

Gulfstream Natural Gas System, L.L.C.

Condensed Financial Statements

(Unaudited)

September 30, 2011

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Operating Revenues				
Transportation of natural gas	\$ 69.3	\$ 68.7	\$ 203.6	\$ 201.4
Other	0.4	0.8	1.4	2.1
Total operating revenues	<u>69.7</u>	<u>69.5</u>	<u>205.0</u>	<u>203.5</u>
Operating Expenses				
Operating, maintenance and other	5.2	5.3	16.0	14.9
Depreciation and amortization	8.9	8.8	26.5	26.3
Property and other taxes	4.6	4.3	11.3	13.6
Total operating expenses	<u>18.7</u>	<u>18.4</u>	<u>53.8</u>	<u>54.8</u>
Operating Income	51.0	51.1	151.2	148.7
Other Income and Expenses	(0.3)	0.1	-	0.6
Interest Expense	<u>17.7</u>	<u>17.4</u>	<u>52.4</u>	<u>52.4</u>
Net Income	<u>\$ 33.0</u>	<u>\$ 33.8</u>	<u>\$ 98.8</u>	<u>\$ 96.9</u>

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

	<u>September 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 86.3	\$ 63.7
Receivables, net	22.8	25.4
Other	9.4	8.7
Total current assets	<u>118.5</u>	<u>97.8</u>
Property, Plant and Equipment		
Cost	2,064.1	2,056.6
Less accumulated depreciation and amortization	<u>272.9</u>	<u>247.0</u>
Net property, plant and equipment	<u>1,791.2</u>	<u>1,809.6</u>
Regulatory Assets and Deferred Debits		
Regulatory tax asset - allowance for funds used during construction	23.8	24.2
Unamortized debt expense	<u>6.4</u>	<u>7.2</u>
Total regulatory assets and deferred debits	<u>30.2</u>	<u>31.4</u>
Total Assets	<u>\$ 1,939.9</u>	<u>\$ 1,938.8</u>

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

	<u>September 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 3.2	\$ 5.9
Taxes accrued	13.6	3.5
Interest accrued	27.6	10.0
Accrued liabilities	2.4	1.2
Fuel tracker liabilities	-	3.0
Natural gas imbalance payables	0.6	0.6
Other	0.7	-
Total current liabilities	<u>48.1</u>	<u>24.2</u>
Long-term Debt	<u>1,149.1</u>	<u>1,149.0</u>
Other Long-term Liabilities	<u>-</u>	<u>0.4</u>
Commitments and Contingencies		
Members' Equity		
Members' equity	733.4	754.9
Accumulated other comprehensive income	9.3	10.3
Total members' equity	<u>742.7</u>	<u>765.2</u>
Total Liabilities and Members' Equity	<u>\$ 1,939.9</u>	<u>\$ 1,938.8</u>

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

	Nine Months Ended	
	September 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 98.8	\$ 96.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	27.4	27.1
Allowance for funds used during construction - equity	(0.2)	(0.3)
Other	27.4	26.5
Net cash provided by operating activities	153.4	150.2
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(10.9)	(9.7)
Net cash used in investing activities	(10.9)	(9.7)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions from members	7.7	11.0
Distributions to members	(127.6)	(120.3)
Net cash used in financing activities	(119.9)	(109.3)
Net increase in cash and cash equivalents	22.6	31.2
Cash and cash equivalents at beginning of period	63.7	63.0
Cash and cash equivalents at end of period	\$ 86.3	\$ 94.2

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.
CONDENSED 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>
Balance December 31, 2010	\$ 190.8	\$ 191.9	\$ 379.6	\$ 2.9	\$ 765.2
Net income	1.0	48.4	12.6	36.8	98.8
Reclassification of cash flow hedges into earnings	-	(0.5)	(0.2)	(0.3)	(1.0)
Total comprehensive income					<u>97.8</u>
Capital contributions from members	0.1	3.7	2.0	1.9	7.7
Distributions to members	(7.8)	(56.0)	(23.9)	(39.9)	(127.6)
Attributed deferred tax expense	-	(0.2)	(0.1)	(0.1)	(0.4)
Balance September 30, 2011	<u>\$ 184.1</u>	<u>\$ 187.3</u>	<u>\$ 370.0</u>	<u>\$ 1.3</u>	<u>\$ 742.7</u>
Balance December 31, 2009	\$ 198.0	\$ 190.2	\$ 388.1	\$ -	\$ 776.3
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)
Balance September 30, 2010	<u>\$ 194.4</u>	<u>\$ 186.9</u>	<u>\$ 379.1</u>	<u>\$ 2.3</u>	<u>\$ 762.7</u>