

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

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

*As of September 30, 2016 and December 31, 2015 and*  
*For the Three and Nine Months Ended September 30, 2016 and 2015*

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

|                                     | Three Months Ended<br>September 30, |        | Nine Months Ended<br>September 30, |        |
|-------------------------------------|-------------------------------------|--------|------------------------------------|--------|
|                                     | 2016                                | 2015   | 2016                               | 2015   |
| Revenues                            | \$ 344                              | \$ 300 | \$ 1,074                           | \$ 888 |
| <b>Operating Costs and Expenses</b> |                                     |        |                                    |        |
| Operations and maintenance          | 67                                  | 74     | 195                                | 165    |
| Depreciation and amortization       | 47                                  | 45     | 141                                | 138    |
| General and administrative          | 16                                  | 16     | 49                                 | 50     |
| Taxes, other than income taxes      | 19                                  | 17     | 55                                 | 51     |
| Total Operating Costs and Expenses  | 149                                 | 152    | 440                                | 404    |
| Operating Income                    | 195                                 | 148    | 634                                | 484    |
| <b>Other Income (Expense)</b>       |                                     |        |                                    |        |
| Earnings from equity investment     | 2                                   | 2      | 6                                  | 7      |
| Interest, net                       | (31)                                | (35)   | (98)                               | (104)  |
| Other, net                          | 5                                   | 5      | 14                                 | 12     |
| Total Other Income (Expense)        | (24)                                | (28)   | (78)                               | (85)   |
| Income Before Income Taxes          | 171                                 | 120    | 556                                | 399    |
| Income Tax Expense                  | —                                   | —      | (1)                                | (1)    |
| Net Income                          | \$ 171                              | \$ 120 | \$ 555                             | \$ 398 |

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

|   | September 30,<br>2016 | December 31,<br>2015 |
|---|-----------------------|----------------------|
| <b>ASSETS</b>                                     | <b>(Unaudited)</b>    |                      |
| <b>Current assets</b>                             |                       |                      |
| Cash and cash equivalents                         | \$ —                  | \$ —                 |
| Accounts receivable, net                          | 125                   | 141                  |
| Inventories                                       | 48                    | 45                   |
| Regulatory assets                                 | 20                    | 19                   |
| Natural gas imbalance receivable                  | 51                    | 11                   |
| Other current assets                              | 2                     | —                    |
| Total current assets                              | 246                   | 216                  |
| Property, plant and equipment, net                | 4,921                 | 4,949                |
| Goodwill  | 3,250                 | 3,250                |
| Note receivable from affiliate                    | 3                     | 3                    |
| Investment  | 60                    | 61                   |
| Regulatory assets                                 | 236                   | 245                  |
| Deferred charges and other assets                 | 308                   | 332                  |
| Total Assets                                      | \$ 9,024              | \$ 9,056             |
| <b>LIABILITIES AND MEMBER'S EQUITY</b>            |                       |                      |
| <b>Current liabilities</b>                        |                       |                      |
| Current portion of debt                           | \$ 300                | \$ —                 |
| Accounts payable                                  | 87                    | 176                  |
| Accrued interest                                  | 50                    | 32                   |
| Accrued taxes, other than income taxes            | 47                    | 32                   |
| Regulatory liabilities                            | 5                     | 17                   |
| Customer deposits                                 | 15                    | 15                   |
| Natural gas imbalance payable                     | 16                    | 8                    |
| Other current liabilities                         | 35                    | 33                   |
| Total current liabilities                         | 555                   | 313                  |
| <b>Long-term liabilities and deferred credits</b> |                       |                      |
| Long-term debt                                    | 1,240                 | 1,790                |
| Debt fair value adjustments                       | 272                   | 292                  |
| Notes payable to affiliates                       | 250                   | 83                   |
| Other long-term liabilities and deferred credits  | 35                    | 35                   |
| Total long-term liabilities and deferred credits  | 1,797                 | 2,200                |
| Total Liabilities                                 | 2,352                 | 2,513                |
| <b>Member's Equity</b>                            |                       |                      |
| Member's equity                                   | 6,679                 | 6,550                |
| Accumulated other comprehensive loss              | (7)                   | (7)                  |
| Total Member's Equity                             | 6,672                 | 6,543                |
| Total Liabilities and Member's Equity             | \$ 9,024              | \$ 9,056             |

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

|   | Nine Months Ended<br>September 30, |              |
|---|------------------------------------|--------------|
|   | 2016                               | 2015         |
| <b>Cash Flows From Operating Activities</b>                                       |                                    |              |
| Net income  | \$ 555                             | \$ 398       |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                    |              |
| Depreciation and amortization   | 141                                | 138          |
| Earnings from equity investment   | (6)                                | (7)          |
| Other non-cash items  | (14)                               | (7)          |
| Distributions from equity investment earnings                                     | 7                                  | 6            |
| Changes in components of working capital:   |                                    |              |
| Accounts receivable   | 16                                 | 21           |
| Accounts payable  | (10)                               | (24)         |
| Accrued interest  | 18                                 | 13           |
| Accrued taxes other than income taxes   | 15                                 | 11           |
| Other current assets and liabilities  | (54)                               | 16           |
| Other long-term assets and liabilities  | 44                                 | (23)         |
| <b>Net Cash Provided by Operating Activities</b>                                  | <b>712</b>                         | <b>542</b>   |
| <b>Cash Flows From Investing Activities</b>                                       |                                    |              |
| Capital expenditures  | (335)                              | (434)        |
| Sale or disposal of property, plant and equipment, net of salvage                 | (14)                               | (9)          |
| Other   | 8                                  | —            |
| <b>Net Cash Used in Investing Activities</b>                                      | <b>(341)</b>                       | <b>(443)</b> |
| <b>Cash Flows From Financing Activities</b>                                       |                                    |              |
| Proceeds from note payable to affiliate   | 250                                | —            |
| Payments of debt  | (250)                              | —            |
| Contributions from Member   | 211                                | 260          |
| Distributions to Member   | (637)                              | (504)        |
| Net change in notes payable to affiliates   | 55                                 | 145          |
| <b>Net Cash Used in Financing Activities</b>                                      | <b>(371)</b>                       | <b>(99)</b>  |
| <b>Net Change in Cash and Cash Equivalents</b>                                    | <b>—</b>                           | <b>—</b>     |
| Cash and Cash Equivalents, beginning of period                                    | —                                  | —            |
| <b>Cash and Cash Equivalents, end of period</b>                                   | <b>\$ —</b>                        | <b>\$ —</b>  |

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

|                   | <b>Nine Months Ended<br/>September 30,</b> |             |
|-------------------|--|-------------|
|                   | <b>2016</b>                                | <b>2015</b> |
| Beginning Balance | \$ 6,543                                   | \$ 6,163    |
| Net income        | 555  | 398         |
| Contributions     | 211  | 260         |
| Distributions     | (637)                                      | (504)       |
| Ending Balance    | \$ 6,672                                   | \$ 6,317    |