

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(excluding footnotes)

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

As of June 30, 2018 and December 31, 2017 and
For the Three and Six Months Ended June 30, 2018 and 2017

EL PASO NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARIES
TABLE OF CONTENTS

	Page Number
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 June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues	\$ 172	\$ 152	\$ 349	\$ 319
Operating Costs and Expenses				
Operations and maintenance	41	41	77	74
Depreciation and amortization	23	24	47	47
General and administrative	9	9	20	19
Taxes, other than income taxes	9	8	17	16
Total Operating Costs and Expenses	82	82	161	156
Operating Income	90	70	188	163
Other Income (Expense)				
Interest, net	(18)	(19)	(35)	(42)
Other, net	4	4	7	6
Total Other Income (Expense)	(14)	(15)	(28)	(36)
Net Income	76	55	160	127
Other Comprehensive Loss				
Adjustments to postretirement benefit plan	(1)	—	(2)	(1)
Comprehensive Income	\$ 75	\$ 55	\$ 158	\$ 126

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

	June 30, 2018	December 31, 2017
ASSETS		
(Unaudited)		
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	62	67
Inventories	42	41
Prepayments	10	18
Other current assets	7	8
Total current assets	<u>121</u>	<u>134</u>
Property, plant and equipment, net	2,081	2,102
Goodwill	565	565
Notes receivable from affiliates	280	261
Regulatory assets	29	31
Deferred charges and other assets	282	283
Total Assets	<u>\$ 3,358</u>	<u>\$ 3,376</u>
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	\$ 41	\$ 39
Accrued interest	44	38
Contractual deposits	21	30
Rate liabilities	233	214
Other current liabilities	44	50
Total current liabilities	<u>383</u>	<u>371</u>
Long-term liabilities and deferred credits		
Long-term debt	760	760
Debt fair value adjustments	132	138
Other long-term liabilities and deferred credits	96	94
Total long-term liabilities and deferred credits	<u>988</u>	<u>992</u>
Total Liabilities	<u>1,371</u>	<u>1,363</u>
Member's Equity		
Member's equity	1,957	1,981
Accumulated other comprehensive income	30	32
Total Member's Equity	<u>1,987</u>	<u>2,013</u>
Total Liabilities and Member's Equity	<u>\$ 3,358</u>	<u>\$ 3,376</u>

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

	Six Months Ended June 30,	
	2018	2017
Cash Flows From Operating Activities		
Net income	\$ 160	\$ 127
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	47	47
Other non-cash items	1	2
Changes in components of working capital:		
Accounts receivable	5	5
Prepayments	8	8
Accounts payable	—	(1)
Rate liabilities	19	17
Other current assets and liabilities	(1)	(1)
Other long-term assets and liabilities	(4)	(18)
Net Cash Provided by Operating Activities	235	186
Cash Flows From Investing Activities		
Capital expenditures	(22)	(27)
Net change in notes receivable from affiliates	(19)	(84)
Other	(10)	8
Net Cash Used in Investing Activities	(51)	(103)
Cash Flows From Financing Activities		
Payments of debt	—	(355)
Contributions from Member	2	358
Distributions to Member	(186)	(86)
Net Cash Used in Financing Activities	(184)	(83)
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,	
	2018	2017
Beginning Balance	\$ 2,013	\$ 1,556
Net income	160	127
Contributions	2	358
Distributions	(186)	(86)
Other comprehensive loss	(2)	(1)
Ending Balance	<u>\$ 1,987</u>	<u>\$ 1,954</u>