

CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(excluding footnotes)

EL PASO NATURAL GAS COMPANY, L.L.C.

As of September 30, 2015 and December 31, 2014 and
For the Three and Nine Months Ended September 30, 2015 and 2014

EL PASO NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARIES
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EL PASO NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(In Millions)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Revenues	\$ 170	\$ 145	\$ 472	\$ 424
Operating Costs and Expenses				
Operations and maintenance	45	38	121	109
Depreciation and amortization	28	23	73	68
General and administrative.....	10	10	30	35
Taxes, other than income taxes.....	8	6	20	19
Other income, net	—	—	(3)	—
Total Operating Costs and Expenses.....	91	77	241	231
Operating Income.....	79	68	231	193
Other Income (Expense)				
Interest, net	(23)	(23)	(69)	(69)
Other, net	(3)	1	(3)	3
Total Other Income (Expense).....	(26)	(22)	(72)	(66)
Income Before Income Taxes.....	53	46	159	127
Income Tax Expense	(1)	—	(1)	(1)
Net Income	52	46	158	126
Other Comprehensive Loss				
Adjustments to postretirement benefit plan	(1)	(1)	(3)	(3)
Comprehensive Income.....	\$ 51	\$ 45	\$ 155	\$ 123

EL PASO NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Millions)

	September 30, 2015	December 31, 2014
ASSETS	(Unaudited)	
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable	60	62
Inventories	43	45
Prepaid expenses	3	19
Regulatory assets	6	17
Other current assets	4	13
Total current assets	116	156
Property, plant and equipment, net	2,169	2,219
Goodwill	565	565
Note receivable from affiliate	140	86
Regulatory assets	51	51
Deferred charges and other assets	293	308
Total Assets	\$ 3,334	\$ 3,385
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	\$ 38	\$ 48
Accrued interest	37	27
Accrued taxes, other than income taxes	19	4
Regulatory liabilities	13	14
Rate liabilities	136	141
Other current liabilities	20	23
Total current liabilities	263	257
Long-term liabilities and deferred credits		
Long-term debt	1,115	1,115
Debt fair value adjustments	182	197
Other long-term liabilities and deferred credits	83	86
Total Liabilities	1,643	1,655
Member's Equity	1,655	1,691
Accumulated other comprehensive income	36	39
Total Member's Equity	1,691	1,730
Total Liabilities and Member's Equity	\$ 3,334	\$ 3,385

EL PASO NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Millions)
(Unaudited)

	Nine Months Ended	
	September 30,	
	2015	2014
Cash Flows From Operating Activities		
Net income.....	\$ 158	\$ 126
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	73	68
Other	5	(3)
Changes in components of working capital:		
Accounts receivable.....	3	(2)
Prepaid expenses.....	16	16
Regulatory assets	11	—
Accounts payable.....	(8)	(8)
Accrued interest.....	10	12
Accrued taxes, other than income taxes.....	15	9
Other current assets and liabilities	(1)	13
Other long-term assets and liabilities	10	(47)
Net Cash Provided by Operating Activities.....	<u>292</u>	<u>184</u>
Cash Flows From Investing Activities		
Capital expenditures	(43)	(16)
Net change in note receivable from affiliates.....	(54)	(12)
Sale or disposal of property, plant and equipment, net of salvage	4	6
Other	(5)	5
Net Cash Used in Investing Activities.....	<u>(98)</u>	<u>(17)</u>
Cash Flows From Financing Activities		
Contributions from Member.....	8	10
Distributions to Member.....	(202)	(177)
Net Cash Used in Financing Activities.....	<u>(194)</u>	<u>(167)</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>

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

	Nine Months Ended	
	September 30,	
	2015	2014
Beginning Balance.....	\$ 1,730	\$ 1,775
Net income	158	126
Contributions.....	8	10
Distributions.....	(202)	(177)
Other comprehensive loss	(3)	(3)
Ending Balance.....	\$ 1,691	\$ 1,731