

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(excluding footnotes)

TENNESSEE GAS PIPELINE COMPANY, L.L.C.

As of June 30, 2017 and December 31, 2016 and
For the Three and Six Months Ended June 30, 2017 and 2016

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)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues	\$ 378	\$ 340	\$ 768	\$ 730
Operating Costs and Expenses				
Operations and maintenance	75	75	132	128
Depreciation and amortization	48	47	96	94
General and administrative	16	16	34	33
Taxes, other than income taxes	20	18	40	36
Total Operating Costs and Expenses	159	156	302	291
Operating Income	219	184	466	439
Other Income (Expense)				
Earnings from equity investment	3	2	5	4
Interest, net	(27)	(33)	(57)	(67)
Other, net	9	5	14	9
Total Other Income (Expense)	(15)	(26)	(38)	(54)
Income Before Income Taxes	204	158	428	385
Income Tax Expense	—	(1)	(1)	(1)
Net Income	\$ 204	\$ 157	\$ 427	\$ 384

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

	June 30, 2017	December 31, 2016
ASSETS		
(Unaudited)		
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	137	139
Inventories	50	49
Regulatory assets	36	41
Natural gas imbalance receivable	9	40
Other current assets	1	2
Total current assets	233	271
Property, plant and equipment, net	5,220	4,981
Goodwill	3,250	3,250
Note receivable from affiliate	69	3
Investment	62	61
Regulatory assets	226	233
Deferred charges and other assets	295	306
Total Assets	\$ 9,355	\$ 9,105
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	\$ 132	\$ 78
Accrued interest	38	35
Accrued taxes, other than income taxes	48	54
Customer deposits	31	14
Natural gas imbalance payable	16	27
Other current liabilities	39	37
Total current liabilities	304	245
Long-term liabilities and deferred credits		
Long-term debt	1,240	1,540
Debt fair value adjustments	256	266
Notes payable to affiliates	550	250
Other long-term liabilities and deferred credits	34	35
Total long-term liabilities and deferred credits	2,080	2,091
Total Liabilities	2,384	2,336
Member's equity	6,976	6,774
Accumulated other comprehensive loss	(5)	(5)
Total Member's Equity	6,971	6,769
Total Liabilities and Member's Equity	\$ 9,355	\$ 9,105

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

	Six Months Ended	
	June 30,	
	2017	2016
Cash Flows From Operating Activities		
Net income	\$ 427	\$ 384
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	96	94
Earnings from equity investment	(5)	(4)
Other non-cash items	(12)	(6)
Distributions from equity investment earnings	4	5
Changes in components of working capital:		
Accounts receivable	2	20
Accounts payable	(1)	(3)
Accrued taxes other than income taxes	(5)	—
Other current assets and liabilities	38	(24)
Other long-term assets and liabilities	(44)	17
Net Cash Provided by Operating Activities	500	483
Cash Flows From Investing Activities		
Capital expenditures	(207)	(238)
Net change in note receivable from affiliate	(66)	—
Sale or disposal of property, plant and equipment, net of cost of removal	(11)	(8)
Other	9	7
Net Cash Used in Investing Activities	(275)	(239)
Cash Flows From Financing Activities		
Proceeds from note payable to affiliate	—	250
Payments of debt	(300)	(250)
Contributions from Member	254	134
Distributions to Member	(479)	(433)
Net change in notes payable to affiliates	300	55
Net Cash Used in Financing Activities	(225)	(244)
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 increase in property, plant and equipment accruals	\$ 55	

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

	Six Months Ended	
	June 30,	
	2017	2016
Beginning Balance	\$ 6,769	\$ 6,543
Net income	427	384
Contributions	254	134
Distributions	(479)	(433)
Ending Balance	<u>\$ 6,971</u>	<u>\$ 6,628</u>