

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

**CONSOLIDATED FINANCIAL STATEMENTS**

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

Unaudited

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

	Successor	
	Three Months Ended September 30,	
	2013	2012
Revenues.....	\$ 129	\$ 125
Operating Costs and Expenses		
Operation and maintenance.....	43	37
Depreciation and amortization.....	22	22
Taxes, other than income taxes.....	5	7
Total Operating Costs and Expenses.....	<u>70</u>	<u>66</u>
Operating Income.....	59	59
Other Income (Expense)		
Interest expense, net.....	(23)	(22)
Affiliated interest income, net.....	—	6
Other income, net.....	1	1
Total Other Income (Expense).....	<u>(22)</u>	<u>(15)</u>
Income Before Income Taxes.....	37	44
Income Tax Expense.....	—	(5)
Net Income.....	37	39
Other Comprehensive Income (Loss).....		
Adjustments to postretirement benefit plan liabilities.....	27	(1)
Comprehensive Income.....	<u>\$ 64</u>	<u>\$ 38</u>

**EL PASO NATURAL GAS COMPANY, L.L.C.**  
**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
(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.....	\$ 387	\$ 173	\$ 190
Operating Costs and Expenses .....			
Operation and maintenance .....	122	78	80
Depreciation and amortization.....	67	31	33
Taxes, other than income taxes.....	18	11	13
Total Operating Costs and Expenses.....	207	120	126
Operating Income .....	180	53	64
Other Income (Expense).....			
Interest expense, net.....	(68)	(31)	(35)
Affiliated interest income, net .....	—	8	9
Other income, net.....	2	1	1
Total Other Income (Expense).....	(66)	(22)	(25)
Income Before Income Taxes .....	114	31	39
Income Tax Expense.....	—	—	(15)
Net Income .....	114	31	24
Other Comprehensive Income.....			
Adjustments to postretirement benefit plan liabilities .....	28	—	—
Comprehensive Income .....	\$ 142	\$ 31	\$ 24

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

	Successor	
	September 30, 2013	December 31, 2012
	(Unaudited)	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents .....	\$ —	\$ 9
Accounts receivable, net .....	108	44
Inventories .....	45	45
Prepaid expenses .....	24	16
Regulatory assets .....	19	6
Other current assets .....	6	4
Total current assets .....	202	124
Property, plant and equipment, net .....	2,271	2,325
Goodwill .....	565	564
Note receivable from affiliate .....	46	—
Regulatory assets .....	36	63
Deferred charges and other assets .....	324	283
Total Assets .....	\$ 3,444	\$ 3,359
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Current liabilities		
Accounts payable .....	\$ 31	\$ 27
Accrued taxes, other than income .....	21	5
Accrued interest .....	33	21
Regulatory liabilities .....	3	9
Contractual deposits .....	14	11
Rate liabilities .....	115	10
Accrued other current liabilities .....	14	10
Total current liabilities .....	231	93
Long-term liabilities and deferred credits		
Long-term debt .....	1,115	1,115
Debt fair value adjustments .....	222	237
Other long-term liabilities and deferred credits .....	86	171
Total long-term liabilities and deferred credits .....	1,423	1,523
Total Liabilities .....	1,654	1,616
Member's Equity .....	1,753	1,734
Accumulated other comprehensive income .....	37	9
Total Member's Equity .....	1,790	1,743
Total Liabilities and Member's Equity .....	\$ 3,444	\$ 3,359

**EL PASO NATURAL GAS 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
<b>Cash Flows From Operating Activities</b>			
Net income.....	\$ 114	\$ 31	\$ 24
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization.....	67	31	33
Deferred income tax expense.....	—	(6)	15
Other .....	4	3	(3)
Changes in components of working capital:			
Accounts receivable.....	(63)	(59)	10
Accounts payable.....	7	(3)	(13)
Accrued taxes.....	16	(12)	—
Other current assets and liabilities.....	(5)	38	(12)
Other long-term assets and liabilities.....	6	(33)	50
Net Cash Provided by (Used in) Operating Activities	146	(10)	104
<b>Cash Flows From Investing Activities</b>			
Capital expenditures.....	(17)	(18)	(27)
Net change in note receivable from affiliate.....	(46)	56	(3)
Other .....	3	(3)	—
Net Cash (Used in) Provided by Investing Activities	(60)	35	(30)
<b>Cash Flows From Financing Activities</b>			
Distributions to Member.....	(95)	(38)	(60)
Net Cash Used in Financing Activities.....	(95)	(38)	(60)
Change in Cash and Cash Equivalents.....	(9)	(13)	14
Cash and Cash Equivalents, beginning of period.....	9	14	—
Cash and Cash Equivalents, end of period.....	\$ —	\$ 1	\$ 14

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

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Equity	Member's Equity	Accumulated Other Comprehensive Income (Loss)	Total Member's Equity
	Shares	Amount							
<b><i>Predecessor</i></b>									
Balance at December 31, 2011 .....	1,000	\$ —	\$ 1,268	\$ 432	\$ 3	\$ 1,703	\$ —	\$ —	\$ —
Net income .....				24		24			—
Dividend paid to parent .....				(60)		(60)			—
Balance at May 24, 2012 .....	<u>1,000</u>	<u>\$ —</u>	<u>\$ 1,268</u>	<u>\$ 396</u>	<u>\$ 3</u>	<u>\$ 1,667</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b><i>Successor</i></b>									
Balance at May 25, 2012 .....	1,000	\$ —	\$ 2,175	\$ —	\$ —	\$ 2,175	\$ —	\$ —	\$ —
May 25 - July 31, 2012									
Net income .....				4		4			—
Other comprehensive income ..					1	1			—
Conversion to limited liability company (August 13, 2012) .....	(1,000)		(2,175)	(4)	(1)	(2,180)	2,179	1	2,180
August 1 - September 30, 2012									
Net income .....						—	27		27
Other comprehensive loss .....						—		(1)	(1)
Dividends paid to parent .....						—	(38)		(38)
Non-cash distribution to parent .....						—	(429)		(429)
Balance at September 30, 2012 .....	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,739</u>	<u>\$ —</u>	<u>\$ 1,739</u>
Balance at December 31, 2012 .....	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,734	\$ 9	\$ 1,743
Net income .....						—	114		114
Other comprehensive income .....						—		28	28
Distributions .....						—	(95)		(95)
Balance at September 30, 2013 .....	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,753</u>	<u>\$ 37</u>	<u>\$ 1,790</u>