



Southern Union Company



Tuohy Brothers Natural Gas Infrastructure & Production Investor Meetings August 18, 2010

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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.

Included in today's presentation are certain non-GAAP financial measures as defined under SEC Regulation G. A reconciliation of those measures to the most directly comparable GAAP measures is available at the end of this presentation.

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Company Overview

- Focus on natural gas infrastructure
 - Attractive industry outlook
 - Natural gas is key to America's energy future
 - High-quality assets with diverse supply and strong markets
- Principally regulated asset base
 - Provides earnings and cash flow stability through long-term contracts
 - Business model proven to weather economic cycles
- Organic growth projects provide low-risk growth trajectory



Map of Operations



Portfolio of Stable, High-Quality Assets



Company Facts

NYSE:SUG - June 30, 2010			
Total Revenue (TTM)	\$2.4 billion		
Total Assets	\$8.0 billion		
Total Debt	\$3.6 billion		
Total Preferred Stock ⁽¹⁾	\$.12 billion		
Total Stockholder's Equity	\$2.5 billion		
Total Capitalization	\$6.2 billion		
Market Capitalization	\$2.7 billion		
Shares Outstanding	124.5 million		
Annual Dividend/Yield	\$.60 per share/2.7%		
Credit Ratings	Moody's	S&P	Fitch
Southern Union Co.	Baa3	BBB-	BBB-
<i>Outlook</i>	<i>Stable</i>	<i>Stable</i>	<i>Stable</i>
Panhandle Eastern	Baa3	BBB-	BBB-
<i>Outlook</i>	<i>Stable</i>	<i>Stable</i>	<i>Stable</i>
Florida Gas Transmission	Baa2	BBB	-
<i>Outlook</i>	<i>Stable</i>	<i>Stable</i>	-

(1) Preferred stock was redeemed on July 30, 2010.



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

Provides Stable Earnings & Cash Flow



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**
 - One of nation's largest import terminals; located in Lake Charles, LA
 - 2.1 Bcf/d of peak send out capacity
 - 9 Bcf of storage
 - 1 Bcf/d processing capacity

Trunkline LNG: Infrastructure Enhancement Project



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



- Project Cost: approx. \$440MM
(excluding capitalized interest)
- Operating Income: \$55MM to \$60MM
- Depreciation: \$12MM
- EBITDA: \$67MM to \$72MM
- In service: March 2010
- 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

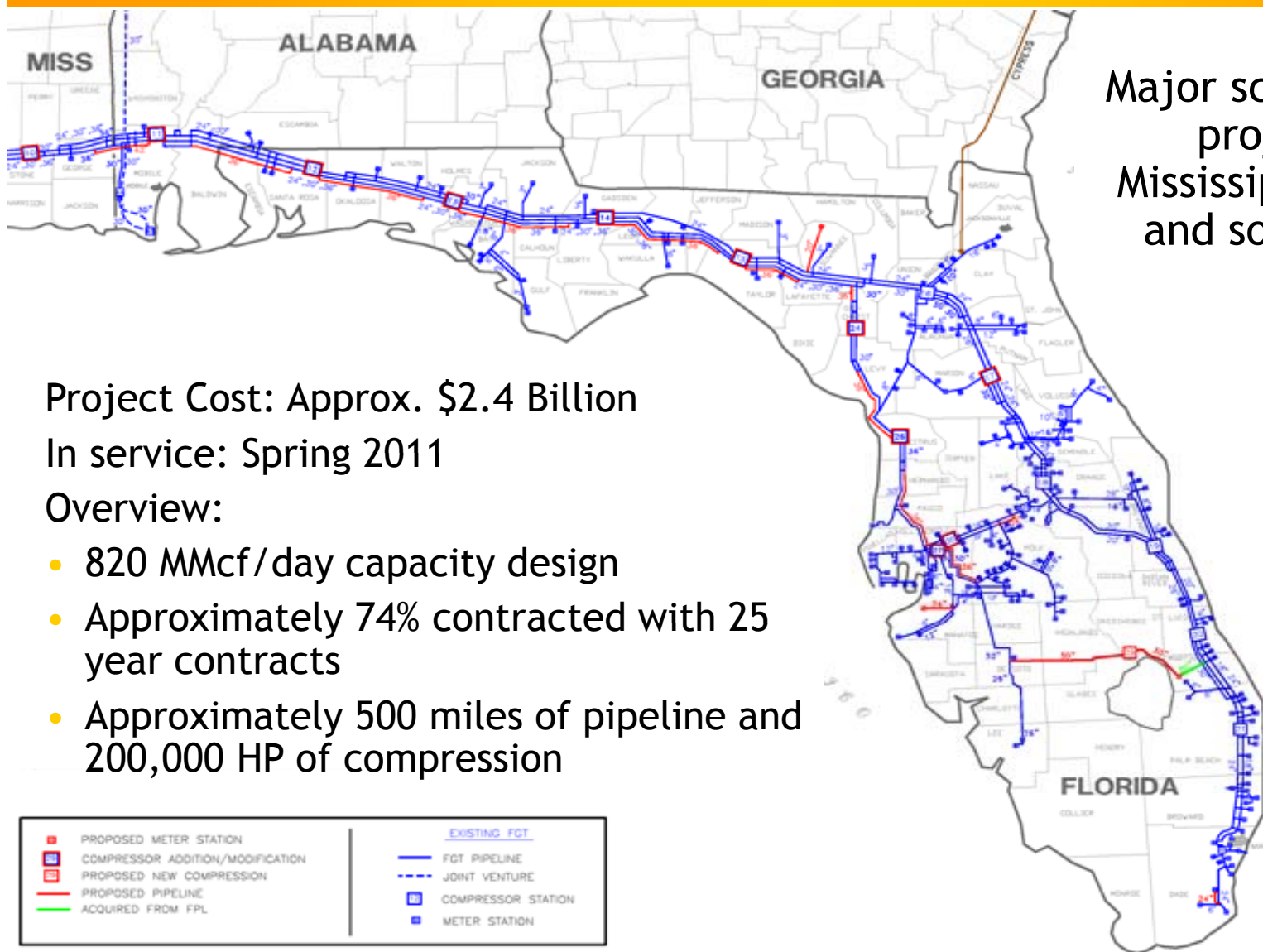
Major scale expansion project from Mississippi to central and south Florida.

