



Southern Union Company 

Investor Call & Webcast  
September 17, 2004

# Safe Harbor for Forward-Looking Statements



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# Agenda



- Transaction Summary
- Joint Venture Partner
- Pro Forma Footprint
- Q & A



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# Transaction Summary

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# Transaction Timeline - 2004



# Transaction Highlights



- CrossCountry Energy acquisition is consistent with Southern Union's stated growth strategy
- Transforms the Company into one of the top pipeline companies in the nation
- Improves geographical and operational scope by accessing increasing natural gas reserves and fast growing markets
- Shift in business profile to over 70% transportation, storage and LNG from 55%
- Accretive to earnings in first year

# Transaction Overview



■ Acquired Entity:	CrossCountry Energy, LLC
■ Acquiring Entity:	CCE Holdings, LLC - a joint venture between SUG and GE Commercial Finance's Energy Financial Services
■ Purchase Price:	\$2.45 billion, including the assumption of certain consolidated debt
■ Required Approvals:	FTC, PA, MO - received  MA - timely approval expected
■ Estimated Closing:	No later than mid-December 2004

# Strategic Rationale of Acquisition



- Transforming transaction that furthers Southern Union's growth in the regulated natural gas industry
- Significant North American natural gas infrastructure and access to key markets and sources of supply
  - Southern California and Florida are two of the fastest growing natural gas markets
  - Provides access to growing natural gas reserves in the San Juan and Rocky Mountain regions as well as LNG in the Gulf of Mexico
- High-quality assets with strong management team, consistent performance and significant growth opportunities
- Significant integration synergies to be achieved with Panhandle and Southern Union operations
- Stable cash flow and earnings generation from regulated assets



# Sale of Northern Plains Natural Gas Company



- Northern Plains determined by JV to be a non-core asset to CCE Holdings
- Sale to ONEOK for \$175MM
- Sale approved by Board of Directors of each company
- Sale expected to close immediately upon closing of CrossCountry Energy acquisition



- Recently commenced transition planning
- CCE Holdings to work closely with management at Enron and CrossCountry to ensure a timely and smooth transition



- Successfully integrated five LDC acquisitions over past decade
- Successfully integrated Panhandle Energy acquisition over past 15 months
- Key objectives of Panhandle Energy integration
  - Financial:
    - Annual cost savings objective of \$15MM largely achieved
  - Strategic:
    - Successful development of scalable operating platform



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# Southern Union Joint Venture Partner

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- GE Commercial Finance's Energy Financial Services
  - GE Commercial Finance has over \$220 billion in assets
  - Strong presence in energy industry - providing financial solutions from wellhead to wall socket
  - Independent equity investor
  - Significant experience and expertise in acquisition integrations
- Southern Union to operate CrossCountry Energy under a management agreement



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# Southern Union Pro Forma Footprint

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# Pro Forma Map of Operations





Southern Union's growth strategy is both **dynamic** and **disciplined**, and includes the following objectives:

- Acquisitions to be in the regulated natural gas industry
- Acquisitions to be accretive to earnings
- Acquisitions to be funded in a manner that allows the Company to continue balance sheet improvement
- Acquisitions to add significant, long-term shareholder value





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# Q & A

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