

Southern Union Company



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Forward-Looking Statements

Statements contained in this presentation that include company expectations or predictions of the future are forward-looking statements intended to be covered by the safe harbor provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. It is important to note that the actual results of company earnings could differ materially from those projected in any forward-looking statements. For additional information refer to Southern Union Company's Securities and Exchange Commission filings.

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Southern Union Company



Portfolio of Stable, High-Quality Assets



Company Facts

NYSE: SUG - June 30, 2009			
Total Annual Revenue (<i>fiscal year 2008</i>)		\$3.1 billion	
Total Assets		\$7.8 billion	
Total Debt		\$3.6 billion	
Total Preferred Stock		\$.12 billion	
Total Stockholder's Equity		\$2.3 billion	
Total Capitalization		\$6.0 billion	
Market Capitalization		\$2.3 billion	
Shares Outstanding		124.1 million	
Annual Dividend/Yield		\$.60 per share/3.3%	
Employees		2,413	
Security Ratings	Moody's	S&P	Fitch
Southern Union Co.	Baa3	BBB-	BBB-
<i>Outlook</i>	<i>Negative</i>	<i>Stable</i>	<i>Stable</i>
Panhandle Eastern	Baa3	BBB-	BBB-
<i>Outlook</i>	<i>Stable</i>	<i>Stable</i>	<i>Stable</i>



Creating Shareholder Value



Value Creation

- Value creation will come from:
 - Prudent financial management
 - Organic growth projects
 - Strategic initiatives

Focused on Creating Long-Term Value



Prudent Financial Management

- Preservation of investment grade ratings is important for:
 - Lower financing costs/eliminates collateral requirements
 - Improves rate making and regulatory relationships
- Free cash flow may be used for:
 - Organic growth projects
 - Debt repayment
 - Increased dividends
 - Share repurchases
- Actively manage operating expenses
- Disciplined evaluation of capital investment opportunities



Organic Growth Projects

- Vast pipeline network with access to multiple supply sources and diverse markets will help fuel organic growth
- Analyze trends in the natural gas industry to identify opportunities
- Current organic growth projects:
 - Trunkline LNG Infrastructure Enhancement Project
 - FGT Phase VIII expansion
 - FGT Pascagoula lateral to serve GulfLNG Energy, LLC import terminal



Strategic Initiatives

- Evaluate and pursue market opportunities
 - Strategic acquisitions
 - Partnership or joint venture opportunities
 - Disciplined approach to reviewing all opportunities



Business Segments



Transportation & Storage

- Vast pipeline network with access to diverse supply sources and growing markets
- Approximately 15,000 miles of interstate pipelines with transportation capacity of 7.8 Bcf/d
- One of North America's largest liquefied natural gas (LNG) import terminals with peak send out of 2.1 Bcf/d and storage of 9 Bcf
- Owns/leases approximately 100 Bcf of storage



Transportation & Storage Assets

- **Panhandle Eastern Pipe Line**
 - 6,000 mile, 4-line system
 - 2.8 Bcf/d capacity
 - Supply - Rocky Mountains and mid continent
 - Primary Markets - Midwest including IN, IL and MI
- **Trunkline Gas Company**
 - 3,500 mile, 2-line system
 - 1.7 Bcf/d capacity
 - Supply - Gulf Coast and LNG
 - Primary Markets - TX, LA, & Midwest including IN and IL
- **Sea Robin**
 - 400 mile offshore gathering system
 - 1.0 Bcf/d capacity
- **Florida Gas Transmission (50% interest)**
 - 5,000 mile, system
 - 2.3 Bcf/d capacity
 - Supply - Gulf Coast and LNG
 - Primary Market - peninsular Florida
- **Storage Assets**
 - Includes Southwest Gas Storage, Panhandle Eastern and Trunkline Gas Company
 - Owns/leases \approx 100 Bcf of storage in IL, KS, LA, MI and OK
- **Trunkline LNG**
 - Nation's largest import terminal
 - Located in Lake Charles, LA
 - 2.1 Bcf/d of peak send out capacity
 - 9 Bcf of storage



Trunkline LNG: Infrastructure Enhancement Project

Trunkline LNG is installing infrastructure at its Lake Charles terminal to allow for ambient air vaporization of LNG and natural gas liquids processing.



