

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(excluding footnotes)

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

As of September 30, 2017 and December 31, 2016 and
For the Three and Nine Months Ended September 30, 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 September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues	\$ 160	\$ 153	\$ 479	\$ 464
Operating Costs and Expenses				
Operations and maintenance	37	40	111	112
Depreciation and amortization	23	23	70	70
General and administrative	7	10	21	30
Taxes, other than income taxes	8	8	24	22
Total Operating Costs and Expenses	<u>75</u>	<u>81</u>	<u>226</u>	<u>234</u>
Operating Income	<u>85</u>	<u>72</u>	<u>253</u>	<u>230</u>
Other Income (Expense)				
Interest, net	(17)	(23)	(59)	(69)
Other, net	1	—	2	—
Total Other Income (Expense)	<u>(16)</u>	<u>(23)</u>	<u>(57)</u>	<u>(69)</u>
Net Income	69	49	196	161
Other Comprehensive Loss				
Adjustments to postretirement benefit plan	(1)	(1)	(2)	(2)
Comprehensive Income	<u>\$ 68</u>	<u>\$ 48</u>	<u>\$ 194</u>	<u>\$ 159</u>

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

	September 30, 2017	December 31, 2016
ASSETS		
	(Unaudited)	
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	58	65
Inventories	42	42
Prepayments	3	16
Other current assets	9	10
Total current assets	<u>112</u>	<u>133</u>
Property, plant and equipment, net	2,090	2,120
Goodwill	565	565
Notes receivable from affiliates	278	97
Regulatory assets	40	43
Deferred charges and other assets	277	260
Total Assets	<u>\$ 3,362</u>	<u>\$ 3,218</u>
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Current portion of debt	\$ —	\$ 355
Accounts payable	37	41
Accrued interest	40	34
Rate liabilities	204	178
Other current liabilities	76	60
Total current liabilities	<u>357</u>	<u>668</u>
Long-term liabilities and deferred credits		
Long-term debt	760	760
Debt fair value adjustments	142	154
Other long-term liabilities and deferred credits	81	80
Total long-term liabilities and deferred credits	<u>983</u>	<u>994</u>
Total Liabilities	<u>1,340</u>	<u>1,662</u>
Member's Equity		
Member's equity	1,996	1,528
Accumulated other comprehensive income	26	28
Total Member's Equity	<u>2,022</u>	<u>1,556</u>
Total Liabilities and Member's Equity	<u>\$ 3,362</u>	<u>\$ 3,218</u>

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

	Nine Months Ended September 30,	
	2017	2016
Cash Flows From Operating Activities		
Net income	\$ 196	\$ 161
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	70	70
Other non-cash items	3	3
Changes in components of working capital:		
Accounts receivable	6	3
Prepayments	13	13
Accounts payable	(3)	1
Accrued interest	6	14
Rate liabilities	26	22
Other current assets and liabilities	13	14
Other long-term assets and liabilities	(39)	(8)
Net Cash Provided by Operating Activities	291	293
Cash Flows From Investing Activities		
Capital expenditures	(39)	(32)
Net change in notes receivable from affiliates	(181)	(57)
Other, net	12	(2)
Net Cash Used in Investing Activities	(208)	(91)
Cash Flows From Financing Activities		
Payments of debt	(355)	—
Contributions from Member	358	4
Distributions to Member	(86)	(206)
Net Cash Used in Financing Activities	(83)	(202)
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,	
	2017	2016
Beginning Balance	\$ 1,556	\$ 1,602
Net income	196	161
Contributions	358	4
Distributions	(86)	(206)
Other comprehensive loss	(2)	(2)
Ending Balance	\$ 2,022	\$ 1,559