

**Tennessee Gas Pipeline Company, L.L.C.**

**CONSOLIDATED FINANCIAL STATEMENTS**  
(excluding footnotes)

For the Three Months Ended March 31, 2015 and 2014  
Unaudited

**TENNESSEE GAS PIPELINE COMPANY, L.L.C. AND SUBSIDIARIES**  
**TABLE OF CONTENTS**

	<u>Page Number</u>
Consolidated Financial Statements (Unaudited)	
Consolidated Statements of Income .....	1
Consolidated Balance Sheets.....	2
Consolidated Statements of Cash Flows .....	3
Consolidated Statements of Member's Equity.....	4

**TENNESSEE GAS PIPELINE COMPANY, L.L.C. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(In Millions)  
(Unaudited)

	Three Months Ended	
	March 31,	
	2015	2014
Revenues.....	\$ 302	\$ 304
Operating Costs and Expenses		
Operations and maintenance.....	42	39
Depreciation and amortization.....	46	44
General and administrative.....	17	17
Taxes, other than income taxes.....	17	15
Total Operating Costs and Expenses.....	<u>122</u>	<u>115</u>
Operating Income.....	<u>180</u>	<u>189</u>
Other Income (Expense)		
Earnings from equity investment.....	2	3
Interest expense, net.....	(34)	(34)
Other, net.....	4	2
Total Other Income (Expense).....	<u>(28)</u>	<u>(29)</u>
Income Before Income Taxes.....	152	160
Income Tax Expense.....	<u>(1)</u>	<u>(1)</u>
Net Income.....	<u>\$ 151</u>	<u>\$ 159</u>

**TENNESSEE GAS PIPELINE COMPANY, L.L.C. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(In Millions)

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents .....	\$ —	\$ —
Accounts receivable, net .....	109	124
Inventories.....	46	46
Regulatory assets .....	22	20
Natural gas imbalance receivable .....	117	82
Total current assets .....	294	272
Property, plant and equipment, net .....	4,463	4,428
Goodwill .....	3,250	3,252
Note receivable from affiliate .....	29	—
Investment.....	62	61
Regulatory assets .....	248	254
Deferred charges and other assets.....	371	374
Total Assets.....	\$ 8,717	\$ 8,641
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Current liabilities		
Current portion of debt.....	\$ 250	\$ —
Accounts payable .....	122	178
Accrued interest .....	45	32
Accrued taxes, other than income .....	27	28
Regulatory liabilities.....	39	30
Customer deposits .....	16	16
Natural gas imbalance payable .....	26	19
Other current liabilities .....	12	9
Total current liabilities.....	537	312
Long-term liabilities and deferred credits		
Long-term debt.....	1,540	1,790
Debt fair value adjustments .....	321	330
Notes payable to affiliates.....	31	1
Other long-term liabilities and deferred credits .....	42	45
Total Liabilities.....	2,471	2,478
Member's Equity .....	6,241	6,158
Accumulated other comprehensive income .....	5	5
Total Member's Equity.....	6,246	6,163
Total Liabilities and Member's Equity.....	\$ 8,717	\$ 8,641

**TENNESSEE GAS PIPELINE COMPANY, L.L.C. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In Millions)  
(Unaudited)

	Three Months Ended	
	March 31,	
	2015	2014
<b>Cash Flows From Operating Activities</b>		
Net Income .....	\$ 151	\$ 159
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization .....	46	44
Earnings from equity investment .....	(2)	(3)
Distributions from equity investment .....	1	4
Other .....	(1)	1
Changes in components of working capital:		
Accounts receivable .....	15	14
Accounts payable .....	(30)	(42)
Accrued interest .....	13	13
Regulatory liabilities .....	9	5
Other current assets and liabilities .....	(30)	(12)
Other long-term assets and liabilities .....	5	(8)
Net Cash Provided by Operating Activities .....	<u>177</u>	<u>175</u>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures .....	(111)	(69)
Net change in note receivable from affiliate .....	(29)	(118)
Sale or disposal of property, plant and equipment, net of salvage .....	(1)	(9)
Other .....	2	2
Net Cash Used in Investing Activities .....	<u>(139)</u>	<u>(194)</u>
<b>Cash Flows From Financing Activities</b>		
Contributions from Member .....	92	178
Distributions to Member .....	(160)	(136)
Net change in note payable to affiliates .....	30	(23)
Net Cash (Used in) Provided by Financing Activities .....	<u>(38)</u>	<u>19</u>
Net Change in Cash and Cash Equivalents .....	—	—
Cash and Cash Equivalents, beginning of period .....	—	—
Cash and Cash Equivalents, end of period .....	<u>\$ —</u>	<u>\$ —</u>
<b>Non-cash Investing Activities</b>		
Decrease in property, plant and equipment accruals and contractor retainage ..	\$ (24)	\$ (62)

**TENNESSEE GAS PIPELINE COMPANY, L.L.C. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY**  
(In Millions)  
(Unaudited)

	<u>Member's Equity</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total Member's Equity</u>
Balance at December 31, 2013 .....	\$ 5,964	\$ 6	\$ 5,970
Net income .....	159		159
Contributions from Member .....	178		178
Distributions to Member .....	(136)		(136)
Balance at March 31, 2014 .....	<u>\$ 6,165</u>	<u>\$ 6</u>	<u>\$ 6,171</u>
Balance at December 31, 2014 .....	\$ 6,158	\$ 5	\$ 6,163
Net income .....	151		151
Contributions from Member .....	92		92
Distributions to Member .....	(160)		(160)
Balance at March 31, 2015 .....	<u>\$ 6,241</u>	<u>\$ 5</u>	<u>\$ 6,246</u>