



August 26, 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 second fiscal quarter of 2010.

Sincerely,

A handwritten signature in black ink, appearing to read "Frederick S. Bush".

Frederick S. Bush

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

Gulfstream Natural Gas System, L.L.C.

Unaudited Financial Statements

June 30, 2010

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Operating Revenues				
Transportation of natural gas	\$ 66.7	\$ 60.7	\$ 132.7	\$ 116.8
Other	-	0.2	1.3	0.3
Total operating revenues	<u>66.7</u>	<u>60.9</u>	<u>134.0</u>	<u>117.1</u>
Operating Expenses				
Operating, maintenance and other	5.3	5.7	9.6	10.0
Depreciation and amortization	8.8	8.6	17.5	17.1
Property and other taxes	5.2	4.8	9.3	8.1
Total operating expenses	<u>19.3</u>	<u>19.1</u>	<u>36.4</u>	<u>35.2</u>
Operating Income	47.4	41.8	97.6	81.9
Other Income and Expenses	0.2	0.2	0.5	0.3
Interest Expense	<u>17.5</u>	<u>14.1</u>	<u>35.0</u>	<u>26.3</u>
Net Income	<u>\$ 30.1</u>	<u>\$ 27.9</u>	<u>\$ 63.1</u>	<u>\$ 55.9</u>

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

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 56.7	\$ 63.0
Receivables, net	22.4	22.3
Other	10.1	9.2
Total current assets	<u>89.2</u>	<u>94.5</u>
Property, Plant and Equipment		
Cost	2,040.0	2,036.5
Less accumulated depreciation and amortization	229.5	212.0
Net property, plant and equipment	<u>1,810.5</u>	<u>1,824.5</u>
Regulatory Assets and Deferred Debits		
Regulatory tax asset - allowance for funds used during construction	24.2	24.4
Unamortized debt expense	7.7	8.2
Total regulatory assets and deferred debits	<u>31.9</u>	<u>32.6</u>
Total Assets	<u>\$ 1,931.6</u>	<u>\$ 1,951.6</u>

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

	<u>June 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 2.8	\$ 8.5
Taxes accrued	9.3	2.1
Interest accrued	10.0	10.0
Accrued liabilities	2.3	2.2
Fuel tracker liabilities	1.9	3.7
Natural gas imbalance payables	0.2	-
Total current liabilities	26.5	26.5
Long-term Debt	1,148.9	1,148.8
Other Long-term Liabilities	0.6	-
Commitments and Contingencies		
Members' Equity		
Members' equity	744.7	764.7
Accumulated other comprehensive income	10.9	11.6
Total members' equity	755.6	776.3
Total Liabilities and Members' Equity	\$ 1,931.6	\$ 1,951.6

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

	Six Months Ended	
	June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 63.1	\$ 55.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18.1	17.6
Allowance for funds used during construction - equity	(0.2)	(0.2)
Other	3.0	0.8
Net cash provided by operating activities	84.0	74.1
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(7.3)	(42.5)
Net cash used in investing activities	(7.3)	(42.5)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions from members	5.2	29.1
Distributions to members	(88.2)	(366.6)
Proceeds from the issuance of long-term debt	-	299.0
Net cash used in financing activities	(83.0)	(38.5)
Net decrease in cash and cash equivalents	(6.3)	(6.9)
Cash and cash equivalents at beginning of period	63.0	63.0
Cash and cash equivalents at end of period	\$ 56.7	\$ 56.1

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>
Balance December 31, 2009	\$ 198.0	\$ 190.2	\$ 197.9	\$ 190.2	\$ 776.3
Net income	16.1	15.5	16.1	15.4	63.1
Reclassification of cash flow hedges into earnings	(0.2)	(0.2)	(0.2)	(0.1)	(0.7)
Total comprehensive income					<u>62.4</u>
Capital contributions from members	1.3	1.3	1.3	1.3	5.2
Distributions to members	(22.5)	(21.6)	(22.5)	(21.6)	(88.2)
Attributed deferred tax expense	(0.1)	-	-	-	(0.1)
Balance June 30, 2010	<u>\$ 192.6</u>	<u>\$ 185.2</u>	<u>\$ 192.6</u>	<u>\$ 185.2</u>	<u>\$ 755.6</u>
Balance December 31, 2008	<u>\$ 269.9</u>	<u>\$ 259.3</u>	<u>\$ 269.9</u>	<u>\$ 259.3</u>	<u>\$ 1,058.4</u>
Net income	14.3	13.7	14.3	13.6	55.9
Reclassification of cash flow hedges into earnings	(0.2)	(0.1)	(0.2)	(0.1)	(0.6)
Total comprehensive income					<u>55.3</u>
Capital contributions from members	7.4	7.1	7.4	7.2	29.1
Distributions to members	(93.5)	(89.8)	(93.5)	(89.8)	(366.6)
Attributed deferred tax expense	-	-	(0.1)	-	(0.1)
Balance June 30, 2009	<u>\$ 197.9</u>	<u>\$ 190.2</u>	<u>\$ 197.8</u>	<u>\$ 190.2</u>	<u>\$ 776.1</u>