

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(excluding footnotes)

SOUTHERN NATURAL GAS COMPANY, L.L.C.

As of September 30, 2018 and December 31, 2017 and
For the Three and Nine Months Ended September 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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues	\$ 142	\$ 147	\$ 448	\$ 445
Operating Costs and Expenses				
Operations and maintenance	35	37	105	113
Depreciation and amortization	21	21	63	63
General and administrative	9	9	27	26
Taxes, other than income taxes	9	10	28	28
Total Operating Costs and Expenses	<u>74</u>	<u>77</u>	<u>223</u>	<u>230</u>
Operating Income	<u>68</u>	<u>70</u>	<u>225</u>	<u>215</u>
Other Income (Expense)				
Earnings from equity investment	2	2	7	7
Interest, net	(16)	(16)	(49)	(53)
Other, net	2	1	5	3
Total Other Income (Expense)	<u>(12)</u>	<u>(13)</u>	<u>(37)</u>	<u>(43)</u>
Net Income	<u>\$ 56</u>	<u>\$ 57</u>	<u>\$ 188</u>	<u>\$ 172</u>

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

	September 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6	\$ 4
Accounts receivable, net	43	35
Accounts receivable from affiliates	17	19
Inventories	19	18
Regulatory assets	22	2
Other current assets	1	4
Total current assets	108	82
Property, plant and equipment, net	2,455	2,439
Investment	64	63
Regulatory assets	22	23
Deferred charges and other assets	38	35
Total Assets	\$ 2,687	\$ 2,642
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Current portion of debt	\$ —	\$ 13
Accounts payable	38	21
Accounts payable to affiliates	22	15
Accrued interest	8	17
Accrued taxes, other than income taxes	27	20
Regulatory liabilities	1	15
Other current liabilities	10	9
Total current liabilities	106	110
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	79	76
Total long-term liabilities and deferred credits	1,181	1,178
Total Liabilities	1,287	1,288
Members' Equity		
Total Liabilities and Members' Equity	\$ 2,687	\$ 2,642

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

	Nine Months Ended September 30,	
	2018	2017
Cash Flows From Operating Activities		
Net income	\$ 188	\$ 172
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	63	63
Earnings from equity investment	(7)	(7)
Other non-cash items	(3)	1
Distributions from equity investment earnings	6	6
Changes in components of working capital:		
Accounts receivable	(5)	8
Regulatory assets	(21)	2
Accounts payable	4	4
Accrued interest	(9)	(11)
Accrued taxes, other than income	7	7
Regulatory liabilities	(13)	16
Other current assets and liabilities	3	(3)
Other long-term assets and liabilities	21	(14)
Net Cash Provided by Operating Activities	234	244
Cash Flows From Investing Activities		
Capital expenditures	(74)	(34)
Other, net	(3)	(3)
Net Cash Used in Investing Activities	(77)	(37)
Cash Flows From Financing Activities		
Issuance of debt	137	514
Payment of debt	(150)	(609)
Debt issuance costs	—	(4)
Contributions from Members	89	108
Distributions to Members	(231)	(214)
Net Cash Used in Financing Activities	(155)	(205)
Net Change in Cash, Cash Equivalents, and Restricted Deposits	2	2
Cash, Cash Equivalents, and Restricted Deposits, beginning of period	4	4
Cash, Cash Equivalents, and Restricted Deposits, end of period	<u>\$ 6</u>	<u>\$ 6</u>
Non-cash Investing Activities		
Net increase in property, plant and equipment accruals	19	3

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

	Nine Months Ended September 30,	
	2018	2017
Beginning Balance	\$ 1,354	\$ 1,359
Net income	188	172
Contributions	89	108
Distributions	(231)	(214)
Ending Balance	\$ 1,400	\$ 1,425