

*CONSOLIDATED FINANCIAL STATEMENTS*  
*(Unaudited)*  
*(excluding footnotes)*

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

*As of March 31, 2018 and December 31, 2017 and*  
*For the Three Months Ended March 31, 2018 and 2017*

**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)

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Revenues	\$ 177	\$ 167
<b>Operating Costs and Expenses</b>		
Operations and maintenance	36	33
Depreciation and amortization	24	23
General and administrative	11	8
Taxes, other than income taxes	8	8
Total Operating Costs and Expenses	<u>79</u>	<u>72</u>
Operating Income	<u>98</u>	<u>95</u>
<b>Other Income (Expense)</b>		
Interest, net	(17)	(23)
Other, net	3	—
Total Other Income (Expense)	<u>(14)</u>	<u>(23)</u>
Net Income	84	72
<b>Other Comprehensive Loss</b>		
Adjustments to postretirement benefit plan	(1)	(1)
Comprehensive Income	<u>\$ 83</u>	<u>\$ 71</u>

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

	March 31, 2018	December 31, 2017
<b>ASSETS</b>	<b>(Unaudited)</b>	
<b>Current assets</b>		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	66	67
Inventories	42	41
Prepayments	14	18
Other current assets	10	8
Total current assets	132	134
Property, plant and equipment, net	2,083	2,102
Goodwill	565	565
Notes receivable from affiliates	276	261
Regulatory assets	30	31
Deferred charges and other assets	281	283
Total Assets	\$ 3,367	\$ 3,376
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 38	\$ 39
Accrued interest	45	38
Contractual deposits	28	30
Rate liabilities	226	214
Other current liabilities	47	50
Total current liabilities	384	371
<b>Long-term liabilities and deferred credits</b>		
Long-term debt	760	760
Debt fair value adjustments	135	138
Other long-term liabilities and deferred credits	94	94
Total long-term liabilities and deferred credits	989	992
Total Liabilities	1,373	1,363
<b>Member's Equity</b>		
Member's equity	1,963	1,981
Accumulated other comprehensive income	31	32
Total Member's Equity	1,994	2,013
Total Liabilities and Member's Equity	\$ 3,367	\$ 3,376

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

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 84	\$ 72
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	24	23
Other non-cash items	—	1
Changes in components of working capital:		
Accounts receivable	1	3
Accounts payable	1	(3)
Accrued interest	7	11
Rate liabilities	12	8
Other current assets and liabilities	(2)	(2)
Other long-term assets and liabilities	—	1
<b>Net Cash Provided by Operating Activities</b>	<b>127</b>	<b>114</b>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	(8)	(9)
Net change in notes receivable from affiliates	(15)	(24)
Other, net	(2)	2
<b>Net Cash Used in Investing Activities</b>	<b>(25)</b>	<b>(31)</b>
<b>Cash Flows From Financing Activities</b>		
Contributions from Member	—	3
Distributions to Member	(102)	(86)
<b>Net Cash Used in Financing Activities</b>	<b>(102)</b>	<b>(83)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>—</b>	<b>—</b>
<b>Cash and Cash Equivalents, beginning of period</b>	<b>—</b>	<b>—</b>
<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)

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Beginning Balance	\$ 2,013	\$ 1,556
Net income	84	72
Contributions	—	3
Distributions	(102)	(86)
Other comprehensive loss	(1)	(1)
Ending Balance	\$ 1,994	\$ 1,544