Project Cost: \$430MM (excluding capitalized interest)

Operating Income: \$56MM to \$61MM

Depreciation: \$11MM

EBITDA: \$67MM to \$72MM

In service: 3Q 2009

- Contracted with BG LNG Services for 20 years
- Benefits
 - Gas quality control mechanism
 - Lower fuel consumption
 - Provides BG with greater supply flexibility due to NGL processing capability



FGT Phase VIII Expansion

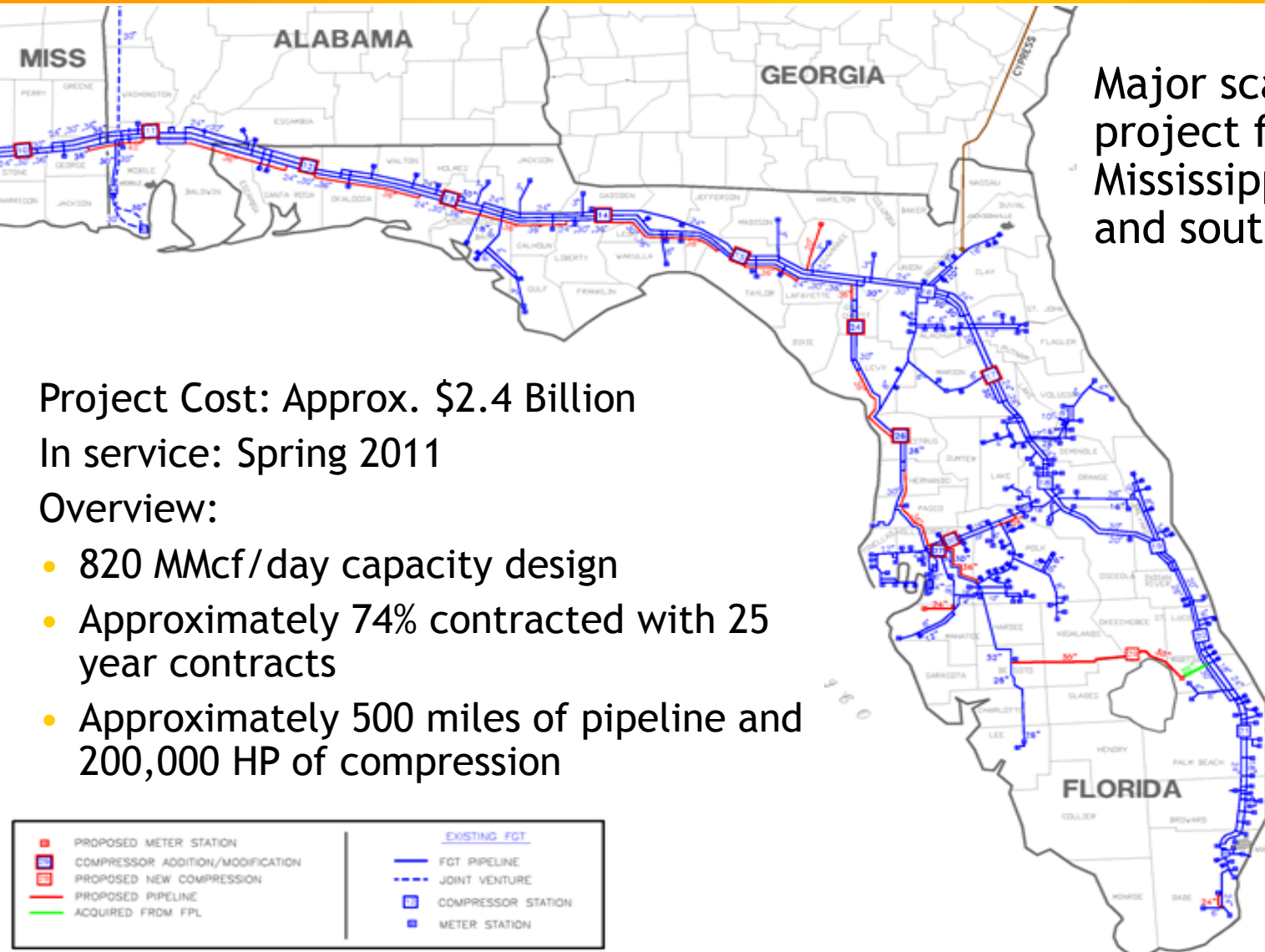
Major scale expansion project from Mississippi to central and south Florida.

