

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

	Page Number
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)

	Three Months Ended March 31,	
	2018	2017
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
ASSETS		
(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>
LIABILITIES AND MEMBERS' EQUITY		
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)

	Three Months Ended March 31,	
	2018	2017
Cash Flows From Operating Activities		
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>
Cash Flows From Investing Activities		
Capital expenditures	(18)	(8)
Other, net	—	(2)
Net Cash Used in Investing Activities	<u>(18)</u>	<u>(10)</u>
Cash Flows From Financing Activities		
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>
Non-cash Investing Activities		
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)

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