

TENNESSEE GAS PIPELINE COMPANY, L.L.C.

CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2013 and 2012
Unaudited

TENNESSEE GAS PIPELINE COMPANY, L.L.C.

TABLE OF CONTENTS

	<u>Page Number</u>
Consolidated Financial Statements (Unaudited)	
Consolidated Statements of Income and Comprehensive 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.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(In Millions)
(Unaudited)

	<u>Successor</u>	<u>Predecessor</u>
	<u>Three Months Ended March 31,</u>	
	<u>2013</u>	<u>2012</u>
Revenues	\$ 265	\$ 268
Operating Costs and Expenses		
Operation and maintenance	54	76
Depreciation and amortization.....	41	52
Taxes, other than income taxes	15	16
Total Operating Costs and Expenses.....	<u>110</u>	<u>144</u>
Operating Income.....	155	124
Other Income (Expense)		
Earnings from equity investment	3	3
Other income, net	2	2
Interest expense, net	(34)	(35)
Affiliated interest income, net	—	3
Total Other Expense	<u>(29)</u>	<u>(27)</u>
Income Before Income Taxes	126	97
Income Tax Benefit (Expense).....	<u>1</u>	<u>(37)</u>
Net Income and Comprehensive Income	<u>\$ 127</u>	<u>\$ 60</u>

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

	<u>March 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
	<u>(Unaudited)</u>	
ASSETS		
Current assets		
Cash and cash equivalents.....	\$ 3	\$ 6
Accounts receivable, net	170	162
Inventories.....	48	48
Assets held for sale	32	32
Other	<u>31</u>	<u>27</u>
Total current assets.....	284	275
Property, plant and equipment, net	3,866	3,865
Goodwill	3,249	3,249
Note receivable from affiliate	—	79
Investment	57	58
Regulatory assets	185	188
Deferred charges and other assets.....	<u>436</u>	<u>433</u>
Total Assets	<u>\$ 8,077</u>	<u>\$ 8,147</u>
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	\$ 110	\$ 113
Accrued taxes.....	21	24
Contractual deposits	19	17
Asset retirement obligations.....	16	21
Accrued interest	46	32
Regulatory liabilities	2	2
Accrued other current liabilities.....	<u>13</u>	<u>13</u>
Total current liabilities	<u>227</u>	<u>222</u>
Long-term liabilities and deferred credits		
Long-term debt.....	1,790	1,790
Debt fair value adjustments.....	392	401
Other long-term liabilities and deferred credits	<u>48</u>	<u>47</u>
Total long-term liabilities and deferred credits.....	<u>2,230</u>	<u>2,238</u>
Total Liabilities	<u>2,457</u>	<u>2,460</u>
Member's equity	5,617	5,684
Accumulated other comprehensive income	<u>3</u>	<u>3</u>
Total Member's Equity	<u>5,620</u>	<u>5,687</u>
Total Liabilities and Member's Equity	<u>\$ 8,077</u>	<u>\$ 8,147</u>

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

	<u>Successor</u>	<u>Predecessor</u>
	<u>Three Months Ended March 31,</u>	
	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Net income	\$ 127	\$ 60
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization.....	41	52
Deferred income tax expense.....	—	28
Earnings from equity investment.....	(3)	(3)
Distributions from equity investment	4	3
Other	—	(1)
Change in components of working capital:		
Accounts receivable.....	(2)	22
Accounts payable.....	(11)	(35)
Accrued taxes	(4)	7
Regulatory liabilities.....	—	(24)
Other, net	7	(60)
Other long-term assets and liabilities	9	(2)
Net Cash Provided by Operating Activities.....	<u>168</u>	<u>47</u>
Cash Flows From Investing Activities		
Capital expenditures.....	(52)	(42)
Net change in note receivable from affiliate	74	(4)
Other	1	(1)
Net Cash Provided by (Used in) Investing Activities	<u>23</u>	<u>(47)</u>
Cash Flows From Financing Activities		
Distribution to member	(194)	—
Net Cash Used in Financing Activities.....	<u>(194)</u>	<u>—</u>
Change in Cash and Cash Equivalents	(3)	—
Cash and Cash Equivalents, beginning of period	6	—
Cash and Cash Equivalents, end of period.....	<u>\$ 3</u>	<u>\$ —</u>

TENNESSEE GAS PIPELINE COMPANY, L.L.C.
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>
<i>Predecessor</i>			
Balance at December 31, 2011	\$ 3,179	\$ 4	\$ 3,183
Net Income	<u>60</u>	<u>—</u>	<u>60</u>
Balance at March 31, 2012	<u>\$ 3,239</u>	<u>\$ 4</u>	<u>\$ 3,243</u>
<hr/>			
<i>Successor</i>			
Balance at December 31, 2012	\$ 5,684	\$ 3	\$ 5,687
Net Income	127	—	127
Distribution to member	<u>(194)</u>	<u>—</u>	<u>(194)</u>
Balance at March 31, 2013	<u>\$ 5,617</u>	<u>\$ 3</u>	<u>\$ 5,620</u>