

TENNESSEE GAS PIPELINE COMPANY, L.L.C.

CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2013 and 2012

Unaudited

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

	Successor	
	Three Months Ended September 30,	
	2013	2012
Revenues.....	\$ 250	\$ 248
Operating Costs and Expenses		
Operation and maintenance	77	77
Gain on sale of long-lived assets	(36)	—
Depreciation and amortization.....	41	41
Taxes, other than income taxes.....	13	14
Total Operating Costs and Expenses.....	<u>95</u>	<u>132</u>
Operating Income	155	116
Other Income (Expense)		
Earnings from equity investment.....	2	3
Other income, net.....	4	2
Interest expense, net.....	(32)	(34)
Affiliated interest income, net	—	3
Total Other Income (Expense).....	<u>(26)</u>	<u>(26)</u>
Income Before Income Taxes	129	90
Income Tax Expense.....	<u>(1)</u>	<u>—</u>
Net Income	128	90
Other Comprehensive Income		
Adjustments to postretirement benefit plan liabilities	3	—
Comprehensive Income	<u>\$ 131</u>	<u>\$ 90</u>

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

	Successor		Predecessor
	Nine Months Ended September 30, 2013	Period from Acquisition May 25, 2012 to September 30, 2012	Period from January 1, 2012 to May 24, 2012
Revenues.....	\$ 766	\$ 347	\$ 414
Operating Costs and Expenses			
Operation and maintenance	207	146	154
(Gain) loss on long-lived assets.....	(36)	—	125
Depreciation and amortization.....	124	58	83
Taxes, other than income taxes.....	41	21	24
Total Operating Costs and Expenses.....	336	225	386
Operating Income	430	122	28
Other Income (Expense).....			
Earnings from equity investment.....	8	4	5
Other income, net.....	10	3	3
Interest expense, net.....	(100)	(48)	(55)
Affiliated interest income, net	—	4	5
Total Other Income (Expense).....	(82)	(37)	(42)
Income (Loss) Before Income Taxes.....	348	85	(14)
Income Tax (Expense) Benefit	(1)	2	5
Net Income (Loss)	347	87	(9)
Other Comprehensive Income			
Adjustments to postretirement benefit plan liabilities	3	1	—
Comprehensive Income (Loss).....	\$ 350	\$ 88	\$ (9)

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

	Successor	
	September 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2	\$ 6
Accounts receivable, net	175	162
Inventories.....	47	48
Assets held for sale	—	32
Regulatory assets	24	14
Other current assets.....	15	13
Total current assets	263	275
Property, plant and equipment, net	4,119	3,865
Goodwill	3,253	3,249
Note receivable from affiliate	32	79
Investments	57	58
Regulatory assets	241	188
Deferred charges and other assets.....	448	433
Total Assets.....	\$ 8,413	\$ 8,147
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	\$ 260	\$ 113
Accrued taxes, other than income	36	24
Contractual deposits.....	20	17
Asset retirement obligations	6	21
Accrued interest	46	32
Accrued other current liabilities.....	22	15
Total current liabilities.....	390	222
Long-term liabilities and deferred credits		
Long-term debt.....	1,790	1,790
Debt fair value adjustments	375	401
Other long-term liabilities and deferred credits	43	47
Total long-term liabilities and deferred credits.....	2,208	2,238
Total Liabilities.....	2,598	2,460
Member's Equity	5,809	5,684
Accumulated other comprehensive income	6	3
Total Member's Equity.....	5,815	5,687
Total Liabilities and Member's Equity.....	\$ 8,413	\$ 8,147

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

	Successor		Predecessor
	Nine Months Ended September 30, 2013	Period from Acquisition May 25, 2012 to September 30, 2012	Period from January 1, 2012 to May 24, 2012
Cash Flows From Operating Activities			
Net income (loss).....	\$ 347	\$ 87	\$ (9)
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization.....	124	58	83
Deferred income tax expense.....	—	(4)	(5)
Earnings from equity investment.....	(8)	(4)	(5)
Distributions from equity investment.....	9	—	6
(Gain) loss on long-lived assets.....	(36)	—	125
Other.....	(4)	(3)	(1)
Changes in components of working capital:			
Accounts receivable.....	12	(141)	49
Accounts payable.....	65	76	(66)
Accrued taxes.....	7	(21)	(3)
Regulatory liabilities.....	2	(3)	(40)
Other current assets and liabilities.....	15	(17)	(48)
Other long-term assets and liabilities.....	(18)	48	1
Net Cash Provided by Operating Activities.....	<u>515</u>	<u>76</u>	<u>87</u>
Cash Flows From Investing Activities			
Capital expenditures.....	(327)	(92)	(94)
Net change in note receivable from affiliate.....	22	(2)	11
Proceeds from sale of assets.....	31	17	—
Costs from disposal of property, plant and equipment, net of salvage.....	(26)	(3)	(3)
Other.....	3	3	2
Net Cash Used in Investing Activities.....	<u>(297)</u>	<u>(77)</u>	<u>(84)</u>
Cash Flows From Financing Activities			
Contributions from Member.....	143	—	—
Distributions to Member.....	(365)	—	—
Net Cash Used in Financing Activities.....	<u>(222)</u>	<u>—</u>	<u>—</u>
Change in Cash and Cash Equivalents.....	(4)	(1)	3
Cash and Cash Equivalents, beginning of period.....	6	3	—
Cash and Cash Equivalents, end of period.....	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 3</u>

TENNESSEE GAS PIPELINE COMPANY, L.L.C.
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>
<i>Predecessor</i>			
Balance at December 31, 2011	\$ 3,179	\$ 4	\$ 3,183
Net loss	(9)	—	(9)
May 24, 2012	<u>\$ 3,170</u>	<u>\$ 4</u>	<u>\$ 3,174</u>
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<i>Successor</i>			
Balance at May 25, 2012	\$ 5,258	\$ —	\$ 5,258
Net income	87	—	87
Other comprehensive income	—	1	1
Non-cash contribution from parent	236	—	236
Balance at September 30, 2012	<u>\$ 5,581</u>	<u>\$ 1</u>	<u>\$ 5,582</u>
Balance at December 31, 2012	\$ 5,684	\$ 3	\$ 5,687
Net income	347	—	347
Contributions from Member	143	—	143
Distributions to Member	(365)	—	(365)
Other comprehensive income	—	3	3
Balance at September 30, 2013	<u>\$ 5,809</u>	<u>\$ 6</u>	<u>\$ 5,815</u>