

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(excluding footnotes)

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

As of June 30, 2017 and December 31, 2016 and
For the Three and Six Months Ended June 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 June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues	\$ 152	\$ 149	\$ 319	\$ 311
Operating Costs and Expenses				
Operations and maintenance	41	39	74	72
Depreciation and amortization	24	24	47	47
General and administrative	6	10	14	20
Taxes, other than income taxes	8	7	16	14
Total Operating Costs and Expenses	79	80	151	153
Operating Income	73	69	168	158
Other Income (Expense)				
Interest, net	(19)	(23)	(42)	(46)
Other, net	1	—	1	—
Total Other Income (Expense)	(18)	(23)	(41)	(46)
Net Income	55	46	127	112
Other Comprehensive Loss				
Adjustments to postretirement benefit plan	—	—	(1)	(1)
Comprehensive Income	\$ 55	\$ 46	\$ 126	\$ 111

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

	June 30, 2017	December 31, 2016
ASSETS		
(Unaudited)		
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	60	65
Inventories	41	42
Prepayments	8	16
Other current assets	10	10
Total current assets	<u>119</u>	<u>133</u>
Property, plant and equipment, net	2,096	2,120
Goodwill	565	565
Notes receivable from affiliates	181	97
Regulatory assets	41	43
Deferred charges and other assets	268	260
Total Assets	<u>\$ 3,270</u>	<u>\$ 3,218</u>
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Current portion of debt	\$ —	\$ 355
Accounts payable	40	41
Accrued interest	33	34
Rate liabilities	195	178
Other current liabilities	63	60
Total current liabilities	<u>331</u>	<u>668</u>
Long-term liabilities and deferred credits		
Long-term debt	760	760
Debt fair value adjustments	145	154
Other long-term liabilities and deferred credits	80	80
Total long-term liabilities and deferred credits	<u>985</u>	<u>994</u>
Total Liabilities	<u>1,316</u>	<u>1,662</u>
Member's Equity		
Member's equity	1,927	1,528
Accumulated other comprehensive income	27	28
Total Member's Equity	<u>1,954</u>	<u>1,556</u>
Total Liabilities and Member's Equity	<u>\$ 3,270</u>	<u>\$ 3,218</u>

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

	Six Months Ended June 30,	
	2017	2016
Cash Flows From Operating Activities		
Net income	\$ 127	\$ 112
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	47	47
Other non-cash items	2	2
Changes in components of working capital:		
Accounts receivable	5	4
Prepayments	8	7
Accounts payable	(1)	1
Rate liabilities	17	13
Other current assets and liabilities	(1)	12
Other long-term assets and liabilities	(18)	(1)
Net Cash Provided by Operating Activities	186	197
Cash Flows From Investing Activities		
Capital expenditures	(27)	(22)
Net change in notes receivable from affiliates	(84)	(37)
Other	8	1
Net Cash Used in Investing Activities	(103)	(58)
Cash Flows From Financing Activities		
Payments of debt	(355)	—
Contributions from Member	358	3
Distributions to Member	(86)	(142)
Net Cash Used in Financing Activities	(83)	(139)
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)

	Six Months Ended June 30,	
	2017	2016
Beginning Balance	\$ 1,556	\$ 1,602
Net income	127	112
Contributions	358	3
Distributions	(86)	(142)
Other comprehensive loss	(1)	(1)
Ending Balance	\$ 1,954	\$ 1,574