

*CONSOLIDATED FINANCIAL STATEMENTS*  
*(Unaudited)*  
*(excluding footnotes)*

*SOUTHERN NATURAL GAS COMPANY, L.L.C.*

*As of March 31, 2018 and December 31, 2017 and*  
*For the Three Months Ended March 31, 2018 and 2017*

**SOUTHERN NATURAL GAS COMPANY, L.L.C. AND SUBSIDIARY**  
**TABLE OF CONTENTS**

	<b>Page Number</b>
Consolidated Financial Statements (Unaudited)	
Consolidated Statements of Income	1
Consolidated Balance Sheets	2
Consolidated Statements of Cash Flows	3
Consolidated Statements of Members' Equity	4

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

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Revenues	\$ 160	\$ 155
Operating Costs and Expenses		
Operations and maintenance	31	33
Depreciation and amortization	21	21
General and administrative	9	8
Taxes, other than income taxes	9	9
Total Operating Costs and Expenses	70	71
Operating Income	90	84
Other Income (Expense)		
Earnings from equity investment	2	2
Interest, net	(16)	(20)
Other, net	1	—
Total Other Income (Expense)	(13)	(18)
Net Income	\$ 77	\$ 66

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

	March 31, 2018	December 31, 2017
<b>ASSETS</b>		
(Unaudited)		
Current assets		
Cash and cash equivalents	\$ 2	\$ 4
Accounts receivable, net	37	35
Accounts receivable from affiliates	18	19
Inventories	18	18
Other current assets	11	6
Total current assets	<u>86</u>	<u>82</u>
Property, plant and equipment, net		
	2,444	2,439
Investment	63	63
Regulatory assets	23	23
Deferred charges and other assets	36	35
Total Assets	<u>\$ 2,652</u>	<u>\$ 2,642</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Current liabilities		
Current portion of debt	\$ —	\$ 13
Accounts payable	23	21
Accounts payable to affiliates	17	15
Accrued interest	8	17
Accrued taxes, other than income taxes	10	20
Regulatory liabilities	10	15
Other current liabilities	8	9
Total current liabilities	<u>76</u>	<u>110</u>
Long-term liabilities and deferred credits		
Long-term debt, net of debt issuance costs	1,102	1,102
Other long-term liabilities and deferred credits	76	76
Total long-term liabilities and deferred credits	<u>1,178</u>	<u>1,178</u>
Total Liabilities	<u>1,254</u>	<u>1,288</u>
Members' Equity		
	1,398	1,354
Total Liabilities and Members' Equity	<u>\$ 2,652</u>	<u>\$ 2,642</u>

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

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 77	\$ 66
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21	21
Earnings from equity investment	(2)	(2)
Distributions from equity investment earnings	2	2
Changes in components of working capital:		
Accounts receivable	(1)	8
Accounts payable	—	(3)
Accrued interest	(9)	4
Accrued taxes, other than income	(10)	(11)
Other current assets and liabilities	(11)	3
Other long-term assets and liabilities	(5)	(11)
Net Cash Provided by Operating Activities	<u>62</u>	<u>77</u>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	(18)	(8)
Other, net	—	(2)
Net Cash Used in Investing Activities	<u>(18)</u>	<u>(10)</u>
<b>Cash Flows From Financing Activities</b>		
Issuances of debt	50	435
Payments of debt	(63)	(36)
Debt issuance costs	—	(3)
Contributions from Members	37	104
Distributions to Members	(70)	(56)
Net Cash (Used in) Provided by Financing Activities	<u>(46)</u>	<u>444</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(2)	511
Cash and Cash Equivalents, beginning of period	4	4
Cash and Cash Equivalents, end of period	<u>\$ 2</u>	<u>\$ 515</u>
<b>Non-cash Investing Activities</b>		
Net increase in property, plant and equipment accruals	\$ 5	\$ 1

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

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Beginning Balance	\$ 1,354	\$ 1,359
Net income	77	66
Contributions	37	104
Distributions	(70)	(56)
Ending Balance	\$ 1,398	\$ 1,473