Project Cost: Approx. \$2.4 Billion

In service: Spring 2011

Overview:

- 820 MMcf/day capacity design
- Approximately 74% contracted with 25 year contracts
- Approximately 500 miles of pipeline and 200,000 HP of compression



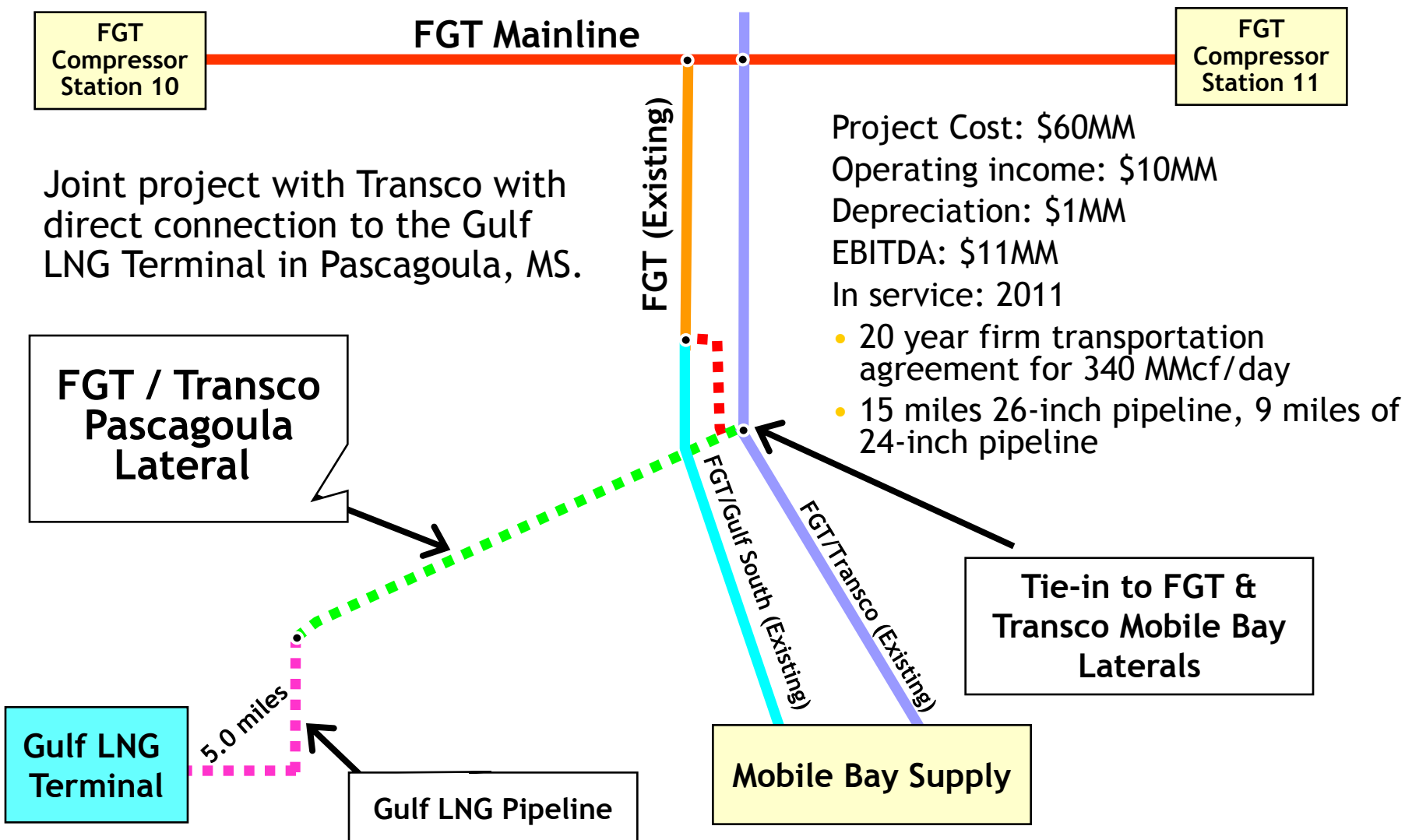


FGT Phase VIII Expansion Timeline

- Open season ran January 14 through February 15
- Filed FERC Certificate on October 31, 2008
- Expect FERC Approval 4th Quarter 2009
- Target In-Service Date - Spring 2011
- Expect operating income of \$240 to \$260 million, depreciation of \$50 million and EBITDA of approximately \$290 to \$310 million when fully subscribed
- FPL Capital provided Citrus with \$500MM of mezzanine/term financing for project on October 1, 2008
- FGT issued \$600MM of senior notes on May 8, 2009 yielding 7.926%



