

Southern Natural Gas Company, L.L.C.

CONSOLIDATED FINANCIAL STATEMENTS
(excluding footnotes)

For the Three and Nine Months Ended September 30, 2014 and 2013
Unaudited

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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues.....	\$ 139	\$ 152	\$ 425	\$ 443
Operating Costs and Expenses				
Operations and maintenance.....	37	46	103	109
Depreciation and amortization.....	23	20	71	57
Taxes, other than income taxes.....	10	9	28	29
Total Operating Costs and Expenses.....	<u>70</u>	<u>75</u>	<u>202</u>	<u>195</u>
Operating Income	<u>69</u>	<u>77</u>	<u>223</u>	<u>248</u>
Other Income (Expense)				
Earnings from equity investment.....	2	2	8	8
Interest expense, net.....	(19)	(19)	(59)	(59)
Other, net	1	2	2	4
Total Other Income (Expense).....	<u>(16)</u>	<u>(15)</u>	<u>(49)</u>	<u>(47)</u>
Net Income	<u>\$ 53</u>	<u>\$ 62</u>	<u>\$ 174</u>	<u>\$ 201</u>

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

	September 30, 2014	December 31, 2013
ASSETS	(Unaudited)	
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	53	66
Inventories	18	18
Regulatory assets	16	15
Other current assets	8	9
Total current assets	95	108
Property, plant and equipment, net	2,478	2,505
Investment	58	60
Note receivable from affiliate	182	183
Regulatory assets	50	58
Deferred charges and other assets	49	43
Total Assets	\$ 2,912	\$ 2,957
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	\$ 27	\$ 34
Accrued interest	22	19
Accrued taxes, other than income	29	10
Regulatory liabilities	9	9
Contractual deposits	8	4
Other current liabilities	2	3
Total current liabilities	97	79
Long-term liabilities and deferred credits		
Long-term debt	1,210	1,210
Other long-term liabilities and deferred credits	43	45
Total long-term liabilities and deferred credits	1,253	1,255
Total Liabilities	1,350	1,334
Member's Equity	1,562	1,623
Total Liabilities and Member's Equity	\$ 2,912	\$ 2,957

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

	Nine Months Ended September 30,	
	2014	2013
Cash Flows From Operating Activities		
Net Income	174	\$ 201
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	71	57
Earnings from equity investment	(8)	(8)
Distributions from equity investment	10	9
Other	1	1
Changes in components of working capital:		
Accounts receivable, net	13	20
Accounts payable	(6)	(12)
Regulatory assets	(1)	7
Regulatory liabilities	(1)	6
Accrued interest	3	3
Accrued taxes, other than income	19	19
Other current assets and liabilities	1	(10)
Other long-term assets and liabilities	(13)	(11)
Net Cash Provided by Operating Activities	<u>263</u>	<u>282</u>
Cash Flows From Investing Activities		
Capital expenditures	(31)	(49)
Proceeds from sale of assets	—	12
Net change in note receivable from affiliate	1	8
Other	2	(6)
Net Cash Used in Investing Activities	<u>(28)</u>	<u>(35)</u>
Cash Flows From Financing Activities		
Distributions to Member	(235)	(248)
Net Cash Used in Financing Activities	<u>(235)</u>	<u>(248)</u>
Net change in Cash and Cash Equivalents	—	(1)
Cash and Cash Equivalents, beginning of period	—	1
Cash and Cash Equivalents, end of period	<u>\$ —</u>	<u>\$ —</u>

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

Balance at December 31, 2012	\$	1,683
Net Income		201
Distributions		(248)
Balance at September 30, 2013	\$	<u>1,636</u>
Balance at December 31, 2013	\$	1,623
Net Income		174
Distributions		(235)
Balance at September 30, 2014	\$	<u>1,562</u>