

CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(excluding footnotes)

TENNESSEE GAS PIPELINE COMPANY, L.L.C.

As of June 30, 2015 and December 31, 2014 and
For the Three and Six Months Ended June 30, 2015 and 2014

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

	<u>Page Number</u>
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 SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Millions)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Revenues	\$ 286	\$ 295	\$ 588	\$ 599
Operating Costs and Expenses				
Operations and maintenance.....	49	56	91	95
Depreciation and amortization	47	45	93	89
General and administrative.....	17	16	34	33
Taxes, other than income taxes.....	17	17	34	32
Total Operating Costs and Expenses.....	<u>130</u>	<u>134</u>	<u>252</u>	<u>249</u>
Operating Income	<u>156</u>	<u>161</u>	<u>336</u>	<u>350</u>
Other Income (Expense)				
Earnings from equity investment.....	3	3	5	6
Interest expense, net	(35)	(35)	(69)	(69)
Other, net	3	3	7	5
Total Other Income (Expense).....	<u>(29)</u>	<u>(29)</u>	<u>(57)</u>	<u>(58)</u>
Income Before Income Taxes.....	127	132	279	292
Income Tax Expense	<u>—</u>	<u>—</u>	<u>(1)</u>	<u>(1)</u>
Net Income	<u>\$ 127</u>	<u>\$ 132</u>	<u>\$ 278</u>	<u>\$ 291</u>

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

	June 30, 2015	December 31, 2014
	(Unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	108	124
Inventories.....	45	46
Regulatory assets	19	20
Natural gas imbalance receivable	47	82
Other current assets.....	2	—
Total current assets	<u>221</u>	<u>272</u>
Property, plant and equipment, net	4,619	4,428
Goodwill	3,250	3,252
Investment.....	60	61
Regulatory assets	239	254
Deferred charges and other assets.....	360	374
Total Assets.....	<u>\$ 8,749</u>	<u>\$ 8,641</u>
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Current portion of debt.....	\$ 250	\$ —
Accounts payable	161	178
Accrued interest	32	32
Accrued taxes, other than income	39	28
Regulatory liabilities.....	29	30
Customer deposits	18	16
Natural gas imbalance payable	21	19
Other current liabilities	7	9
Total current liabilities.....	<u>557</u>	<u>312</u>
Long-term liabilities and deferred credits		
Long-term debt.....	1,540	1,790
Debt fair value adjustments	311	330
Notes payable to affiliates.....	63	1
Other long-term liabilities and deferred credits	35	45
Total Liabilities.....	<u>2,506</u>	<u>2,478</u>
Member's Equity	6,238	6,158
Accumulated other comprehensive income	5	5
Total Member's Equity.....	<u>6,243</u>	<u>6,163</u>
Total Liabilities and Member's Equity.....	<u>\$ 8,749</u>	<u>\$ 8,641</u>

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

	Six Months Ended	
	June 30,	
	2015	2014
Cash Flows From Operating Activities		
Net Income.....	\$ 278	\$ 291
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	93	89
Earnings from equity investment.....	(5)	(6)
Distributions from equity investment earnings.....	5	7
Other.....	(3)	—
Changes in components of working capital:		
Accounts receivable.....	17	12
Accounts payable.....	(22)	(34)
Accrued taxes, other than income.....	11	10
Other current assets and liabilities.....	32	16
Other long-term assets and liabilities.....	(39)	(34)
Net Cash Provided by Operating Activities.....	<u>367</u>	<u>351</u>
Cash Flows From Investing Activities		
Capital expenditures.....	(233)	(129)
Net change in note receivable from affiliate.....	—	(25)
Sale or disposal of property, plant and equipment, net of salvage.....	(4)	(17)
Other.....	6	(2)
Net Cash Used in Investing Activities.....	<u>(231)</u>	<u>(173)</u>
Cash Flows From Financing Activities		
Contributions from Member.....	152	181
Distributions to Member.....	(350)	(336)
Net change in notes payable to affiliates.....	62	(23)
Net Cash Used in Financing Activities.....	<u>(136)</u>	<u>(178)</u>
Net Change in Cash and Cash Equivalents.....	—	—
Cash and Cash Equivalents, beginning of period.....	—	—
Cash and Cash Equivalents, end of period.....	<u>\$ —</u>	<u>\$ —</u>
Non-cash Investing Activities		
Increase (decrease) in property, plant and equipment accruals and contractor retainage.....	\$ 2	\$ (58)

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

	Six Months Ended	
	June 30,	
	2015	2014
Beginning Balance.....	\$ 6,163	\$ 5,970
Net income.....	278	291
Contributions from Member.....	152	181
Distributions to Member.....	(350)	(336)
Ending Balance.....	\$ 6,243	\$ 6,106