

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(excluding footnotes)

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

As of September 30, 2018 and December 31, 2017 and
For the Three and Nine Months Ended September 30, 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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues	\$ 177	\$ 160	\$ 526	\$ 479
Operating Costs and Expenses				
Operations and maintenance	42	37	119	111
Depreciation and amortization	24	23	71	70
General and administrative	9	9	29	28
Taxes, other than income taxes	8	8	25	24
Total Operating Costs and Expenses	83	77	244	233
Operating Income	94	83	282	246
Other Income (Expense)				
Interest, net	(14)	(17)	(49)	(59)
Other, net	3	3	10	9
Total Other Income (Expense)	(11)	(14)	(39)	(50)
Income Before Income Taxes	83	69	243	196
Income Tax Expense	(1)	—	(1)	—
Net Income	82	69	242	196
Other Comprehensive Loss				
Adjustments to postretirement benefit plan	—	(1)	(2)	(2)
Comprehensive Income	\$ 82	\$ 68	\$ 240	\$ 194

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

	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	62	67
Inventories	43	41
Prepayments	3	18
Other current assets	7	8
Total current assets	115	134
Property, plant and equipment, net	2,083	2,102
Goodwill	565	565
Notes receivable from affiliates	26	261
Regulatory assets	29	31
Deferred charges and other assets	277	283
Total Assets	\$ 3,095	\$ 3,376
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	\$ 47	\$ 39
Accrued interest	18	38
Contractual deposits	19	30
Rate liabilities	1	214
Other current liabilities	41	50
Total current liabilities	126	371
Long-term liabilities and deferred credits		
Long-term debt	760	760
Debt fair value adjustments	128	138
Other long-term liabilities and deferred credits	98	94
Total long-term liabilities and deferred credits	986	992
Total Liabilities	1,112	1,363
Member's Equity		
Member's equity	1,953	1,981
Accumulated other comprehensive income	30	32
Total Member's Equity	1,983	2,013
Total Liabilities and Member's Equity	\$ 3,095	\$ 3,376

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

	Nine Months Ended September 30,	
	2018	2017
Cash Flows From Operating Activities		
Net income	\$ 242	\$ 196
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	71	70
Other non-cash items	—	3
Changes in components of working capital:		
Accounts receivable	5	6
Prepayments	14	13
Accounts payable	(1)	(3)
Accrued interest	(20)	6
Rate liabilities	(213)	26
Other current assets and liabilities	(8)	13
Other long-term assets and liabilities	(5)	(39)
Net Cash Provided by Operating Activities	85	291
Cash Flows From Investing Activities		
Capital expenditures	(38)	(39)
Net change in notes receivable from affiliates	235	(181)
Other	(12)	12
Net Cash Provided by (Used in) Investing Activities	185	(208)
Cash Flows From Financing Activities		
Payments of debt	—	(355)
Contributions from Member	7	358
Distributions to Member	(277)	(86)
Net Cash Used in Financing Activities	(270)	(83)
Net Change in Cash, Cash Equivalents, and Restricted Deposits	—	—
Cash, Cash Equivalents, and Restricted Deposits, beginning of period	—	—
Cash, Cash Equivalents, and Restricted Deposits, end of period	\$ —	\$ —

EL PASO NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY
(In Millions)
(Unaudited)

	Nine Months Ended September 30,	
	2018	2017
Beginning Balance	\$ 2,013	\$ 1,556
Net income	242	196
Contributions	7	358
Distributions	(277)	(86)
Other comprehensive loss	(2)	(2)
Ending Balance	\$ 1,983	\$ 2,022