

Southern Natural Gas Company, L.L.C.

CONSOLIDATED FINANCIAL STATEMENTS
(excluding footnotes)

For the Three Months Ended March 31, 2015 and 2014
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	
	March 31,	
	2015	2014
Revenues	\$ 152	\$ 149
Operating Costs and Expenses		
Operations and maintenance	22	22
Depreciation and amortization	24	24
General and administrative.....	11	8
Taxes, other than income taxes.....	9	9
Total Operating Costs and Expenses	66	63
Operating Income.....	86	86
Other Income (Expense)		
Earnings from equity investment	2	3
Interest expense, net	(20)	(20)
Other, net.....	1	1
Total Other Income (Expense).....	(17)	(16)
Net Income	\$ 69	\$ 70

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

	<u>March 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
	(Unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	52	56
Inventories	18	18
Regulatory assets	13	14
Other current assets	6	8
Total current assets	<u>89</u>	<u>96</u>
Property, plant and equipment, net	2,467	2,473
Investment	62	61
Note receivable from affiliate	179	166
Regulatory assets	48	49
Deferred charges and other assets	51	50
Total Assets	<u>\$ 2,896</u>	<u>\$ 2,895</u>
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	\$ 50	\$ 41
Accrued interest	22	19
Accrued taxes, other than income	12	10
Regulatory liabilities	2	5
Customer deposits	3	6
Other current liabilities	7	3
Total current liabilities	<u>96</u>	<u>84</u>
Long-term liabilities and deferred credits		
Long-term debt	1,210	1,210
Other long-term liabilities and deferred credits	40	42
Total long-term liabilities and deferred credits	<u>1,250</u>	<u>1,252</u>
Total Liabilities	1,346	1,336
Member's Equity	1,550	1,559
Total Liabilities and Member's Equity	<u>\$ 2,896</u>	<u>\$ 2,895</u>

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

	Three Months Ended	
	March 31,	
	2015	2014
Cash Flows From Operating Activities		
Net Income	\$ 69	\$ 70
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	24	24
Earnings from equity investment	(2)	(3)
Distributions from equity investment earnings	1	4
Other	2	1
Changes in components of working capital:		
Accounts receivable	—	16
Regulatory assets	(2)	2
Accounts payable	4	(12)
Accrued interest.....	3	3
Accrued taxes, other than income	2	1
Regulatory liabilities	(3)	13
Other current assets and liabilities	2	(9)
Other long-term assets and liabilities	(4)	(19)
Net Cash Provided by Operating Activities	<u>96</u>	<u>91</u>
Cash Flows From Investing Activities		
Capital expenditures.....	(6)	(8)
Net change in note receivable from affiliates	(13)	(7)
Other.....	1	(1)
Net Cash Used in Investing Activities.....	<u>(18)</u>	<u>(16)</u>
Cash Flows From Financing Activities		
Distributions to Member	(78)	(75)
Net Cash Used in Financing Activities	<u>(78)</u>	<u>(75)</u>
Net change in Cash and Cash Equivalents	—	—
Cash and Cash Equivalents, beginning of period.....	—	—
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, 2013	\$ 1,623
Net income	70
Distributions to Member	(75)
Balance at March 31, 2014	<u>\$ 1,618</u>
Balance at December 31, 2014	\$ 1,559
Net income	69
Distributions to Member	(78)
Balance at March 31, 2015	<u>\$ 1,550</u>