FGT Pascagoula Lateral



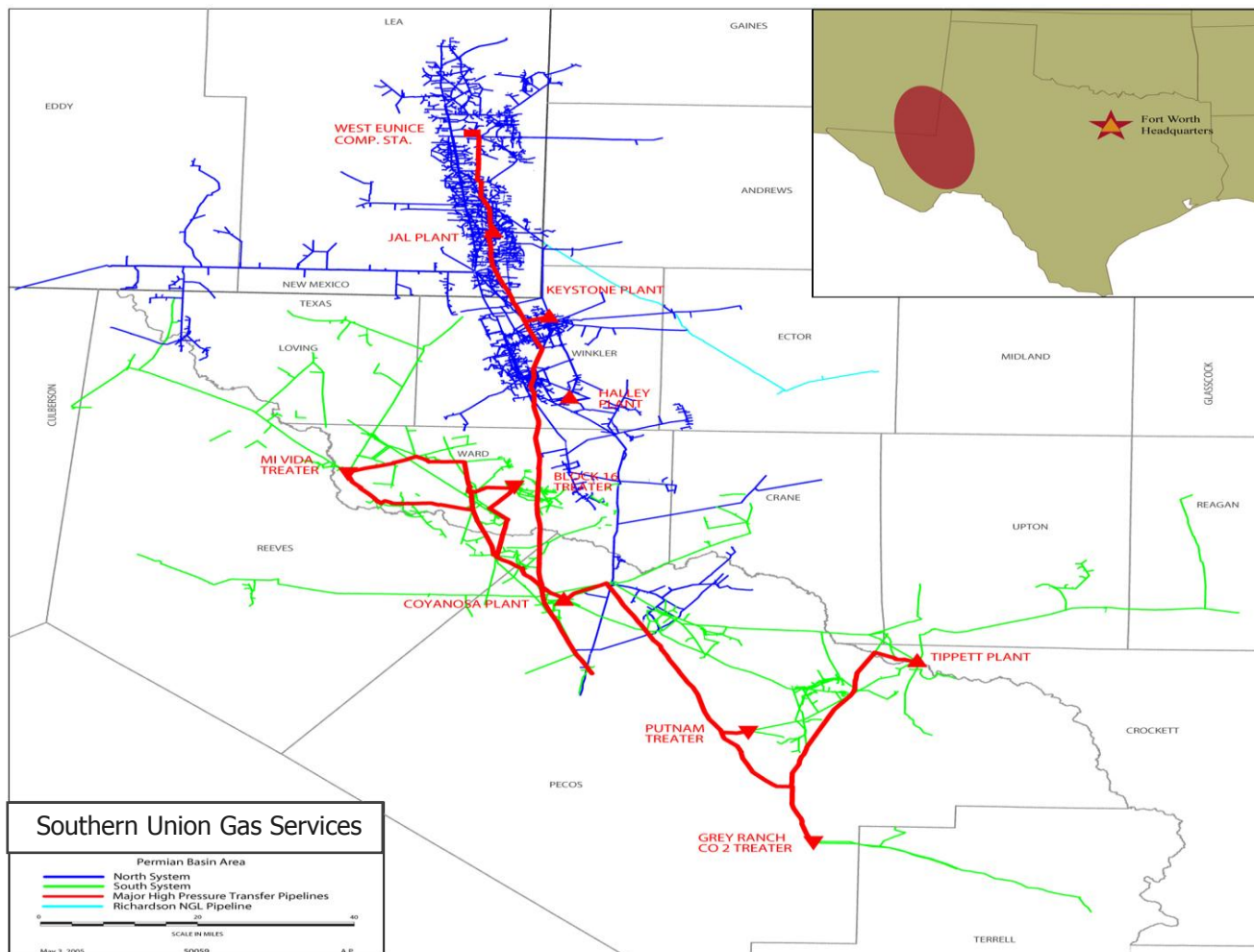


Gathering & Processing

- Located in prolific, long-lived Permian Basin
- Approximately 4,900 miles of gas and gas liquids pipelines covering 16 counties in West Texas/Southeast New Mexico
- Two fully-integrated midstream systems connected via high-pressure pipeline network
 - North System: Jal and Keystone
 - South System: Coyanosa, Mi Vida, Tippet and Grey Ranch
 - Integration: 24-inch high-pressure pipeline
- Four active cryogenic plants and five active treating plants
- Attractive downstream markets
 - Residue: California, Mid Continent, Texas
 - NGLs: Mont Belvieu
- Attractive contract mix: 98%+ POP / Fee-based



Map of Operations





North System

- Consists of the Jal and Keystone Systems
 - Large diameter predominately low pressure pipelines
 - Wellhead volumes over 200 MMcfd of 5.0 Gallon per Mcf (GPM) sour gas
 - 220 MMcfd cryogenic plant capacity
 - 22,400 barrels per day (bpd) NGL production
 - 40 tons per day sulfur plant capacity
 - Recent compression and high pressure pipeline upgrades
 - Treating capacity expansion at Jal 3 plant, including acid gas injection well, completed early 2009



South System

- Consists of the Mi Vida, Cayanosa and Tippet Systems
 - High pressure integrated sweet and sour gas gathering system
 - Wellhead volumes over 325 MMcfd
 - 190 MMcfd cryogenic processing capacity
 - Plant inlet volume over 160 MMcfd of 3.5 GPM gas with 11,500 bpd NGL production
 - 370 MMcfd treating capacity with 140 MMcfd currently active
- Grey Ranch System
 - High CO₂ gathering and treating system
 - Earn fixed fee for removing CO₂ volumes
 - 160+ MMcfd current throughput



High Pressure Transfer System

- Consists of 84 miles of 16-inch and 24-inch pipelines
- Provides operational flexibility
 - Transfer processable gas between plants
 - Move sour, lean gas between treaters
- Option available to increase residue gas value
 - Capture Permian to WAHA differential



