

*CONSOLIDATED FINANCIAL STATEMENTS*  
*(Unaudited)*  
*(excluding footnotes)*

*TENNESSEE GAS PIPELINE COMPANY, L.L.C.*

*As of March 31, 2016 and December 31, 2015 and*  
*For the Three Months Ended March 31, 2016 and 2015*

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

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Revenues	\$ 390	\$ 302
Operating Costs and Expenses		
Operations and maintenance	53	42
Depreciation and amortization	47	46
General and administrative	17	17
Taxes, other than income taxes	18	17
Total Operating Costs and Expenses	135	122
Operating Income	255	180
Other Income (Expense)		
Earnings from equity investment	2	2
Interest, net	(34)	(34)
Other, net	4	4
Total Other Income (Expense)	(28)	(28)
Income Before Income Taxes	227	152
Income Tax Expense	—	(1)
Net Income	\$ 227	\$ 151

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

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
	<u>(Unaudited)</u>	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	142	141
Inventories	47	45
Regulatory assets	18	19
Natural gas imbalance receivable	18	11
Total current assets	<u>225</u>	<u>216</u>
Property, plant and equipment, net	4,988	4,949
Goodwill	3,250	3,250
Note receivable from affiliate	3	3
Investment	60	61
Regulatory assets	242	245
Deferred charges and other assets	319	332
Total Assets	<u>\$ 9,087</u>	<u>\$ 9,056</u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Current liabilities		
Accounts payable	\$ 71	\$ 176
Accrued interest	44	32
Accrued taxes, other than income taxes	31	32
Regulatory liabilities	13	17
Customer deposits	14	15
Natural gas imbalance payable	9	8
Other current liabilities	31	33
Total current liabilities	<u>213</u>	<u>313</u>
Long-term liabilities and deferred credits		
Long-term debt	1,540	1,790
Debt fair value adjustments	285	292
Notes payable to affiliates	385	83
Other long-term liabilities and deferred credits	36	35
Total long-term liabilities and deferred credits	<u>2,246</u>	<u>2,200</u>
Total Liabilities	<u>2,459</u>	<u>2,513</u>
Member's Equity		
Member's equity	6,635	6,550
Accumulated other comprehensive loss	(7)	(7)
Total Member's Equity	<u>6,628</u>	<u>6,543</u>
Total Liabilities and Member's Equity	<u>\$ 9,087</u>	<u>\$ 9,056</u>

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

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 227	\$ 151
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	47	46
Earnings from equity investment	(2)	(2)
Other non-cash items	(5)	(1)
Distributions from equity investment earnings	3	1
Changes in components of working capital:		
Accounts receivable	(1)	15
Accounts payable	(25)	(30)
Accrued interest	12	13
Regulatory liabilities	(3)	9
Other current assets and liabilities	(12)	(30)
Other long-term assets and liabilities	8	5
<b>Net Cash Provided by Operating Activities</b>	<b>249</b>	<b>177</b>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	(161)	(111)
Net change in note receivable from affiliate	—	(29)
Sale or disposal of property, plant and equipment, net of salvage	(5)	(1)
Other	7	2
<b>Net Cash Used in Investing Activities</b>	<b>(159)</b>	<b>(139)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from note payable to affiliate	250	—
Payments of debt	(250)	—
Contributions from Member	63	92
Distributions to Member	(205)	(160)
Net change in notes payable to affiliates	52	30
<b>Net Cash Used in Financing Activities</b>	<b>(90)</b>	<b>(38)</b>
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>

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

	Three Months Ended March 31,	
	2016	2015
Beginning Balance	\$ 6,543	\$ 6,163
Net income	227	151
Contributions	63	92
Distributions	(205)	(160)
Ending Balance	\$ 6,628	\$ 6,246