

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(excluding footnotes)

TENNESSEE GAS PIPELINE COMPANY, L.L.C.

As of March 31, 2017 and December 31, 2016 and
For the Three Months Ended March 31, 2017 and 2016

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

	Page Number
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 SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(In Millions)
(Unaudited)

	Three Months Ended March 31,	
	2017	2016
Revenues	\$ 390	\$ 390
Operating Costs and Expenses		
Operations and maintenance	57	53
Depreciation and amortization	48	47
General and administrative	18	17
Taxes, other than income taxes	20	18
Total Operating Costs and Expenses	143	135
Operating Income	247	255
Other Income (Expense)		
Earnings from equity investment	2	2
Interest, net	(30)	(34)
Other, net	5	4
Total Other Income (Expense)	(23)	(28)
Income Before Income Taxes	224	227
Income Tax Expense	(1)	—
Net Income	\$ 223	\$ 227

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

ASSETS	March 31, 2017	December 31, 2016
(Unaudited)		
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	140	139
Inventories	50	49
Regulatory assets	44	41
Natural gas imbalance receivable	18	40
Other current assets	1	2
Total current assets	253	271
Property, plant and equipment, net	5,053	4,981
Goodwill	3,250	3,250
Note receivable from affiliate	3	3
Investment	61	61
Regulatory assets	229	233
Deferred charges and other assets	299	306
Total Assets	\$ 9,148	\$ 9,105
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	\$ 73	\$ 78
Accrued interest	56	35
Accrued taxes, other than income taxes	33	54
Natural gas imbalance payable	16	27
Other current liabilities	55	51
Total current liabilities	233	245
Long-term liabilities and deferred credits		
Long-term debt	1,540	1,540
Debt fair value adjustments	259	266
Note payable to affiliate	250	250
Other long-term liabilities and deferred credits	33	35
Total long-term liabilities and deferred credits	2,082	2,091
Total Liabilities	2,315	2,336
Member's Equity		
Member's equity	6,838	6,774
Accumulated other comprehensive loss	(5)	(5)
Total Member's Equity	6,833	6,769
Total Liabilities and Member's Equity	\$ 9,148	\$ 9,105

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

	Three Months Ended March 31,	
	2017	2016
Cash Flows From Operating Activities		
Net income	\$ 223	\$ 227
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	48	47
Earnings from equity investment	(2)	(2)
Other non-cash items	(5)	(5)
Distributions from equity investment earnings	2	3
Changes in components of working capital:		
Accounts receivable	(1)	(1)
Accounts payable	(13)	(11)
Accrued interest	21	12
Accrued taxes, other than income taxes	(21)	(15)
Other current assets and liabilities	13	(14)
Other long-term assets and liabilities	(17)	8
Net Cash Provided by Operating Activities	248	249
Cash Flows From Investing Activities		
Capital expenditures	(86)	(161)
Sale or disposal of property, plant and equipment, net of cost of removal	(4)	(5)
Other	1	7
Net Cash Used in Investing Activities	(89)	(159)
Cash Flows From Financing Activities		
Proceeds from note payable to affiliate	—	250
Payments of debt	—	(250)
Contributions from Member	92	63
Distributions to Member	(251)	(205)
Net change in notes payable to affiliates	—	52
Net Cash Used in Financing Activities	(159)	(90)
Net Change in Cash and Cash Equivalents	—	—
Cash and Cash Equivalents, beginning of period	—	—
Cash and Cash Equivalents, end of period	\$ —	\$ —
Non-cash Investing Activities		
Net increases in property, plant and equipment accruals	\$ 6	

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

	Three Months Ended March 31,	
	2017	2016
Beginning Balance	\$ 6,769	\$ 6,543
Net income	223	227
Contributions	92	63
Distributions	(251)	(205)
Ending Balance	\$ 6,833	\$ 6,628