

CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(excluding footnotes)

SOUTHERN NATURAL GAS COMPANY, L.L.C.

As of June 30, 2015 and December 31, 2014 and
For the Three and Six Months Ended June 30, 2015 and 2014

SOUTHERN NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARIES
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SOUTHERN NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Millions)
(Unaudited)

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues.....	\$ 138	\$ 137	\$ 290	\$ 286
Operating Costs and Expenses				
Operations and maintenance.....	33	28	55	50
Depreciation and amortization.....	23	24	47	48
General and administrative.....	8	8	19	16
Taxes, other than income taxes.....	10	9	19	18
Gain on sale of assets.....	(10)	—	(10)	—
Total Operating Costs and Expenses.....	<u>64</u>	<u>69</u>	<u>130</u>	<u>132</u>
Operating Income	<u>74</u>	<u>68</u>	<u>160</u>	<u>154</u>
Other Income (Expense)				
Earnings from equity investment.....	3	3	5	6
Interest expense, net.....	(20)	(20)	(40)	(40)
Other, net	—	—	1	1
Total Other Income (Expense).....	<u>(17)</u>	<u>(17)</u>	<u>(34)</u>	<u>(33)</u>
Net Income	<u>\$ 57</u>	<u>\$ 51</u>	<u>\$ 126</u>	<u>\$ 121</u>

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

	<u>June 30,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
	<u>(Unaudited)</u>	
ASSETS		
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	53	56
Inventories	18	18
Regulatory assets	14	14
Other current assets	4	8
Total current assets	<u>89</u>	<u>96</u>
Property, plant and equipment, net	2,438	2,473
Investment	60	61
Note receivable from affiliate	168	166
Regulatory assets	44	49
Deferred charges and other assets	49	43
Total Assets	<u>\$ 2,848</u>	<u>\$ 2,888</u>
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	\$ 36	\$ 41
Accrued interest	19	19
Accrued taxes, other than income	21	10
Regulatory liabilities	2	5
Other current liabilities	8	9
Total current liabilities	<u>86</u>	<u>84</u>
Long-term liabilities and deferred credits		
Long-term debt	1,204	1,203
Other long-term liabilities and deferred credits	40	42
Total long-term liabilities and deferred credits	<u>1,244</u>	<u>1,245</u>
Total Liabilities	1,330	1,329
Member's Equity	1,518	1,559
Total Liabilities and Member's Equity	<u>\$ 2,848</u>	<u>\$ 2,888</u>

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

	Six Months Ended	
	June 30,	
	2015	2014
Cash Flows From Operating Activities		
Net Income	\$ 126	\$ 121
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	47	48
Earnings from equity investment	(5)	(6)
Distributions from equity investment earnings	5	7
Gain on sale of assets	(10)	—
Other	4	2
Changes in components of working capital:		
Accounts receivable, net	(1)	17
Regulatory assets	(6)	2
Accounts payable	(6)	(10)
Accrued taxes, other than income	11	10
Regulatory liabilities	(3)	7
Other current assets and liabilities	2	(4)
Other long-term assets and liabilities	14	(14)
Net Cash Provided by Operating Activities	178	180
Cash Flows From Investing Activities		
Capital expenditures	(18)	(18)
Net change in note receivable from affiliate	(2)	2
Sale or disposal of property, plant and equipment, net of salvage	15	—
Other	(6)	1
Net Cash Used in Investing Activities	(11)	(15)
Cash Flows From Financing Activities		
Distributions to Member	(167)	(165)
Net Cash Used in Financing Activities	(167)	(165)
Net change in Cash and Cash Equivalents	—	—
Cash and Cash Equivalents, beginning of period	—	—
Cash and Cash Equivalents, end of period	\$ —	\$ —

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

	Six Months Ended June 30,	
	2015	2014
Beginning Balance.....	\$ 1,559	\$ 1,623
Net income.....	126	121
Distributions to Member.....	(167)	(165)
Ending Balance.....	\$ 1,518	\$ 1,579