

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(excluding footnotes)

SOUTHERN NATURAL GAS COMPANY, L.L.C.

As of September 30, 2017 and December 31, 2016 and
For the Three and Nine Months Ended September 30, 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 September 30, | | Nine Months Ended September 30, | |
|-------------------------------------|-------------------------------------|--------------|------------------------------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| Revenues | \$ 147 | \$ 175 | \$ 445 | \$ 455 |
| Operating Costs and Expenses | | | | |
| Operations and maintenance | 37 | 28 | 113 | 80 |
| Depreciation and amortization | 21 | 21 | 63 | 62 |
| General and administrative | 8 | 8 | 23 | 22 |
| Taxes, other than income taxes | 10 | 9 | 28 | 27 |
| Total Operating Costs and Expenses | <u>76</u> | <u>66</u> | <u>227</u> | <u>191</u> |
| Operating Income | <u>71</u> | <u>109</u> | <u>218</u> | <u>264</u> |
| Other Income (Expense) | | | | |
| Earnings from equity investment | 2 | 2 | 7 | 6 |
| Interest, net | (16) | (19) | (53) | (57) |
| Other, net | — | 1 | — | 2 |
| Total Other Income (Expense) | <u>(14)</u> | <u>(16)</u> | <u>(46)</u> | <u>(49)</u> |
| Net Income | <u>\$ 57</u> | <u>\$ 93</u> | <u>\$ 172</u> | <u>\$ 215</u> |

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

| | September 30, 2017 (Unaudited) | December 31, 2016 |
|--|--------------------------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 6 | \$ 4 |
| Accounts receivable, net | 54 | 65 |
| Inventories | 18 | 19 |
| Other current assets | 8 | 7 |
| Total current assets | 86 | 95 |
| Property, plant and equipment, net | 2,441 | 2,451 |
| Investment | 62 | 61 |
| Regulatory assets | 34 | 36 |
| Deferred charges and other assets | 35 | 32 |
| Total Assets | \$ 2,658 | \$ 2,675 |
| LIABILITIES AND MEMBERS' EQUITY | | |
| Current liabilities | | |
| Current portion of debt | \$ 6 | \$ 500 |
| Accounts payable | 42 | 34 |
| Accrued interest | 8 | 19 |
| Accrued taxes, other than income taxes | 29 | 22 |
| Regulatory liabilities | 19 | 3 |
| Other current liabilities | 6 | 10 |
| Total current liabilities | 110 | 588 |
| Long-term liabilities and deferred credits | | |
| Long-term debt, net of debt issuance costs | 1,102 | 706 |
| Other long-term liabilities and deferred credits | 21 | 22 |
| Total long-term liabilities and deferred credits | 1,123 | 728 |
| Total Liabilities | 1,233 | 1,316 |
| Members' Equity | 1,425 | 1,359 |
| Total Liabilities and Members' Equity | \$ 2,658 | \$ 2,675 |

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

| | Nine Months Ended September 30, | |
|---|------------------------------------|--------------|
| | 2017 | 2016 |
| Cash Flows From Operating Activities | | |
| Net income | \$ 172 | \$ 215 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 63 | 62 |
| Earnings from equity investment | (7) | (6) |
| Other non-cash items | 1 | 1 |
| Distributions from equity investment earnings | 6 | 7 |
| Changes in components of working capital: | | |
| Accounts receivable | 8 | (4) |
| Regulatory assets | 2 | 4 |
| Accounts payable | 4 | 15 |
| Accrued interest | (11) | 3 |
| Accrued taxes, other than income | 7 | 6 |
| Regulatory liabilities | 16 | (2) |
| Other current assets and liabilities | (3) | (1) |
| Other long-term assets and liabilities | (14) | (10) |
| Net Cash Provided by Operating Activities | 244 | 290 |
| Cash Flows From Investing Activities | | |
| Capital expenditures | (34) | (65) |
| Net proceeds from note receivable from affiliate | — | 80 |
| Other, net | (3) | (2) |
| Net Cash (Used in) Provided by Investing Activities | (37) | 13 |
| Cash Flows From Financing Activities | | |
| Issuance of debt | 514 | 23 |
| Payment of debt | (609) | (23) |
| Debt issuance costs | (4) | — |
| Contributions from Members | 108 | 7 |
| Distributions to Members | (214) | (290) |
| Net Cash Used in Financing Activities | (205) | (283) |
| Net Increase in Cash and Cash Equivalents | 2 | 20 |
| Cash and Cash Equivalents, beginning of period | 4 | — |
| Cash and Cash Equivalents, end of period | \$ 6 | \$ 20 |

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

| | Nine Months Ended September 30, | |
|-------------------|--|-------------|
| | 2017 | 2016 |
| Beginning Balance | \$ 1,359 | \$ 1,431 |
| Net income | 172 | 215 |
| Contributions | 108 | 7 |
| Distributions | (214) | (290) |
| Ending Balance | \$ 1,425 | \$ 1,363 |