

**Southern Natural Gas Company, L.L.C.**

**CONSOLIDATED FINANCIAL STATEMENTS**

For the Three and Nine Months Ended September 30, 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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenues .....	\$ 152	\$ 146	\$ 443	\$ 432
Operating Costs and Expenses				
Operations and maintenance.....	46	32	109	121
Depreciation and amortization .....	20	16	57	48
Taxes, other than income taxes.....	9	10	29	27
Total Operating Costs and Expenses.....	75	58	195	196
Operating Income .....	77	88	248	236
Other Income (Expense)				
Earnings from equity investment.....	2	3	8	10
Interest expense, net .....	(19)	(20)	(59)	(59)
Other, net .....	2	2	4	6
Total Other Income (Expense).....	(15)	(15)	(47)	(43)
Net Income .....	\$ 62	\$ 73	\$ 201	\$ 193

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

	<b>September 30, 2013</b>	<b>December 31, 2012</b>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents.....	\$ —	\$ 1
Accounts receivable, net .....	50	69
Inventories.....	19	18
Regulatory assets.....	26	34
Other current assets.....	5	3
Total current assets.....	100	125
Property, plant and equipment, net .....	2,510	2,501
Investment.....	57	58
Note receivable from affiliate .....	206	215
Regulatory assets .....	63	75
Deferred charges and other assets.....	45	10
Total Assets.....	\$ 2,981	\$ 2,984
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Current liabilities		
Accounts payable .....	\$ 28	\$ 33
Accrued interest .....	22	19
Accrued taxes, other than income .....	28	7
Regulatory liabilities .....	8	1
Contractual deposits.....	2	4
Accrued other current liabilities.....	—	7
Total current liabilities.....	88	71
Long-term liabilities and deferred credits		
Long-term debt.....	1,210	1,210
Other long-term liabilities and deferred credits .....	47	20
Total long-term liabilities and deferred credits .....	1,257	1,230
Total Liabilities.....	1,345	1,301
Member's Equity .....	1,636	1,683
Total Liabilities and Member's Equity .....	\$ 2,981	\$ 2,984

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

	Nine Months Ended September 30,	
	2013	2012
<b>Cash Flows From Operating Activities</b>		
Net Income .....	\$ 201	\$ 193
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization .....	57	48
Earnings from equity investment .....	(8)	(10)
Distributions from equity investment.....	9	7
Other .....	1	5
Changes in components of working capital:		
Accounts receivable .....	20	(29)
Accounts payable .....	(12)	(28)
Regulatory assets.....	7	(7)
Regulatory liabilities .....	6	(1)
Accrued interest.....	3	3
Accrued taxes, other than income .....	19	18
Other current assets and liabilities .....	(10)	(19)
Other long-term assets and liabilities.....	(11)	16
Net Cash Provided by Operating Activities .....	<u>282</u>	<u>196</u>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures.....	(49)	(46)
Proceeds from sale of assets.....	12	—
Net change in note receivable from affiliate .....	8	57
Other.....	(6)	(8)
Net Cash (Used in) Provided by Investing Activities .....	<u>(35)</u>	<u>3</u>
<b>Cash Flows From Financing Activities</b>		
Distributions to Member .....	(248)	(202)
Net Cash Used in Financing Activities .....	<u>(248)</u>	<u>(202)</u>
Net decrease in Cash and Cash Equivalents.....	(1)	(3)
Cash and Cash Equivalents, beginning of period.....	1	3
Cash and Cash Equivalents, end of period.....	<u>\$ —</u>	<u>\$ —</u>

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

Balance at December 31, 2011 .....	\$ 1,693
Net Income .....	193
Distributions .....	(202)
Balance at September 30, 2012 .....	<u>\$ 1,684</u>
Balance at December 31, 2012 .....	\$ 1,683
Net Income .....	201
Distributions .....	(248)
Balance at September 30, 2013 .....	<u>\$ 1,636</u>