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



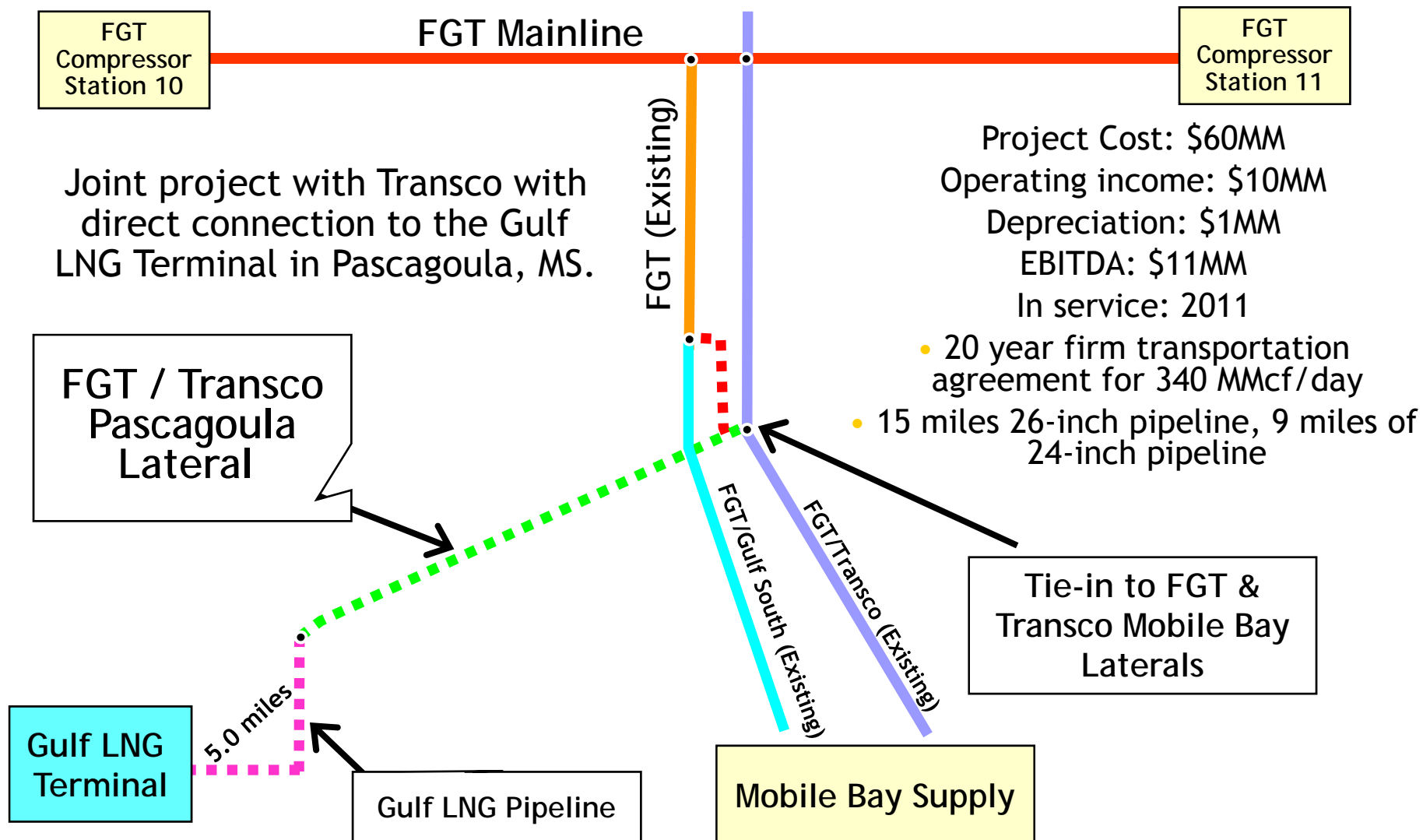


FGT Phase VIII Expansion Timeline

- Construction commenced 1Q2010
- 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 a 20 year, \$500MM fixed-rate term loan at 9.39%
- FGT issued \$600MM of 10 year senior notes on May 8, 2009 yielding 7.926%
- On July 19, 2010, FGT issued \$500MM of 10 year senior notes yielding 5.47% and \$350MM of 5 year senior notes yielding 4.0%; proceeds will be used primarily for the Phase VIII expansion and repayment of maturing debt



