



November 18, 2010

The Bank of New York  
101 Barclay Street  
New York, NY 10286  
Attention: Karen Trachtenberg and Ritu Khanna

Ladies and Gentlemen,

Re: Gulfstream Natural Gas System, L.L.C.  
Indenture Dated October 26, 2005

Pursuant to Section 4.07(c)(ii) of the Indenture between Gulfstream Natural Gas System, L.L.C., (the "Company") and The Bank of New York, as Trustee, dated as of October 26, 2005, attached please find the unaudited financial statements of the Company for the third fiscal quarter of 2010.

Sincerely,

A handwritten signature in black ink, appearing to read "Frederick S. Bush", is written over a horizontal line.

Frederick S. Bush

VP, Controller & Treas.,  
GMOS (Operator of Gulfstream)

**Gulfstream Natural Gas System, L.L.C.**

Unaudited Financial Statements

September 30, 2010

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

|                                  | <b>Three Months Ended</b> |                | <b>Nine Months Ended</b> |                |
|----------------------------------|---------------------------|----------------|--------------------------|----------------|
|                                  | <b>September 30,</b>      |                | <b>September 30,</b>     |                |
|                                  | <b>2010</b>               | <b>2009</b>    | <b>2010</b>              | <b>2009</b>    |
| <b>Operating Revenues</b>        |                           |                |                          |                |
| Transportation of natural gas    | \$ 68.7                   | \$ 67.0        | \$ 201.4                 | \$ 183.8       |
| Other                            | 0.8                       | 0.9            | 2.1                      | 1.2            |
| Total operating revenues         | <u>69.5</u>               | <u>67.9</u>    | <u>203.5</u>             | <u>185.0</u>   |
| <b>Operating Expenses</b>        |                           |                |                          |                |
| Operating, maintenance and other | 5.3                       | 4.6            | 14.9                     | 14.6           |
| Depreciation and amortization    | 8.8                       | 8.7            | 26.3                     | 25.8           |
| Property and other taxes         | 4.3                       | 4.3            | 13.6                     | 12.4           |
| Total operating expenses         | <u>18.4</u>               | <u>17.6</u>    | <u>54.8</u>              | <u>52.8</u>    |
| <b>Operating Income</b>          | 51.1                      | 50.3           | 148.7                    | 132.2          |
| <b>Other Income and Expenses</b> | 0.1                       | 1.0            | 0.6                      | 1.3            |
| <b>Interest Expense</b>          | <u>17.4</u>               | <u>17.4</u>    | <u>52.4</u>              | <u>43.7</u>    |
| <b>Net Income</b>                | <u>\$ 33.8</u>            | <u>\$ 33.9</u> | <u>\$ 96.9</u>           | <u>\$ 89.8</u> |

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

|   | <u>September 30,<br/>2010</u> | <u>December 31,<br/>2009</u> |
|---|-------------------------------|------------------------------|
| <b>ASSETS</b>   |                               |                              |
| <b>Current Assets</b>   |                               |                              |
| Cash and cash equivalents   | \$ 94.2                       | \$ 63.0                      |
| Receivables, net  | 22.8                          | 22.3                         |
| Other   | 15.9                          | 9.2                          |
| Total current assets  | <u>132.9</u>                  | <u>94.5</u>                  |
| <b>Property, Plant and Equipment</b>                                |                               |                              |
| Cost  | 2,045.6                       | 2,036.5                      |
| Less accumulated depreciation and amortization                      | 238.3                         | 212.0                        |
| Net property, plant and equipment                                   | <u>1,807.3</u>                | <u>1,824.5</u>               |
| <b>Regulatory Assets and Deferred Debits</b>                        |                               |                              |
| Regulatory tax asset - allowance for funds used during construction | 24.2                          | 24.4                         |
| Unamortized debt expense  | 7.5                           | 8.2                          |
| Total regulatory assets and deferred debits                         | <u>31.7</u>                   | <u>32.6</u>                  |
| <b>Total Assets</b>   | <u>\$ 1,971.9</u>             | <u>\$ 1,951.6</u>            |

