

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

*EL PASO NATURAL GAS 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*

**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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues	\$ 153	\$ 170	\$ 464	\$ 472
<b>Operating Costs and Expenses</b>				
Operations and maintenance	40	45	112	121
Depreciation and amortization	23	28	70	73
General and administrative	10	10	30	30
Taxes, other than income taxes	8	8	22	20
Other income, net	—	—	—	(3)
Total Operating Costs and Expenses	81	91	234	241
Operating Income	72	79	230	231
<b>Other Income (Expense)</b>				
Interest, net	(23)	(23)	(69)	(69)
Other, net	—	(3)	—	(3)
Total Other Income (Expense)	(23)	(26)	(69)	(72)
Income Before Income Taxes	49	53	161	159
Income Tax Expense	—	(1)	—	(1)
Net Income	49	52	161	158
<b>Other Comprehensive Loss</b>				
Adjustments to postretirement benefit plan	(1)	(1)	(2)	(3)
Comprehensive Income	\$ 48	\$ 51	\$ 159	\$ 155

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

	September 30, 2016	December 31, 2015
<b>ASSETS</b>		
	<b>(Unaudited)</b>	
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	57	60
Inventories	41	43
Prepayments	3	16
Other current assets	8	8
Total current assets	<u>109</u>	<u>127</u>
Property, plant and equipment, net	2,124	2,160
Goodwill	565	565
Notes receivable from affiliates	120	63
Regulatory assets	45	49
Deferred charges and other assets	263	274
Total Assets	<u>\$ 3,226</u>	<u>\$ 3,238</u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Current liabilities		
Current portion of debt	\$ 355	\$ —
Accounts payable	38	50
Accrued interest	42	29
Accrued taxes, other than income taxes	22	4
Rate liabilities	168	146
Other current liabilities	38	32
Total current liabilities	<u>663</u>	<u>261</u>
Long-term liabilities and deferred credits		
Long-term debt	760	1,115
Debt fair value adjustments	160	176
Other long-term liabilities and deferred credits	84	84
Total long-term liabilities and deferred credits	<u>1,004</u>	<u>1,375</u>
Total Liabilities	<u>1,667</u>	<u>1,636</u>
Member's Equity		
Member's equity	1,535	1,576
Accumulated other comprehensive income	24	26
Total Member's Equity	<u>1,559</u>	<u>1,602</u>
Total Liabilities and Member's Equity	<u>\$ 3,226</u>	<u>\$ 3,238</u>

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

	Nine Months Ended September 30,	
	2016	2015
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 161	\$ 158
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	70	73
Other non-cash items	3	5
Changes in components of working capital:		
Accounts receivable	3	3
Prepayments	13	16
Regulatory assets	(1)	11
Accounts payable	(9)	(8)
Accrued interest	14	10
Accrued taxes, other than income taxes	18	15
Other current assets and liabilities	29	(1)
Other long-term assets and liabilities	(8)	10
<b>Net Cash Provided by Operating Activities</b>	<b>293</b>	<b>292</b>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	(32)	(43)
Net change in notes receivable from affiliates	(57)	(54)
Sale or disposal of property, plant and equipment, net of salvage	(2)	4
Other	—	(5)
<b>Net Cash Used in Investing Activities</b>	<b>(91)</b>	<b>(98)</b>
<b>Cash Flows From Financing Activities</b>		
Contributions from Member	4	8
Distributions to Member	(206)	(202)
<b>Net Cash Used in Financing Activities</b>	<b>(202)</b>	<b>(194)</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>

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

	<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
Beginning Balance	\$ 1,602	\$ 1,730
Net income	161	158
Contributions	4	8
Distributions	(206)	(202)
Other comprehensive loss	(2)	(3)
Ending Balance	\$ 1,559	\$ 1,691