

Gulfstream Natural Gas System, L.L.C.

Condensed Financial Statements

(Unaudited)

June 30, 2012

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)
(In millions)

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2012	2011	2012	2011
Operating Revenues				
Transportation of natural gas	\$ 68.8	\$ 68.3	\$ 136.2	\$ 134.3
Other	-	0.1	0.3	1.0
Total operating revenues	<u>68.8</u>	<u>68.4</u>	<u>136.5</u>	<u>135.3</u>
Operating Expenses				
Operating, maintenance and other	8.1	6.0	13.3	10.8
Depreciation and amortization	8.9	8.8	17.8	17.6
Property and other taxes	4.5	4.5	9.4	6.7
Total operating expenses	<u>21.5</u>	<u>19.3</u>	<u>40.5</u>	<u>35.1</u>
Operating Income	47.3	49.1	96.0	100.2
Other Income and Expenses	-	(0.1)	-	0.3
Interest Expense	<u>17.7</u>	<u>17.5</u>	<u>35.2</u>	<u>34.7</u>
Net Income	<u>\$ 29.6</u>	<u>\$ 31.5</u>	<u>\$ 60.8</u>	<u>\$ 65.8</u>

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net Income	\$ 29.6	\$ 31.5	\$ 60.8	\$ 65.8
Other comprehensive income				
Reclassification of cash flow hedges into earnings	(0.4)	(0.4)	(0.7)	(0.7)
Comprehensive Income	<u>\$ 29.2</u>	<u>\$ 31.1</u>	<u>\$ 60.1</u>	<u>\$ 65.1</u>

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.
CONDENSED BALANCE SHEETS
(Unaudited)
(In millions)

	<u>June 30,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 58.8	\$ 54.4
Receivables, net	22.8	22.8
Other	14.4	9.9
Total current assets	<u>96.0</u>	<u>87.1</u>
Property, Plant and Equipment		
Cost	2,068.4	2,065.6
Less accumulated depreciation and amortization	299.6	281.8
Net property, plant and equipment	<u>1,768.8</u>	<u>1,783.8</u>
Regulatory Assets and Deferred Debits		
Regulatory tax asset - allowance for funds used during construction	23.4	23.6
Unamortized debt expense	5.7	6.2
Total regulatory assets and deferred debits	<u>29.1</u>	<u>29.8</u>
Total Assets	<u>\$ 1,893.9</u>	<u>\$ 1,900.7</u>

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.
CONDENSED BALANCE SHEETS
(Unaudited)
(In millions)

	<u>June 30,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 7.8	\$ 2.3
Taxes accrued	9.7	0.4
Interest accrued	10.0	10.0
Accrued liabilities	0.5	1.6
Fuel tracker liabilities	4.8	1.9
Natural gas imbalance payables	0.2	0.1
Other	0.7	0.6
Total current liabilities	<u>33.7</u>	<u>16.9</u>
Long-term Debt	<u>1,149.2</u>	<u>1,149.1</u>
Commitments and Contingencies		
Members' Equity		
Members' equity	702.7	725.7
Accumulated other comprehensive income	8.3	9.0
Total members' equity	<u>711.0</u>	<u>734.7</u>
Total Liabilities and Members' Equity	<u>\$ 1,893.9</u>	<u>\$ 1,900.7</u>

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)
(In millions)

	Six Months	
	Ended June 30,	
	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 60.8	\$ 65.8
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18.4	18.2
Allowance for funds used during construction - equity	-	(0.2)
Net change in operating assets and liabilities	10.3	6.3
Net cash provided by operating activities	<u>89.5</u>	<u>90.1</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(1.4)</u>	<u>(8.2)</u>
Net cash used in investing activities	<u>(1.4)</u>	<u>(8.2)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions from members	-	7.7
Distributions to members	<u>(83.7)</u>	<u>(92.2)</u>
Net cash used in financing activities	<u>(83.7)</u>	<u>(84.5)</u>
Net increase (decrease) in cash and cash equivalents	4.4	(2.6)
Cash and cash equivalents at beginning of period	<u>54.4</u>	<u>63.7</u>
Cash and cash equivalents at end of period	<u>\$ 58.8</u>	<u>\$ 61.1</u>

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.
CONDENSED STATEMENTS OF MEMBERS' EQUITY
(Unaudited)
(In millions)

	<u>Spectra Energy Corp</u>	<u>Spectra Energy Partners, LP</u>	<u>The Williams Companies, Inc.</u>	<u>Williams Partners L.P.</u>	<u>Total</u>
Balance December 31, 2011	\$ 0.9	\$ 366.5	\$ 7.3	\$ 360.0	\$ 734.7
Net income	0.6	29.8	0.5	29.9	60.8
Reclassification of cash flow hedges into earnings	(0.1)	(0.3)	-	(0.3)	(0.7)
Ownership change	-	-	(6.9)	6.9	-
Distributions to members	(0.8)	(41.0)	(0.9)	(41.0)	(83.7)
Attributed deferred tax expense	-	(0.1)	-	-	(0.1)
Balance June 30, 2012	<u>\$ 0.6</u>	<u>\$ 354.9</u>	<u>\$ -</u>	<u>\$ 355.5</u>	<u>\$ 711.0</u>
Balance December 31, 2010	\$ 7.7	\$ 375.0	\$ 195.1	\$ 187.4	\$ 765.2
Net income	0.7	32.2	12.3	20.6	65.8
Reclassification of cash flow hedges into earnings	-	(0.3)	(0.2)	(0.2)	(0.7)
Ownership change	-	-	(178.2)	178.2	-
Capital contributions from members	0.1	3.7	2.0	1.9	7.7
Distributions to members	(7.5)	(38.6)	(23.5)	(22.6)	(92.2)
Attributed deferred tax expense	-	(0.1)	(0.1)	(0.1)	(0.3)
Balance June 30, 2011	<u>\$ 1.0</u>	<u>\$ 371.9</u>	<u>\$ 7.4</u>	<u>\$ 365.2</u>	<u>\$ 745.5</u>