FGT Pascagoula Lateral



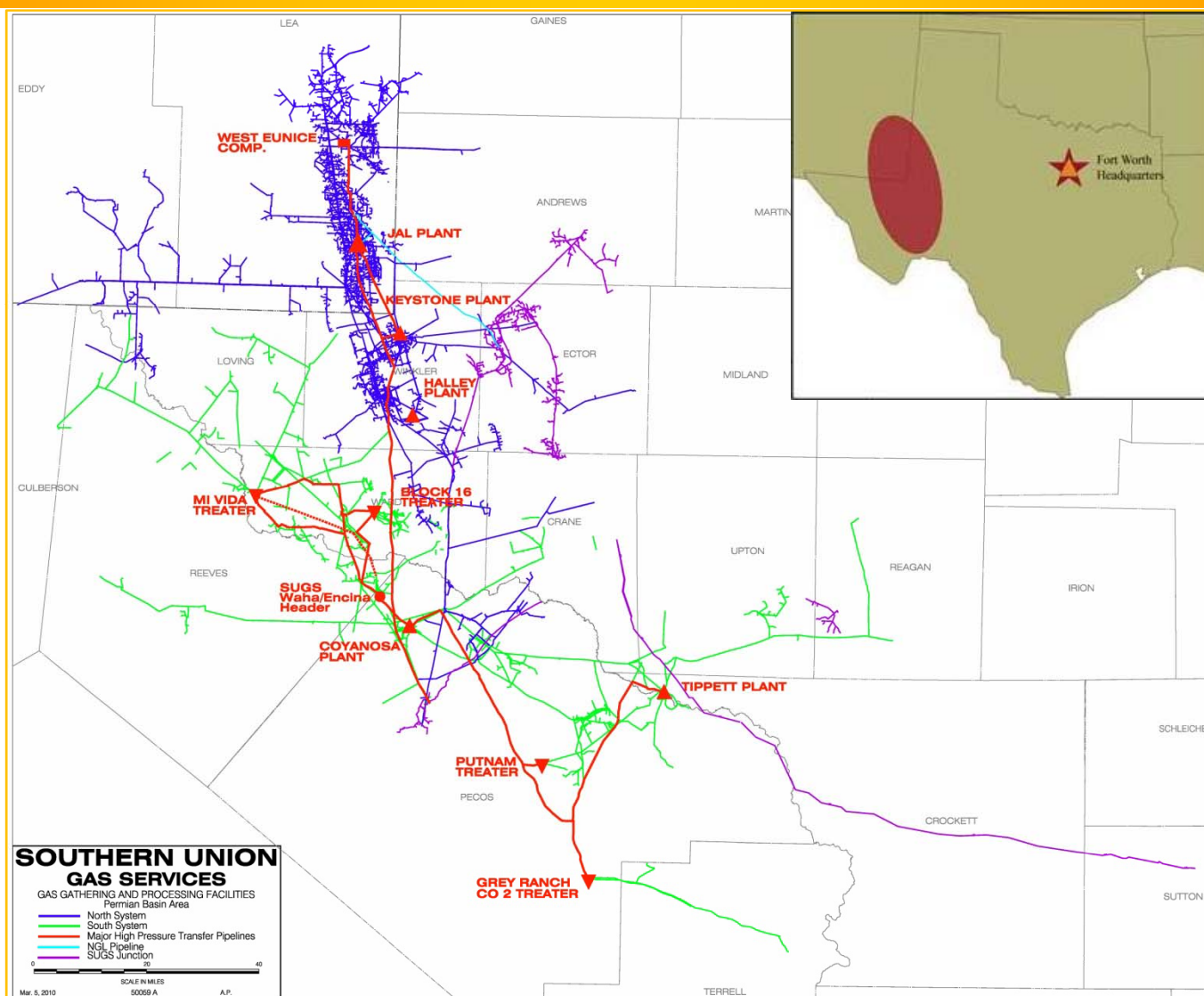


Gathering & Processing

- Located in prolific, long-lived Permian Basin
- Approximately 5,500 miles of gas and gas liquids pipelines covering 16 counties in West Texas/Southeast New Mexico
- Two (North and South) fully-integrated midstream system interconnected via high-pressure transfer system
- Four active cryogenic plants and six active treating plants
 - Restarted Mi Vida treating facility in February 2010
 - Expect to restart Halley processing plant in 4Q2010
- Attractive downstream markets
- Attractive contract mix: 60% POP; 40% Fee + Conditioning



Map of Operations





North System

- Consists of the Jal and Keystone Systems
 - Low pressure integrated sour gas gathering systems
 - Average processed volumes over 200 MMcfd
 - 22,000+ barrels per day (bpd) NGL production
 - 225 MMcfd cryogenic processing capacity
 - 325 MMcfd sour gas treating capacity
 - 40 tons per day sulfur plant capacity



South System

- Consists of the Mi Vida, Coyanosa and Tippet Systems
 - High pressure integrated sweet and sour gas gathering systems
 - Average wellhead volumes 270 MMcfd
 - Average processed volumes 170 MMcfd
 - 11,000+ bpd NGL production
 - 190 MMcfd cryogenic processing capacity
 - 250 MMcfd sour gas treating capacity



