

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

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

*As of March 31, 2016 and December 31, 2015 and*  
*For the Three Months Ended March 31, 2016 and 2015*

**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)

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Revenues	\$ 162	\$ 157
<b>Operating Costs and Expenses</b>		
Operations and maintenance	33	35
Depreciation and amortization	23	23
General and administrative	10	10
Taxes, other than income taxes	7	6
<b>Total Operating Costs and Expenses</b>	<b>73</b>	<b>74</b>
Operating Income	89	83
<b>Other Income (Expense)</b>		
Interest, net	(23)	(23)
Other, net	—	2
<b>Total Other Income (Expense)</b>	<b>(23)</b>	<b>(21)</b>
Net Income	66	62
<b>Other Comprehensive Loss</b>		
Adjustments to postretirement benefit plan	(1)	(1)
<b>Comprehensive Income</b>	<b>\$ 65</b>	<b>\$ 61</b>

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

	March 31, 2016	December 31, 2015
	(Unaudited)	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	61	60
Inventories	43	43
Prepayments	14	16
Other current assets	5	8
Total current assets	<u>123</u>	<u>127</u>
Property, plant and equipment, net	2,148	2,160
Goodwill	565	565
Notes receivable from affiliates	89	63
Regulatory assets	48	49
Deferred charges and other assets	267	274
Total Assets	<u>\$ 3,240</u>	<u>\$ 3,238</u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Current liabilities		
Accounts payable	\$ 46	\$ 50
Accrued interest	39	29
Rate liabilities	152	146
Other current liabilities	45	36
Total current liabilities	<u>282</u>	<u>261</u>
Long-term liabilities and deferred credits		
Long-term debt	1,115	1,115
Debt fair value adjustments	171	176
Other long-term liabilities and deferred credits	84	84
Total long-term liabilities and deferred credits	<u>1,370</u>	<u>1,375</u>
Total Liabilities	<u>1,652</u>	<u>1,636</u>
Member's Equity		
Member's equity	1,563	1,576
Accumulated other comprehensive income	25	26
Total Member's Equity	<u>1,588</u>	<u>1,602</u>
Total Liabilities and Member's Equity	<u>\$ 3,240</u>	<u>\$ 3,238</u>

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

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 66	\$ 62
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23	23
Other non-cash items	1	(1)
Changes in components of working capital:		
Accounts receivable	(1)	1
Accounts payable	(4)	(2)
Accrued interest	11	11
Other current assets and liabilities	19	30
Other long-term assets and liabilities	—	(1)
<b>Net Cash Provided by Operating Activities</b>	<b>115</b>	<b>123</b>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	(11)	(11)
Net change in notes receivable from affiliates	(26)	(42)
Sale or disposal of property, plant and equipment, net of salvage	(1)	4
Other	2	(4)
<b>Net Cash Used in Investing Activities</b>	<b>(36)</b>	<b>(53)</b>
<b>Cash Flows From Financing Activities</b>		
Contributions from Member	2	1
Distributions to Member	(81)	(71)
<b>Net Cash Used in Financing Activities</b>	<b>(79)</b>	<b>(70)</b>
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)

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Beginning Balance	\$ 1,602	\$ 1,730
Net income	66	62
Contributions	2	1
Distributions	(81)	(71)
Other comprehensive loss	(1)	(1)
Ending Balance	\$ 1,588	\$ 1,721