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

|  | <u>September 30,</u><br><u>2010</u> | <u>December 31,</u><br><u>2009</u> |
|--|-------------------------------------|------------------------------------|
| <b>LIABILITIES AND MEMBERS' EQUITY</b>       |                                     |                                    |
| <b>Current Liabilities</b>                   |                                     |                                    |
| Accounts payable                             | \$ 6.0                              | \$ 8.5                             |
| Taxes accrued                                | 14.1                                | 2.1                                |
| Interest accrued                             | 27.6                                | 10.0                               |
| Accrued liabilities                          | 1.2                                 | 2.2                                |
| Fuel tracker liabilities                     | 9.5                                 | 3.7                                |
| Natural gas imbalance payables               | 1.5                                 | -                                  |
| Total current liabilities                    | <u>59.9</u>                         | <u>26.5</u>                        |
| <b>Long-term Debt</b>                        | <u>1,148.9</u>                      | <u>1,148.8</u>                     |
| <b>Other Long-term Liabilities</b>           | <u>0.4</u>                          | <u>-</u>                           |
| <b>Commitments and Contingencies</b>         |                                     |                                    |
| <b>Members' Equity</b>                       |                                     |                                    |
| Members' equity                              | 752.1                               | 764.7                              |
| Accumulated other comprehensive income       | 10.6                                | 11.6                               |
| Total members' equity                        | <u>762.7</u>                        | <u>776.3</u>                       |
| <b>Total Liabilities and Members' Equity</b> | <u>\$ 1,971.9</u>                   | <u>\$ 1,951.6</u>                  |

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

|   | Nine Months Ended<br>September 30, |                |
|---|------------------------------------|----------------|
|   | 2010                               | 2009           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                                    |                |
| Net income  | \$ 96.9                            | \$ 89.8        |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                    |                |
| Depreciation and amortization   | 27.1                               | 26.5           |
| Allowance for funds used during construction - equity                             | (0.3)                              | (0.5)          |
| Other   | 26.5                               | 27.1           |
| Net cash provided by operating activities   | 150.2                              | 142.9          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |                                    |                |
| Capital expenditures  | (9.7)                              | (47.3)         |
| Net cash used in investing activities   | (9.7)                              | (47.3)         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                       |                                    |                |
| Capital contributions from members  | 11.0                               | 32.9           |
| Distributions to members  | (120.3)                            | (396.6)        |
| Proceeds from the issuance of long-term debt                                      | -                                  | 299.0          |
| Net cash used in financing activities   | (109.3)                            | (64.7)         |
| Net increase in cash and cash equivalents   | 31.2                               | 30.9           |
| <b>Cash and cash equivalents at beginning of period</b>                           | 63.0                               | 63.0           |
| <b>Cash and cash equivalents at end of period</b>                                 | <b>\$ 94.2</b>                     | <b>\$ 93.9</b> |

**GULFSTREAM NATURAL GAS SYSTEM, L.L.C.**  
**STATEMENTS OF MEMBERS' EQUITY AND COMPREHENSIVE INCOME**  
(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>      |
|--|----------------------------|------------------------------------|-------------------------------------|-------------------------------|-------------------|
| <b>Balance December 31, 2009</b>                   | <b>\$ 198.0</b>            | <b>\$ 190.2</b>                    | <b>\$ 388.1</b>                     | <b>\$ -</b>                   | <b>\$ 776.3</b>   |
| Net income   | 24.7                       | 23.7                               | 29.0                                | 19.5                          | 96.9              |
| Reclassification of cash flow hedges into earnings | (0.3)                      | (0.2)                              | (0.3)                               | (0.2)                         | (1.0)             |
| Total comprehensive income                         |                            |                                    |                                     |                               | <u>95.9</u>       |
| Capital contributions from members                 | 2.8                        | 2.7                                | 3.3                                 | 2.2                           | 11.0              |
| Distributions to members                           | (30.7)                     | (29.5)                             | (40.9)                              | (19.2)                        | (120.3)           |
| Attributed deferred tax expense                    | (0.1)                      | -                                  | (0.1)                               | -                             | (0.2)             |
| <b>Balance September 30, 2010</b>                  | <b>\$ 194.4</b>            | <b>\$ 186.9</b>                    | <b>\$ 379.1</b>                     | <b>\$ 2.3</b>                 | <b>\$ 762.7</b>   |
| <b>Balance December 31, 2008</b>                   | <b>\$ 269.9</b>            | <b>\$ 259.3</b>                    | <b>\$ 529.2</b>                     | <b>\$ -</b>                   | <b>\$ 1,058.4</b> |
| Net income   | 22.9                       | 22.0                               | 44.9                                | -                             | 89.8              |
| Reclassification of cash flow hedges into earnings | (0.3)                      | (0.2)                              | (0.5)                               | -                             | (1.0)             |
| Total comprehensive income                         |                            |                                    |                                     |                               | <u>88.8</u>       |
| Capital contributions from members                 | 8.4                        | 8.0                                | 16.5                                | -                             | 32.9              |
| Distributions to members                           | (101.1)                    | (97.2)                             | (198.3)                             | -                             | (396.6)           |
| Attributed deferred tax expense                    | -                          | -                                  | (0.1)                               | -                             | (0.1)             |
| <b>Balance September 30, 2009</b>                  | <b>\$ 199.8</b>            | <b>\$ 191.9</b>                    | <b>\$ 391.7</b>                     | <b>\$ -</b>                   | <b>\$ 783.4</b>   |