

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(excluding footnotes)

SOUTHERN NATURAL GAS COMPANY, L.L.C.

As of March 31, 2017 and December 31, 2016 and
For the Three Months Ended March 31, 2017 and 2016

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

	Three Months Ended March 31,	
	2017	2016
Revenues	\$ 155	\$ 145
Operating Costs and Expenses		
Operations and maintenance	33	23
Depreciation and amortization	21	20
General and administrative	8	8
Taxes, other than income taxes	9	9
Total Operating Costs and Expenses	71	60
Operating Income	84	85
Other Income (Expense)		
Earnings from equity investment	2	2
Interest, net	(20)	(19)
Other, net	—	1
Total Other Income (Expense)	(18)	(16)
Net Income	\$ 66	\$ 69

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

	March 31, 2017	December 31, 2016
ASSETS		
(Unaudited)		
Current assets		
Cash and cash equivalents	\$ 515	\$ 4
Accounts receivable, net	55	65
Inventories	19	19
Other current assets	8	7
Total current assets	<u>597</u>	<u>95</u>
Property, plant and equipment, net	2,452	2,451
Investment	61	61
Regulatory assets	35	36
Deferred charges and other assets	33	32
Total Assets	<u>\$ 3,178</u>	<u>\$ 2,675</u>
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Current portion of debt	\$ 500	\$ 500
Accounts payable	33	34
Accrued interest	23	19
Accrued taxes, other than income taxes	11	22
Other current liabilities	14	13
Total current liabilities	<u>581</u>	<u>588</u>
Long-term liabilities and deferred credits		
Long-term debt, net of debt issuance costs	1,102	706
Other long-term liabilities and deferred credits	22	22
Total long-term liabilities and deferred credits	<u>1,124</u>	<u>728</u>
Total Liabilities	1,705	1,316
Members' Equity		
Total Liabilities and Members' Equity	<u>\$ 3,178</u>	<u>\$ 2,675</u>

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

	Three Months Ended March 31,	
	2017	2016
Cash Flows From Operating Activities	\$ 66	\$ 69
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21	20
Earnings from equity investment	(2)	(2)
Distributions from equity investment earnings	2	3
Changes in components of working capital:		
Accounts receivable	8	1
Accounts payable	(3)	(2)
Accrued interest	4	3
Accrued taxes, other than income	(11)	(11)
Other current assets and liabilities	3	(7)
Other long-term assets and liabilities	(11)	(9)
Net Cash Provided by Operating Activities	<u>77</u>	<u>65</u>
Cash Flows From Investing Activities		
Capital expenditures	(8)	(19)
Net proceeds from note receivable from affiliate	—	33
Other, net	(2)	(1)
Net Cash (Used in) Provided by Investing Activities	<u>(10)</u>	<u>13</u>
Cash Flows From Financing Activities		
Issuance of debt	399	—
Issuance of debt - revolver	36	—
Payment of debt - revolver	(36)	—
Debt issuance costs	(3)	—
Contributions from Members	104	—
Distributions to Members	(56)	(78)
Net Cash Provided by (Used in) Financing Activities	<u>444</u>	<u>(78)</u>
Net Change in Cash and Cash Equivalents	511	—
Cash and Cash Equivalents, beginning of period	4	—
Cash and Cash Equivalents, end of period	<u>\$ 515</u>	<u>\$ —</u>

SOUTHERN NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
(In Millions)
(Unaudited)

	Three Months Ended March 31,	
	2017	2016
Beginning Balance	\$ 1,359	\$ 1,431
Net income	66	69
Contributions	104	—
Distributions	(56)	(78)
Ending Balance	\$ 1,473	\$ 1,422