Diversified, Active Producer Portfolio

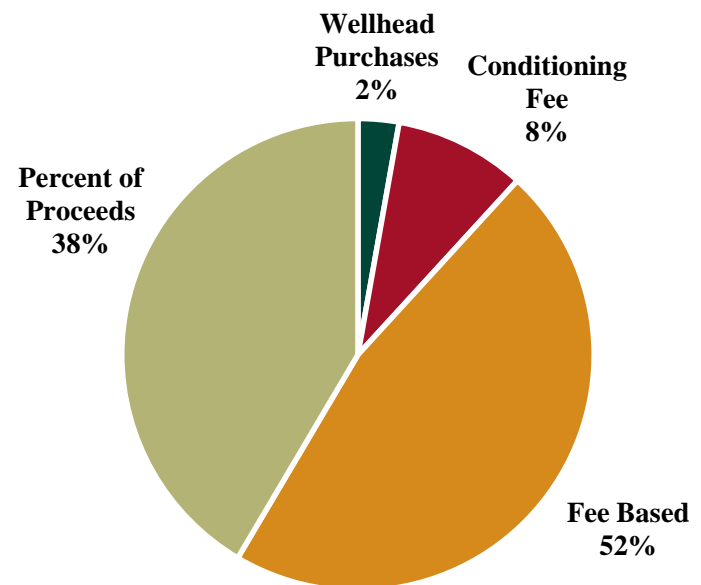
- Stable and active producer base
- Diversified portfolio of oil and gas companies
- Strong producer relationships
- Significant customers include Chesapeake, Anadarko, Apache, ExxonMobil, ConocoPhillips, ChevronTexaco, BEPCo, Devon and others



Gas Supply - Contract Risk Mitigation

- Substantially eliminated true keep whole exposure
- Contract structure and operating flexibility enable SUGS to convert significant portion of equity NGL to equity NG during negative frac spread environment
- Changed gas pricing mechanism - First-of-Month to Gas Daily
 - Matches daily priced gas to daily priced NGL
 - Mitigates risk from daily volume swings
- Producer indemnifications negotiated on many capital intensive projects

June 2009 Total System Wellhead Volumes





2009 G&P Assumptions

- Positive processing spread environment allows conversion of equity volumes into mostly natural gas liquids
- Equity volumes
 - Natural Gas Liquids equity volume of 40,000 to 45,000 MMBtu/d equivalent
 - Natural Gas equity volume of 2,500 to 7,500 MMBtu/d
- Normalized fuel, flared and unaccounted for levels

