing the subject matter of this material change report was disseminated via GlobeNewswire and filed on the Corporation's SEDAR+ profile at www.sedarplus.ca.

4. Summary of Material Change

On October 1, 2024, TC Energy Corporation ("**TC Energy**") and South Bow announced the completion of the separation of TC Energy into two independent publicly traded companies, which was implemented by way of an arrangement under section 192 of the *Canada Business Corporations Act* (the "**Spinoff Transaction**") involving TC Energy, South Bow and the holders (the "**TC Energy Shareholders**") of common shares in the capital of TC Energy ("**TC Energy Common Shares**"), among others.

5. Full Description of Material Change

5.1 Full Description of Material Change:

Spinoff Transaction

The Spinoff Transaction was completed on October 1, 2024. In connection with the Spinoff Transaction, all of the assets and liabilities comprising TC Energy's liquids pipelines business segment were transferred from TC Energy to South Bow. Accordingly, as a result of the completion of the Spinoff Transaction, the business of TC Energy and South Bow are as follows: (i) TC Energy is a diversified, growth-oriented natural gas infrastructure and energy solutions company; and (ii) South Bow is a critical infrastructure company with a business consisting of crude oil pipeline and terminal assets focusing on transporting crude oil supply primarily from the Western Canadian Sedimentary Basin and Cushing market hub to the U.S. Midwest and Gulf Coast.

Pursuant to the Spinoff Transaction, among other things, each TC Energy Shareholder was issued one new TC Energy Common Share (which continued to be represented by the certificates representing TC Energy Common Shares outstanding prior to the Spinoff Transaction becoming effective) and 0.2 of a common share in the capital of South Bow (each a "**South Bow Common Share**") for each TC Energy Common Share held as of the close of trading on September 25, 2024. An aggregate of 207,570,409 South Bow Common Shares were issued pursuant to the Spinoff Transaction.

The South Bow Common Shares are expected to commence trading on the Toronto Stock Exchange on October 2, 2024 and on the New York Stock Exchange on or about October 8, 2024, in each case, under the trading symbol "SOBO".

Pre-Closing Offerings

On August 28, 2024, South Bow Canadian Infrastructure Holdings Ltd. ("**Canadian LiquidsCo**") (a wholly-owned subsidiary of South Bow following the Spinoff Transaction) completed a C\$1.45 billion private placement offering of senior notes, comprised of: (i) C\$450 million aggregate principal amount of 4.323% senior unsecured notes due February 1, 2030; (ii) C\$500 million aggregate principal amount of 4.616% senior unsecured notes due February 1, 2032; and (iii) C\$500 million aggregate principal amount of 4.933% senior unsecured notes due February 1, 2035. All of such notes are fully and unconditionally guaranteed on a senior unsecured basis by South Bow Infrastructure Holdings Ltd. ("**Liquids HoldCo**") (formerly known as 15142083 Canada Ltd., a wholly-owned subsidiary of South Bow following the Spinoff Transaction), South Bow USA Infrastructure Holdings LLC ("**U.S. LiquidsCo**") (formerly known as 6297782 LLC, a wholly-owned subsidiary of South Bow following the Spinoff Transaction) and South Bow.

Canadian LiquidsCo also completed a U.S.\$1.1 billion private placement offering of junior subordinated notes on August 28, 2024, comprised of: (i) U.S.\$450 million aggregate principal amount of 7.625% fixed-to-fixed reset rate junior unsecured subordinated notes due March 1, 2055; and (ii) U.S.\$650 million aggregate principal amount of 7.500% fixed-to-fixed reset rate junior unsecured subordinated notes due March 1, 2055 (collectively, the "**Canadian LiquidsCo Note Offerings**"). All of such notes are fully and unconditionally guaranteed on a junior unsecured basis by Liquids HoldCo, U.S. LiquidsCo and South Bow.

Also on August 28, 2024, U.S. LiquidsCo completed a U.S.\$3.65 billion private placement offering of senior notes, comprised of: (i) U.S.\$700 million aggregate principal amount of 4.911% senior unsecured notes due September 1, 2027; (ii) U.S.\$1.0 billion aggregate principal amount of 5.026% senior unsecured notes due October 1, 2029; (iii) U.S.\$1.25 billion aggregate principal amount of 5.584% senior unsecured notes due October 1, 2034; and (iv) U.S.\$700 million aggregate principal amount of 6.176% senior unsecured notes due October 1, 2054 (the "**U.S. LiquidsCo Note Offering**" and, together with the Canadian LiquidsCo Note Offerings, the "**South Bow Note Offerings**"). All of such notes are fully and unconditionally guaranteed on a senior unsecured basis by Liquids HoldCo, Canadian LiquidsCo and South Bow.

The net proceeds of the South Bow Note Offerings were placed into an escrow account pending the completion of the Spinoff Transaction. Upon completion of the Spinoff Transaction, the net proceeds of the South Bow Note Offerings were released from escrow and were applied to repay indebtedness incurred by South Bow to acquire the liquids pipelines business from TC Energy in connection with the Spinoff Transaction.

South Bow Directors and Officers

Upon completion of the Spinoff Transaction, the following individuals were appointed as directors and officers of South Bow:

<u>Name</u>	<u>Office(s)</u>
Harold N. Kvisle	Director (Chair)
Chansoo Joung	Director

George Lewis	Director
Leonard Mallett	Director
Robert (Bob) G. Phillips	Director
Sonya M. Reed	Director
Shannon Ryhorchuk	Director
Mary Pat Salomone	Director
Frances M. Vallejo	Director
Don Wishart	Director
Bevin Wirzba	Director; President and Chief Executive Officer
P. Van R. Dafoe	Senior Vice-President and Chief Financial Officer
Richard J. Prior	Senior Vice-President and Chief Operating Officer
Lori M. Muratta	Senior Vice-President and General Counsel
Renate Poole	Vice-President, Human Resources
Marc Palazzo	Vice-President, External Relations
Kevin B. Engel	Vice-President, Corporate Finance
Jennifer M. Geggie	Vice-President, Commercial
Tamara Loewen	Vice-President, Information Services
Gary Salsman	Vice-President, Safety and Operations
Blaine Trout	Vice-President, Business Development and Marketing
Eric von Engelbrechten	Vice-President and Controller
Mark Yeomans	Vice-President, Engineering
Kate Fischer	Associate General Counsel and Corporate Secretary
Jillian Acton	Senior Counsel and Assistant Corporate Secretary

6. Reliance on subsection 7.1(2) of National Instrument 51-102:

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

The name and business telephone number of the executive officer of South Bow who is knowledgeable of the material change and this report is:

Lori Muratta
Senior Vice-President and General Counsel
832-389-8831

9. Date of Report

October 1, 2024