

*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**  
**TABLE OF CONTENTS**

|  | <b>Page<br/>Number</b> |
|--|------------------------|
| Consolidated Financial Statements (Unaudited)              |                        |
| Consolidated Statements of Income and Comprehensive Income | 1                      |
| Consolidated Balance Sheets                                | 2                      |
| Consolidated Statements of Cash Flows                      | 3                      |
| Consolidated Statements of Member's Equity                 | 4                      |

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

|  | Three Months Ended<br>September 30, |              | Nine Months Ended<br>September 30, |               |
|--|-------------------------------------|--------------|------------------------------------|---------------|
|  | 2017                                | 2016         | 2017                               | 2016          |
| Revenues                                   | \$ 160                              | \$ 153       | \$ 479                             | \$ 464        |
| <b>Operating Costs and Expenses</b>        |                                     |              |                                    |               |
| 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>    |
| <b>Other Income (Expense)</b>              |                                     |              |                                    |               |
| 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           |
| <b>Other Comprehensive Loss</b>            |                                     |              |                                    |               |
| 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,<br>2017 | December 31,<br>2016 |
|--|-----------------------|----------------------|
| <b>ASSETS</b>                                    |                       |                      |
|  | (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>      |
| <b>LIABILITIES AND MEMBER'S EQUITY</b>           |                       |                      |
| 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)

|   | <b>Nine Months Ended<br/>September 30,</b> |              |
|---|--|--------------|
|   | <b>2017</b>                                | <b>2016</b>  |
| <b>Cash Flows From Operating Activities</b>                                       |  |              |
| 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)          |
| <b>Net Cash Provided by Operating Activities</b>                                  | <b>291</b>                                 | <b>293</b>   |
| <b>Cash Flows From Investing Activities</b>                                       |  |              |
| Capital expenditures  | (39)                                       | (32)         |
| Net change in notes receivable from affiliates                                    | (181)                                      | (57)         |
| Other, net  | 12   | (2)          |
| <b>Net Cash Used in Investing Activities</b>                                      | <b>(208)</b>                               | <b>(91)</b>  |
| <b>Cash Flows From Financing Activities</b>                                       |  |              |
| Payments of debt  | (355)                                      | —            |
| Contributions from Member   | 358  | 4            |
| Distributions to Member   | (86)                                       | (206)        |
| <b>Net Cash Used in Financing Activities</b>                                      | <b>(83)</b>                                | <b>(202)</b> |
| <b>Net Change in Cash and Cash Equivalents</b>                                    | <b>—</b>                                   | <b>—</b>     |
| 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)

|                          | <b>Nine Months Ended<br/>September 30,</b> |             |
|--------------------------|--|-------------|
|                          | <b>2017</b>                                | <b>2016</b> |
| 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    |