

TENNESSEE GAS PIPELINE COMPANY, L.L.C.

CONSOLIDATED FINANCIAL STATEMENTS

(excluding footnotes)

For the Three and Six Months Ended June 30, 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)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenues	\$ 295	\$ 257	\$ 599	\$ 529
Operating Costs and Expenses				
Operations and maintenance	72	82	128	143
Depreciation and amortization	45	42	89	83
Taxes, other than income taxes	17	13	32	28
Total Operating Costs and Expenses.....	134	137	249	254
Operating Income.....	161	120	350	275
Other Income (Expense)				
Earnings from equity investment	3	3	6	6
Interest expense, net.....	(35)	(34)	(69)	(68)
Other, net.....	3	4	5	6
Total Other Income (Expense).....	(29)	(27)	(58)	(56)
Income Before Income Taxes	132	93	292	219
Income Tax Expense	—	(1)	(1)	—
Net Income.....	\$ 132	\$ 92	\$ 291	\$ 219

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

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
	(Unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	111	123
Note receivable from affiliate, net	67	40
Inventories.....	47	47
Regulatory assets	11	17
Natural gas imbalance receivable	65	53
Other current assets.....	3	1
Total current assets	304	281
Property, plant and equipment, net.....	4,305	4,291
Goodwill	3,253	3,253
Investment.....	59	60
Regulatory assets	256	258
Deferred charges and other assets.....	401	419
Total Assets.....	\$ 8,578	\$ 8,562
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	\$ 107	\$ 204
Accrued taxes, other than income	37	27
Contractual deposits.....	21	22
Asset retirement obligations	5	18
Accrued interest	32	32
Natural gas imbalance payable	38	8
Other current liabilities	11	18
Total current liabilities.....	251	329
Long-term liabilities and deferred credits		
Long-term debt.....	1,790	1,790
Debt fair value adjustments	348	366
Note payable to affiliate.....	42	63
Other long-term liabilities and deferred credits	41	44
Total Liabilities.....	2,472	2,592
Member's Equity	6,100	5,964
Accumulated other comprehensive income	6	6
Total Member's Equity.....	6,106	5,970
Total Liabilities and Member's Equity.....	\$ 8,578	\$ 8,562

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

	Six Months Ended June 30,	
	2014	2013
Cash Flows From Operating Activities		
Net income	\$ 291	\$ 219
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	89	83
Earnings from equity investment.....	(6)	(6)
Distributions from equity investment	7	6
Other	—	(1)
Changes in components of working capital:		
Accounts receivable.....	12	12
Accounts payable.....	(34)	19
Regulatory assets	6	(4)
Accrued taxes, other than income	10	7
Other current assets and liabilities.....	10	(1)
Other long-term assets and liabilities	(34)	(10)
Net Cash Provided by Operating Activities	<u>351</u>	<u>324</u>
Cash Flows From Investing Activities		
Capital expenditures	(129)	(158)
Net change in note receivable from affiliate	(25)	34
Costs from disposal of property, plant and equipment, net of salvage.....	(17)	(6)
Other	(2)	(3)
Net Cash Used in Investing Activities	<u>(173)</u>	<u>(133)</u>
Cash Flows From Financing Activities		
Contributions from Member.....	181	—
Distributions to Member	(336)	(194)
Net change in note payable to affiliate.....	(23)	—
Net Cash Used in Financing Activities	<u>(178)</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>
Non-cash Investing Activities		
(Decrease) increase in property, plant and equipment accruals and contractor retainage	\$ (58)	\$ 36

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	219	—	219
Distributions to Member	(194)	—	(194)
Balance at June 30, 2013	<u>\$ 5,709</u>	<u>\$ 3</u>	<u>\$ 5,712</u>
Balance at December 31, 2013	\$ 5,964	\$ 6	\$ 5,970
Net income	291	—	291
Contributions from Member	181	—	181
Distributions to Member	(336)	—	(336)
Balance at June 30, 2014	<u>\$ 6,100</u>	<u>\$ 6</u>	<u>\$ 6,106</u>