

Southern Natural Gas Company, L.L.C.

CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2013 and 2012
(Unaudited)

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

	<u>Three Months Ended March 31,</u>	
	<u>2013</u>	<u>2012</u>
Revenues.....	\$ 152	\$ 146
Operating Costs and Expenses		
Operation and maintenance.....	26	39
Depreciation and amortization	15	16
Taxes, other than income taxes	9	8
Total Operating Costs and Expenses.....	<u>50</u>	<u>63</u>
Operating income.....	<u>102</u>	<u>83</u>
Other Income (Expense)		
Earnings from equity investment.....	3	3
Other (expense) income, net.....	(3)	2
Interest and debt expense.....	(20)	(19)
Total Other Expense.....	<u>(20)</u>	<u>(14)</u>
Net income.....	<u>\$ 82</u>	<u>\$ 69</u>

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

	<u>March 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
	<u>(Unaudited)</u>	
ASSETS		
Current assets		
Cash and cash equivalents	\$ —	\$ 1
Accounts receivable, net.....	57	69
Inventories	18	18
Regulatory assets	38	34
Other	<u>5</u>	<u>3</u>
Total current assets	118	125
Property, plant and equipment, net	2,489	2,501
Investment	57	58
Note receivable from affiliate	219	215
Regulatory assets	72	75
Other	<u>12</u>	<u>10</u>
Total Assets	<u>\$ 2,967</u>	<u>\$ 2,984</u>
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	\$ 16	\$ 33
Accrued interest.....	22	19
Accrued taxes	10	7
Contractual deposits	4	4
Accrued other current liabilities	<u>9</u>	<u>8</u>
Total current liabilities	61	71
Long-term liabilities and deferred credits		
Long-term debt	1,210	1,210
Other long-term liabilities and deferred credits	<u>19</u>	<u>20</u>
Total long-term liabilities and deferred credits	1,229	1,230
Total Liabilities.....	<u>1,290</u>	<u>1,301</u>
Member's Equity	<u>1,677</u>	<u>1,683</u>
Total Liabilities and Member's Equity	<u>\$ 2,967</u>	<u>\$ 2,984</u>

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

	<u>Three Months Ended March 31,</u>	
	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Net income	\$ 82	\$ 69
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15	16
Earnings from equity investment	(3)	(3)
Distributions from equity investment.....	4	3
Other	4	—
Changes in component of working capital:		
Accounts receivable, net	12	5
Accounts payable	(14)	(14)
Regulatory assets	(4)	3
Regulatory liabilities.....	(1)	1
Accrued interest	3	3
Accrued taxes.....	3	2
Other, net	(1)	6
Other long-term assets and liabilities	<u>—</u>	<u>(8)</u>
Net Cash Provided by Operating Activities	<u>100</u>	<u>83</u>
Cash Flows From Investing Activities		
Capital expenditures	(9)	(18)
Net change in note receivable from affiliate	(4)	—
Other.....	<u>—</u>	<u>(3)</u>
Net Cash Used in Investing Activities	<u>(13)</u>	<u>(21)</u>
Cash Flows From Financing Activities		
Distributions to member	<u>(88)</u>	<u>(60)</u>
Net Cash Used in Financing Activities	<u>(88)</u>	<u>(60)</u>
Net (decrease) increase in Cash and Cash Equivalents.....	(1)	2
Cash and Cash equivalents, beginning of period	<u>1</u>	<u>3</u>
Cash and Cash equivalents, end of period	<u>\$ —</u>	<u>\$ 5</u>

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

December 31, 2011.....	\$	1,693
Net income.....		69
Distributions		<u>(60)</u>
March 31, 2012.....	\$	<u>1,702</u>
December 31, 2012.....	\$	1,683
Net income.....		82
Distributions		<u>(88)</u>
March 31, 2013.....	\$	<u>1,677</u>