

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(excluding footnotes)

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

As of March 31, 2017 and December 31, 2016 and
For the Three Months Ended March 31, 2017 and 2016

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 March 31,	
	2017	2016
Revenues	\$ 167	\$ 162
Operating Costs and Expenses		
Operations and maintenance	33	33
Depreciation and amortization	23	23
General and administrative	8	10
Taxes, other than income taxes	8	7
Total Operating Costs and Expenses	<u>72</u>	<u>73</u>
Operating Income	95	89
Interest, net	<u>(23)</u>	<u>(23)</u>
Net Income	72	66
Other Comprehensive Loss		
Adjustments to postretirement benefit plan	<u>(1)</u>	<u>(1)</u>
Comprehensive Income	<u>\$ 71</u>	<u>\$ 65</u>

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

	March 31, 2017	December 31, 2016
ASSETS		
(Unaudited)		
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	62	65
Inventories	42	42
Prepayments	14	16
Other current assets	10	10
Total current assets	<u>128</u>	<u>133</u>
Property, plant and equipment, net	2,104	2,120
Goodwill	565	565
Notes receivable from affiliates	121	97
Regulatory assets	42	43
Deferred charges and other assets	253	260
Total Assets	<u>\$ 3,213</u>	<u>\$ 3,218</u>
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Current portion of debt	\$ 355	\$ 355
Accounts payable	38	41
Accrued interest	46	34
Rate liabilities	186	178
Other current liabilities	55	60
Total current liabilities	<u>680</u>	<u>668</u>
Long-term liabilities and deferred credits		
Long-term debt	760	760
Debt fair value adjustments	149	154
Other long-term liabilities and deferred credits	80	80
Total long-term liabilities and deferred credits	<u>989</u>	<u>994</u>
Total Liabilities	<u>1,669</u>	<u>1,662</u>
Member's Equity		
Member's equity	1,517	1,528
Accumulated other comprehensive income	27	28
Total Member's Equity	<u>1,544</u>	<u>1,556</u>
Total Liabilities and Member's Equity	<u>\$ 3,213</u>	<u>\$ 3,218</u>

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

	Three Months Ended March 31,	
	2017	2016
Cash Flows From Operating Activities		
Net income	\$ 72	\$ 66
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	3	(1)
Accounts payable	(3)	6
Accrued interest	11	11
Rate liabilities	8	6
Other current assets and liabilities	(2)	3
Other long-term assets and liabilities	1	—
Net Cash Provided by Operating Activities	114	115
Cash Flows From Investing Activities		
Capital expenditures	(9)	(11)
Net change in notes receivable from affiliates	(24)	(26)
Other	2	1
Net Cash Used in Investing Activities	(31)	(36)
Cash Flows From Financing Activities		
Contributions from Member	3	2
Distributions to Member	(86)	(81)
Net Cash Used in Financing Activities	(83)	(79)
Net Change in Cash and Cash Equivalents		
	—	—
Cash and Cash Equivalents, beginning of period	—	—
Cash and Cash Equivalents, end of period	\$ —	\$ —

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

	Three Months Ended March 31,	
	2017	2016
Beginning Balance	\$ 1,556	\$ 1,602
Net income	72	66
Contributions	3	2
Distributions	(86)	(81)
Other comprehensive loss	(1)	(1)
Ending Balance	\$ 1,544	\$ 1,588