

*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
<b>Operating Costs and Expenses</b>				
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
<b>Other Income (Expense)</b>				
Interest, net	(19)	(23)	(42)	(46)
Other, net	1	—	1	—
Total Other Income (Expense)	(18)	(23)	(41)	(46)
Net Income	55	46	127	112
<b>Other Comprehensive Loss</b>				
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)

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
<b>ASSETS</b>		
<b>(Unaudited)</b>		
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>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
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)

	<b>Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash Flows From Operating Activities</b>		
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)
<b>Net Cash Provided by Operating Activities</b>	<b>186</b>	<b>197</b>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	(27)	(22)
Net change in notes receivable from affiliates	(84)	(37)
Other	8	1
<b>Net Cash Used in Investing Activities</b>	<b>(103)</b>	<b>(58)</b>
<b>Cash Flows From Financing Activities</b>		
Payments of debt	(355)	—
Contributions from Member	358	3
Distributions to Member	(86)	(142)
<b>Net Cash Used in Financing Activities</b>	<b>(83)</b>	<b>(139)</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)

	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