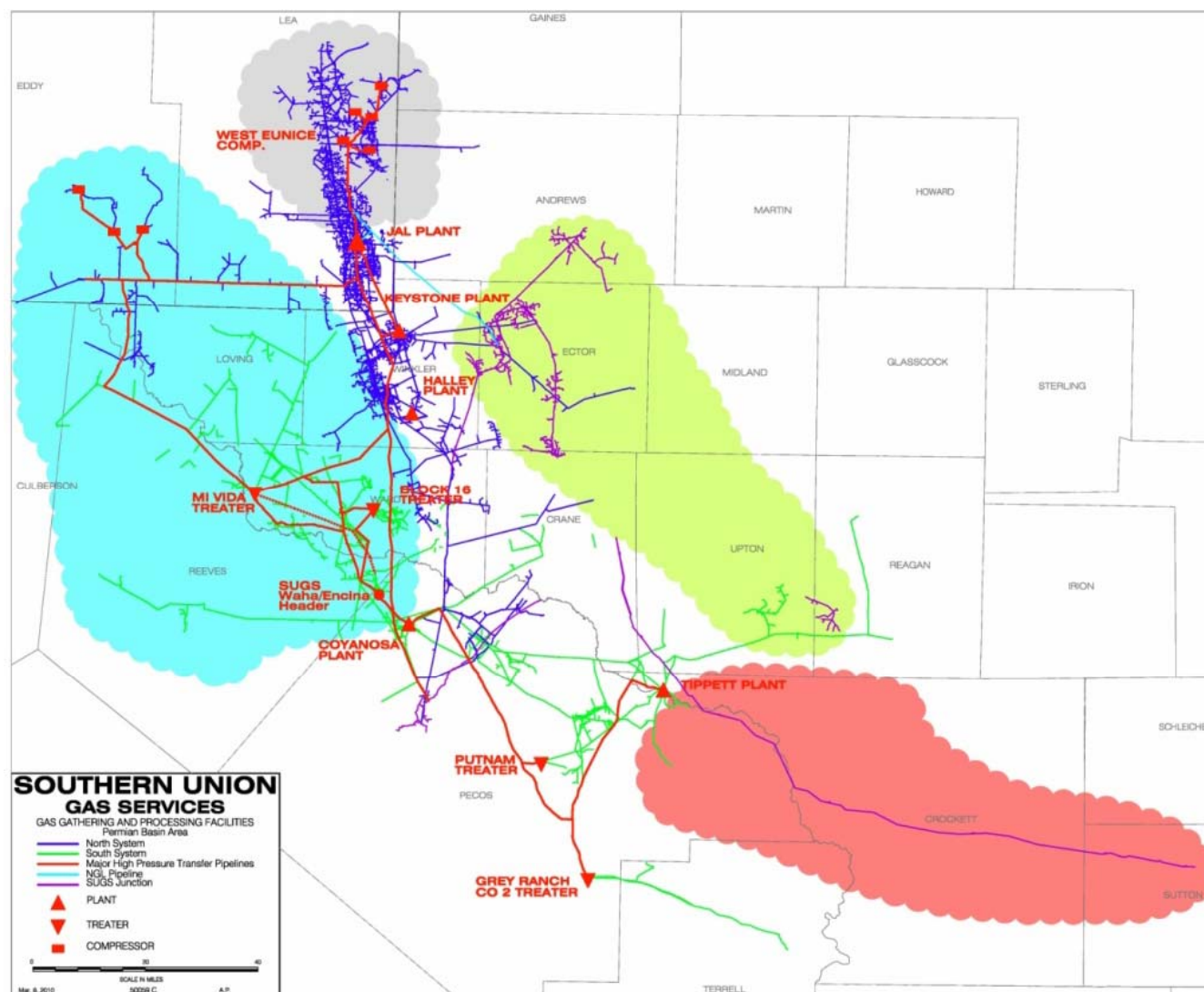
High Pressure Transfer System

- 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
- Options available to increase residue gas value
 - Capture basis differential between Permian and WAHA outlets



2010/2011 Growth Opportunities

- **Grayburg, Drinkard and San Andres Formations**
 - Substantial infill drilling activity
 - Apache and Range Resources currently active
- **Bone Springs and Delaware Formations**
 - Horizontal, oil- and NGL-directed drilling area
 - Devon, Chesapeake, Bass, Oxy, Cimarex, EOG, Anadarko, Marbob/COG, Yates, et al
- **Clearfork and Wolfberry Formations**
 - Horizontal, oil-directed drilling area
 - SandRidge, Conoco, COG, Mariner, et al
- **Ozona / Sonora Area Pipeline Expansion**
 - Low-cost conversion of idle crude line to gathering service
 - Access to known production





Bone Springs Growth Opportunities

- Driven by Bone Springs shale development
- Restarted Mi Vida treater during February 2010
 - Added 110MMcf/d of treating capacity
- Halley processing plant restart
 - Phase I
 - Adds 60MMcf/d of cryo processing capacity late 4Q10
 - Phase II (if commercially necessary)
 - Adds 50MMcf/d of additional cryo processing capacity
 - 6 month lead time
 - Expect capacity to be sold under percentage of proceeds contracts



Gathering & Processing Assumptions

