

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

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

*As of March 31, 2016 and December 31, 2015 and*  
*For the Three Months Ended March 31, 2016 and 2015*

**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)

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Revenues	\$ 145	\$ 152
Operating Costs and Expenses		
Operations and maintenance	23	22
Depreciation and amortization	20	24
General and administrative	8	11
Taxes, other than income taxes	9	9
Total Operating Costs and Expenses	<u>60</u>	<u>66</u>
Operating Income	<u>85</u>	<u>86</u>
Other Income (Expense)		
Earnings from equity investment	2	2
Interest, net	(19)	(19)
Other, net	1	—
Total Other Income (Expense)	<u>(16)</u>	<u>(17)</u>
Net Income	<u>\$ 69</u>	<u>\$ 69</u>

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

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
<b>ASSETS</b>	<b>(Unaudited)</b>	
<b>Current assets</b>		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	49	49
Inventories	18	18
Regulatory assets	11	13
Other current assets	7	2
Total current assets	85	82
Property, plant and equipment, net	2,443	2,439
Investment	60	61
Note receivable from affiliate	47	80
Regulatory assets	39	40
Deferred charges and other assets	32	32
Total Assets	\$ 2,706	\$ 2,734
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 20	\$ 43
Accrued interest	22	19
Accrued taxes, other than income taxes	11	6
Other current liabilities	5	9
Total current liabilities	58	77
<b>Long-term liabilities and deferred credits</b>		
Long-term debt, net of debt issuance costs	1,205	1,205
Other long-term liabilities and deferred credits	21	21
Total long-term liabilities and deferred credits	1,226	1,226
Total Liabilities	1,284	1,303
<b>Member's Equity</b>		
Total Liabilities and Member's Equity	\$ 2,706	\$ 2,734

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

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 69	\$ 69
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20	24
Earnings from equity investment	(2)	(2)
Other non-cash items	—	2
Distributions from equity investment earnings	3	1
Changes in components of working capital:		
Accounts receivable	1	—
Accounts payable	(18)	4
Accrued interest	3	3
Accrued taxes, other than income	5	2
Other current assets and liabilities	(7)	(3)
Other long-term assets and liabilities	(9)	(4)
<b>Net Cash Provided by Operating Activities</b>	<b>65</b>	<b>96</b>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	(19)	(6)
Net change in note receivable from affiliate	33	(13)
Other, net	(1)	1
<b>Net Cash Provided by (Used) in Investing Activities</b>	<b>13</b>	<b>(18)</b>
<b>Cash Flows From Financing Activities</b>		
Distributions to Member	(78)	(78)
<b>Net Cash Used in Financing Activities</b>	<b>(78)</b>	<b>(78)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>—</b>	<b>—</b>
Cash and Cash Equivalents, beginning of period	—	—
<b>Cash and Cash Equivalents, end of period</b>	<b>\$ —</b>	<b>\$ —</b>

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

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Beginning Balance	\$ 1,431	\$ 1,559
Net income	69	69
Distributions	(78)	(78)
Ending Balance	\$ 1,422	\$ 1,550