

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

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

*As of September 30, 2015 and December 31, 2014 and*  
*For the Three and Nine Months Ended September 30, 2015 and 2014*

**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)

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues.....	\$ 140	\$ 139	\$ 430	\$ 425
Operating Costs and Expenses				
Operations and maintenance.....	31	29	86	79
Depreciation and amortization.....	24	23	71	71
General and administrative.....	8	8	27	24
Taxes, other than income taxes.....	9	10	28	28
Gain on sale of assets.....	—	—	(10)	—
Total Operating Costs and Expenses.....	<u>72</u>	<u>70</u>	<u>202</u>	<u>202</u>
Operating Income .....	<u>68</u>	<u>69</u>	<u>228</u>	<u>223</u>
Other Income (Expense)				
Earnings from equity investment.....	2	2	7	8
Interest, net .....	(19)	(18)	(58)	(57)
Other, net .....	1	—	1	—
Total Other Income (Expense).....	<u>(16)</u>	<u>(16)</u>	<u>(50)</u>	<u>(49)</u>
Net Income .....	<u>\$ 52</u>	<u>\$ 53</u>	<u>\$ 178</u>	<u>\$ 174</u>

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

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents .....	\$ —	\$ —
Accounts receivable, net .....	55	56
Inventories .....	18	18
Regulatory assets .....	17	14
Other current assets .....	2	8
Total current assets .....	92	96
Property, plant and equipment, net .....	2,434	2,473
Investment .....	61	61
Note receivable from affiliate .....	161	166
Regulatory assets .....	42	49
Deferred charges and other assets .....	47	43
Total Assets .....	\$ 2,837	\$ 2,888
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Current liabilities		
Accounts payable .....	\$ 39	\$ 41
Accrued interest .....	22	19
Accrued taxes, other than income taxes .....	30	10
Regulatory liabilities .....	1	5
Other current liabilities .....	7	9
Total current liabilities .....	99	84
Long-term liabilities and deferred credits		
Long-term debt, net of debt issuance costs .....	1,204	1,203
Other long-term liabilities and deferred credits .....	39	42
Total long-term liabilities and deferred credits .....	1,243	1,245
Total Liabilities .....	1,342	1,329
Member's Equity .....	1,495	1,559
Total Liabilities and Member's Equity .....	\$ 2,837	\$ 2,888

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

	Nine Months Ended	
	September 30,	
	2015	2014
<b>Cash Flows From Operating Activities</b>		
Net Income .....	\$ 178	\$ 174
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization .....	71	71
Earnings from equity investment .....	(7)	(8)
Distributions from equity investment earnings .....	6	10
Gain on sale of assets .....	(10)	—
Other .....	2	1
Changes in components of working capital:		
Accounts receivable, net .....	(3)	13
Regulatory assets .....	(12)	(1)
Accounts payable .....	(5)	(6)
Accrued interest .....	3	3
Accrued taxes, other than income taxes .....	20	19
Regulatory liabilities .....	(4)	(1)
Other current assets and liabilities .....	4	1
Other long-term assets and liabilities .....	17	(13)
Net Cash Provided by Operating Activities .....	<u>260</u>	<u>263</u>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures .....	(37)	(31)
Net change in note receivable from affiliate .....	5	1
Sale or disposal of property, plant and equipment, net of salvage .....	15	—
Other .....	(1)	2
Net Cash Used in Investing Activities .....	<u>(18)</u>	<u>(28)</u>
<b>Cash Flows From Financing Activities</b>		
Distributions to Member .....	(242)	(235)
Net Cash Used in Financing Activities .....	<u>(242)</u>	<u>(235)</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 SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY**  
(In Millions)  
(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
Beginning Balance.....	\$ 1,559	\$ 1,623
Net income.....	178	174
Distributions .....	(242)	(235)
Ending Balance.....	\$ 1,495	\$ 1,562