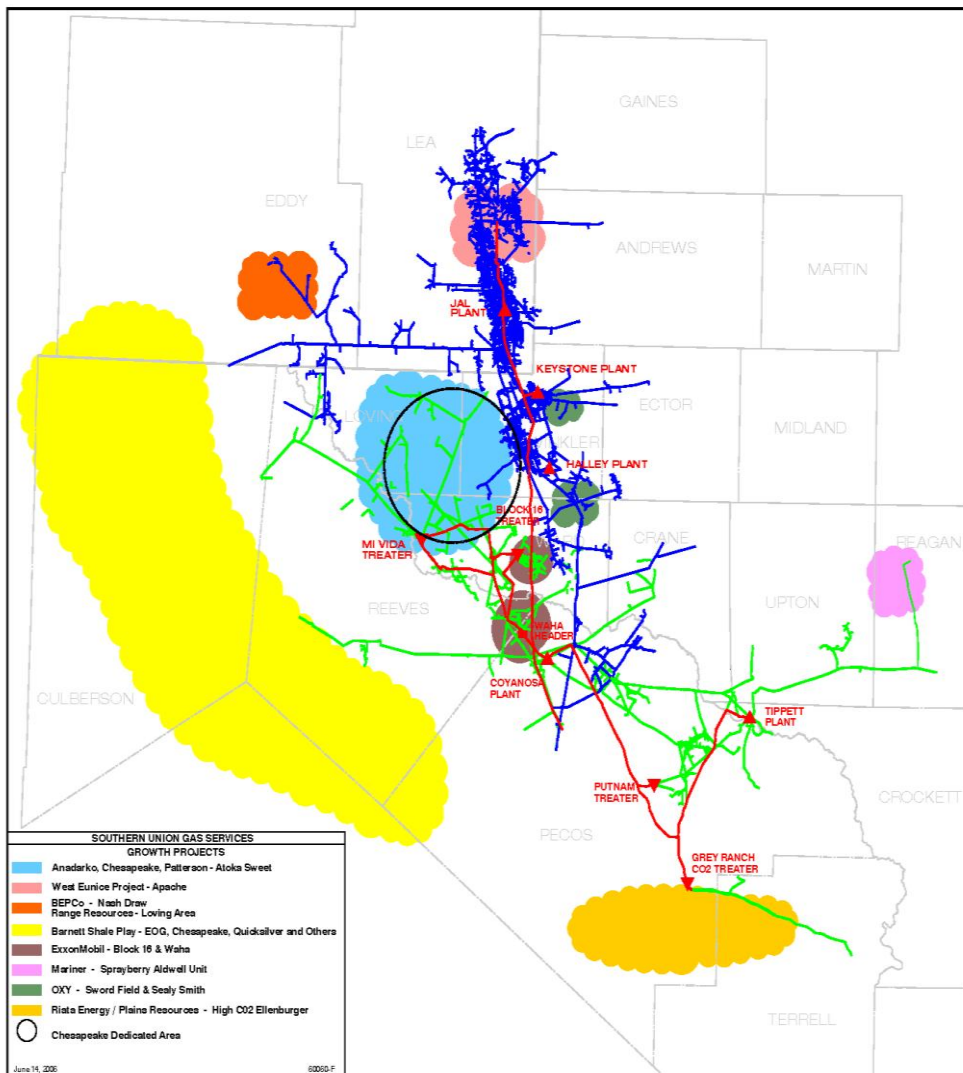


G&P Hedge Portfolio

- Sept 1 through Dec 31, 2009 hedged positions:
 - 35,000 MMBtu/d of NGL equivalent at \$14.27
 - 5,000 MMBtu/d of natural gas at \$3.90
- Sept 1 through Dec 31, 2009 unhedged price assumptions:
 - NGL equivalent sold at \$9.36 per MMBtu
 - Natural gas sold at \$3.76 per MMBtu
- 2010 positions:
 - 15,000 MMBtu/d of natural gas at \$5.42
 - 10,000 MMBtu/d of NGL equivalent at \$10.42



SUGS Growth Projects



- **Deep Atoka Lean Gas Development - Loving, Winkler and Ward Counties, Texas**
 - Anadarko and Chesapeake continuing drilling
 - Both have reduced the number of rigs in this deep Atoka gas play
- **Bone Springs Rich Gas Play - Loving, Winkler and Ward Counties, Texas**
 - Atoka drilling program sparked a shallower Bone Springs oil play
 - Rich 4 GPM gas at rates up to 1 MMcf/d per well
 - Requires low pressure systems
 - Drilling programs accelerating with high oil prices
- **Eunice Area Expansion Projects - Lea County, New Mexico**
 - Treating expansion project with acid gas injection well completed early 2009
 - Volume growth from active horizontal oil drilling from various producers including Chesapeake, Apache, Range and Bass
 - High margin, rich, sour, low pressure gas
 - Drilling programs accelerating with high oil prices
- **West Texas Barnett Shale - Culberson, Reeves, Pecos and Jeff Davis Counties, TX**
 - Chesapeake is the largest player in the area
 - Recent completions approaching 5 MMcf/d per well of lean high CO₂ gas
 - Chesapeake indicating it will keep several rigs active in the play



Distribution

- Missouri Gas Energy
 - Provides natural gas to over 500,000 customers
 - Nearly 13,000 miles of main and service lines
 - Filed a \$32.4MM annual base rate increase request in April 2009
- New England Gas Company
 - Provides natural gas to 50,000 customers
 - Nearly 2,000 miles of main and service lines
 - Received \$3.7MM in increased annual base rates in February 2009



Corporate & Other

- Corporate segment provides administrative and support functions to business segments and allocates expenses as appropriate
- Other segment primarily consists of PEI Power Corporation which owns interests in and operates 70 MW of generating assets in the PJM ISO



Summary

- Compelling vision and clear strategic plan going forward
 - Focus on natural gas related infrastructure
 - Hedged position in 2009 helps mitigate volatility in NGL margins
 - Organic growth projects with clear visibility towards earnings growth and value creation
 - Balance preservation of investment grade credit ratings and return of capital to shareholders

Commitment to Maximize Shareholder Value