

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(excluding footnotes)

SOUTHERN NATURAL GAS COMPANY, L.L.C.

As of June 30, 2018 and December 31, 2017 and
For the Three and Six Months Ended June 30, 2018 and 2017

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues	\$ 146	\$ 143	\$ 306	\$ 298
Operating Costs and Expenses				
Operations and maintenance	39	43	70	76
Depreciation and amortization	21	21	42	42
General and administrative	9	8	18	17
Taxes, other than income taxes	10	9	19	18
Total Operating Costs and Expenses	<u>79</u>	<u>81</u>	<u>149</u>	<u>153</u>
Operating Income	<u>67</u>	<u>62</u>	<u>157</u>	<u>145</u>
Other Income (Expense)				
Earnings from equity investment	3	3	5	5
Interest, net	(17)	(17)	(33)	(37)
Other, net	2	1	3	2
Total Other Income (Expense)	<u>(12)</u>	<u>(13)</u>	<u>(25)</u>	<u>(30)</u>
Net Income	<u>\$ 55</u>	<u>\$ 49</u>	<u>\$ 132</u>	<u>\$ 115</u>

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

	June 30, 2018	December 31, 2017
ASSETS		
(Unaudited)		
Current assets		
Cash and cash equivalents	\$ 6	\$ 4
Accounts receivable, net	38	35
Accounts receivable from affiliates	17	19
Inventories	18	18
Regulatory assets	8	2
Other current assets	2	6
Total current assets	<u>89</u>	<u>84</u>
Property, plant and equipment, net	2,449	2,439
Investment	64	63
Regulatory assets	23	23
Deferred charges and other assets	36	35
Total Assets	<u>\$ 2,661</u>	<u>\$ 2,644</u>
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Current portion of debt	\$ —	\$ 13
Accounts payable	36	21
Accounts payable to affiliates	22	15
Accrued interest	17	17
Accrued taxes, other than income taxes	19	20
Regulatory liabilities	2	15
Other current liabilities	8	9
Total current liabilities	<u>104</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	75	76
Total long-term liabilities and deferred credits	<u>1,177</u>	<u>1,178</u>
Total Liabilities	1,281	1,288
Members' Equity		
Total Liabilities and Members' Equity	<u>\$ 2,661</u>	<u>\$ 2,642</u>

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

	Six Months Ended June 30,	
	2018	2017
Cash Flows From Operating Activities		
Net income	\$ 132	\$ 115
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	42	42
Earnings from equity investment	(5)	(5)
Other non-cash items	—	1
Distributions from equity investment earnings	4	4
Changes in components of working capital:		
Accounts receivable	(1)	4
Regulatory assets	(6)	3
Accounts payable	4	1
Accrued taxes, other than income	(1)	(2)
Regulatory liabilities	(13)	13
Other current assets and liabilities	2	(6)
Other long-term assets and liabilities	9	(3)
Net Cash Provided by Operating Activities	167	167
Cash Flows From Investing Activities		
Capital expenditures	(45)	(22)
Other, net	(1)	(4)
Net Cash Used in Investing Activities	(46)	(26)
Cash Flows From Financing Activities		
Issuance of debt	90	461
Payment of debt	(103)	(562)
Debt issuance costs	—	(4)
Contributions from Members	67	108
Distributions to Members	(173)	(142)
Net Cash Used in Financing Activities	(119)	(139)
Net Increase in Cash and Cash Equivalents	2	2
Cash and Cash Equivalents, beginning of period	4	4
Cash and Cash Equivalents, end of period	\$ 6	\$ 6
Non-cash Investing Activities		
Net increase in property, plant and equipment accruals	\$ 17	

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

	Six Months Ended June 30,	
	2018	2017
Beginning Balance	\$ 1,354	\$ 1,359
Net income	132	115
Contributions	67	108
Distributions	(173)	(142)
Ending Balance	\$ 1,380	\$ 1,440