

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

**CONSOLIDATED FINANCIAL STATEMENTS**

(excluding footnotes)

For the Three Months Ended March 31, 2014 and 2013

Unaudited

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

	<u>Three Months Ended March 31,</u>	
	<u>2014</u>	<u>2013</u>
Revenues.....	\$ 304	\$ 272
Operating Costs and Expenses		
Operations and maintenance.....	56	61
Depreciation and amortization.....	44	41
Taxes, other than income taxes.....	15	15
Total Operating Costs and Expenses.....	<u>115</u>	<u>117</u>
Operating Income .....	<u>189</u>	<u>155</u>
Other Income (Expense)		
Earnings from equity investment.....	3	3
Interest expense, net.....	(34)	(34)
Other, net .....	2	2
Total Other Income (Expense).....	<u>(29)</u>	<u>(29)</u>
Income Before Income Taxes .....	160	126
Income Tax (Expense) Benefit .....	<u>(1)</u>	<u>1</u>
Net Income .....	<u>\$ 159</u>	<u>\$ 127</u>

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

	<b>March 31, 2014</b>	<b>December 31, 2013</b>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents .....	\$ —	\$ —
Accounts receivable, net .....	109	123
Note receivable from affiliate, net .....	85	40
Inventories.....	47	47
Regulatory assets .....	24	17
Natural gas imbalance receivable .....	156	53
Other current assets.....	—	1
Total current assets .....	421	281
Property, plant and equipment, net.....	4,179	4,291
Goodwill .....	3,253	3,253
Note receivable from affiliate.....	33	—
Investment.....	59	60
Regulatory assets .....	257	258
Deferred charges and other assets.....	415	419
Total Assets.....	\$ 8,617	\$ 8,562
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Current liabilities		
Accounts payable .....	\$ 93	\$ 204
Accrued taxes, other than income .....	25	27
Contractual deposits.....	24	22
Asset retirement obligations .....	7	18
Accrued interest .....	45	32
Natural gas imbalance payable .....	38	8
Other current liabilities .....	21	18
Total current liabilities.....	253	329
Long-term liabilities and deferred credits		
Long-term debt.....	1,790	1,790
Debt fair value adjustments .....	357	366
Note payable to affiliate.....	—	63
Other long-term liabilities and deferred credits.....	46	44
Total Liabilities.....	2,446	2,592
Member's Equity .....	6,165	5,964
Accumulated other comprehensive income.....	6	6
Total Member's Equity.....	6,171	5,970
Total Liabilities and Member's Equity.....	\$ 8,617	\$ 8,562

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

	<b>Three Months Ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>Cash Flows From Operating Activities</b>		
Net income.....	\$ 159	\$ 127
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization.....	44	41
Earnings from equity investment.....	(3)	(3)
Distributions from equity investment.....	4	4
Other.....	1	—
Changes in components of working capital:		
Accounts receivable.....	14	(2)
Accounts payable.....	(42)	—
Other current assets and liabilities.....	6	3
Other long-term assets and liabilities.....	(8)	9
Net Cash Provided by Operating Activities.....	<u>175</u>	<u>179</u>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures.....	(69)	(49)
Net change in note receivable from affiliate.....	(118)	63
Costs from disposal of property, plant and equipment, net of salvage.....	(9)	(3)
Other.....	2	1
Net Cash (Used in) Provided by Investing Activities.....	<u>(194)</u>	<u>12</u>
<b>Cash Flows From Financing Activities</b>		
Contributions from Member.....	178	—
Distributions to Member.....	(136)	(194)
Net change in note payable to affiliate.....	(23)	—
Net Cash Provided by (Used in) Financing Activities.....	<u>19</u>	<u>(194)</u>
Net Change in Cash and Cash Equivalents.....	—	(3)
Cash and Cash Equivalents, beginning of period.....	—	6
Cash and Cash Equivalents, end of period.....	<u>\$ —</u>	<u>\$ 3</u>
<b>Non-cash Investing Activities</b>		
(Decrease) increase in property, plant and equipment accruals and contractor retainage.....	\$ (62)	\$ 8

**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 as of December 31, 2012.....	\$ 5,684	\$ 3	\$ 5,687
Net income .....	127	—	127
Distributions to Member .....	(194)	—	(194)
Balance at March 31, 2013 .....	<u>\$ 5,617</u>	<u>\$ 3</u>	<u>\$ 5,620</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>