- Positive processing spread environment encourages optimal Natural Gas Liquid recoveries; Normalized fuel, flare and unaccounted-for volumes
- 2010 projected equity volumes
 - Natural Gas Liquids equivalent of 35,000 to 40,000 MMBtu/d
 - Natural Gas of 15,000 to 20,000 MMBtu/d
- 2010 hedge positions
 - 40,000 MMBtu/d of NGL equivalent at \$10.44
 - 5,000 MMBtu/d of natural gas \$5.33
- 2011 hedge positions
 - 25,000 MMBtu/d of NGL equivalent at \$11.63

Note: NGL equivalents include physical NGL equity volumes and processing spread equity coupled with natural gas equity volumes.



Distribution

- Missouri Gas Energy
 - Provides natural gas to over 500,000 customers
 - Nearly 13,000 miles of main and service lines
 - Received a \$16.2MM annual base rate increase effective February 28, 2010
 - New rate design eliminates impact of weather or conservation on margin for residential and small general service customer classes
- 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 75 MW of generating assets in the PJM ISO and Fall River Gas Appliance



Summary

- Focus on natural gas related infrastructure
- Organic growth projects with clear visibility towards earnings and cash flow growth
- Actively managed hedging program helps mitigate volatility in NGL margins
- Balance preservation of investment grade credit ratings and return of capital to shareholders

Compelling Vision and Clear Strategic Plan