

*CONSOLIDATED FINANCIAL STATEMENTS*  
*(Unaudited)*  
*(excluding footnotes)*

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

*As of June 30, 2016 and December 31, 2015 and*  
*For the Three and Six Months Ended June 30, 2016 and 2015*

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

	<b>Page Number</b>
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 SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(In Millions)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues	\$ 340	\$ 286	\$ 730	\$ 588
<b>Operating Costs and Expenses</b>				
Operations and maintenance	75	49	128	91
Depreciation and amortization	47	47	94	93
General and administrative	16	17	33	34
Taxes, other than income taxes	18	17	36	34
Total Operating Costs and Expenses	<u>156</u>	<u>130</u>	<u>291</u>	<u>252</u>
Operating Income	<u>184</u>	<u>156</u>	<u>439</u>	<u>336</u>
<b>Other Income (Expense)</b>				
Earnings from equity investment	2	3	4	5
Interest, net	(33)	(35)	(67)	(69)
Other, net	5	3	9	7
Total Other Income (Expense)	<u>(26)</u>	<u>(29)</u>	<u>(54)</u>	<u>(57)</u>
Income Before Income Taxes	158	127	385	279
Income Tax Expense	<u>(1)</u>	<u>—</u>	<u>(1)</u>	<u>(1)</u>
Net Income	<u>\$ 157</u>	<u>\$ 127</u>	<u>\$ 384</u>	<u>\$ 278</u>

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

	June 30, 2016	December 31, 2015
<b>ASSETS</b>		
(Unaudited)		
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	121	141
Inventories	48	45
Regulatory assets	17	19
Natural gas imbalance receivable	31	11
Other current assets	2	—
Total current assets	<u>219</u>	<u>216</u>
Property, plant and equipment, net	4,882	4,949
Goodwill	3,250	3,250
Note receivable from affiliate	3	3
Investment	60	61
Regulatory assets	241	245
Deferred charges and other assets	315	332
Total Assets	<u>\$ 8,970</u>	<u>\$ 9,056</u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Current liabilities		
Current portion of debt	\$ 300	\$ —
Accounts payable	83	176
Accrued interest	29	32
Accrued taxes, other than income taxes	46	32
Regulatory liabilities	13	17
Customer deposits	15	15
Natural gas imbalance payable	15	8
Other current liabilities	38	33
Total current liabilities	<u>539</u>	<u>313</u>
Long-term liabilities and deferred credits		
Long-term debt	1,240	1,790
Debt fair value adjustments	279	292
Notes payable to affiliates	250	83
Other long-term liabilities and deferred credits	34	35
Total long-term liabilities and deferred credits	<u>1,803</u>	<u>2,200</u>
Total Liabilities	<u>2,342</u>	<u>2,513</u>
Member's Equity		
Member's equity	6,635	6,550
Accumulated other comprehensive loss	(7)	(7)
Total Member's Equity	<u>6,628</u>	<u>6,543</u>
Total Liabilities and Member's Equity	<u>\$ 8,970</u>	<u>\$ 9,056</u>

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

	Six Months Ended June 30,	
	2016	2015
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 384	\$ 278
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	94	93
Earnings from equity investment	(4)	(5)
Other non-cash items	(6)	(3)
Distributions from equity investment earnings	5	5
Changes in components of working capital:		
Accounts receivable	20	17
Accounts payable	(17)	(22)
Accrued taxes other than income taxes	14	11
Other current assets and liabilities	(24)	32
Other long-term assets and liabilities	17	(39)
<b>Net Cash Provided by Operating Activities</b>	<b>483</b>	<b>367</b>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	(238)	(233)
Sale or disposal of property, plant and equipment, net of salvage	(8)	(4)
Other	7	6
<b>Net Cash Used in Investing Activities</b>	<b>(239)</b>	<b>(231)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from note payable to affiliate	250	—
Payments of debt	(250)	—
Contributions from Member	134	152
Distributions to Member	(433)	(350)
Net change in notes payable to affiliates	55	62
<b>Net Cash Used in Financing Activities</b>	<b>(244)</b>	<b>(136)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>—</b>	<b>—</b>
Cash and Cash Equivalents, beginning of period	—	—
Cash and Cash Equivalents, end of period	<u>\$ —</u>	<u>\$ —</u>

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

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2016</b>	<b>2015</b>
Beginning Balance	\$ 6,543	\$ 6,163
Net income	384	278
Contributions	134	152
Distributions	(433)	(350)
Ending Balance	<u>\$ 6,628</u>	<u>\$ 6,243</u>