



NYSE: SUG

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Safe Harbor

This presentation and other Company reports and statements issued or made from time to time contain certain “forward-looking statements” concerning projected financial performance, expected plans or future operations. Southern Union Company cautions that actual results and developments may differ materially from such projections or expectations.

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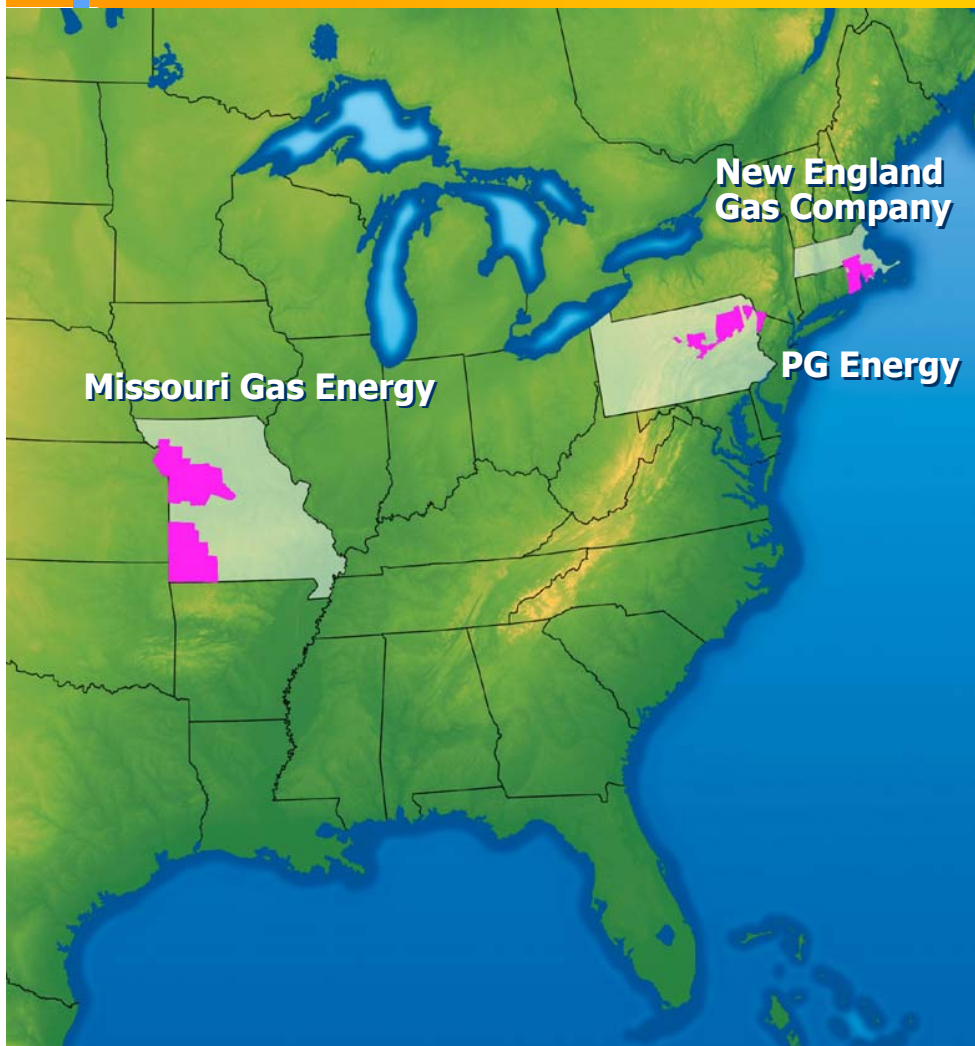
Widespread Asset Base





Local Gas Distribution Divisions

Natural Gas Distribution Assets Overview



- Limited commodity price risk
- History of constructive rate-making, sharing and recovery mechanisms
 - Weather normalization in Rhode Island
- Highlights:
 - Nearly one million customers
 - Retail sales: 112 Bcf
 - Transportation volumes: 61 Bcf
- New SVP of Utility operations to focus on:
 - Safe, efficient operations
 - Controlling costs & earning allowed returns
- EBIT of \$83.7MM through June 30, 2005



Transportation, Storage & LNG



Panhandle Assets

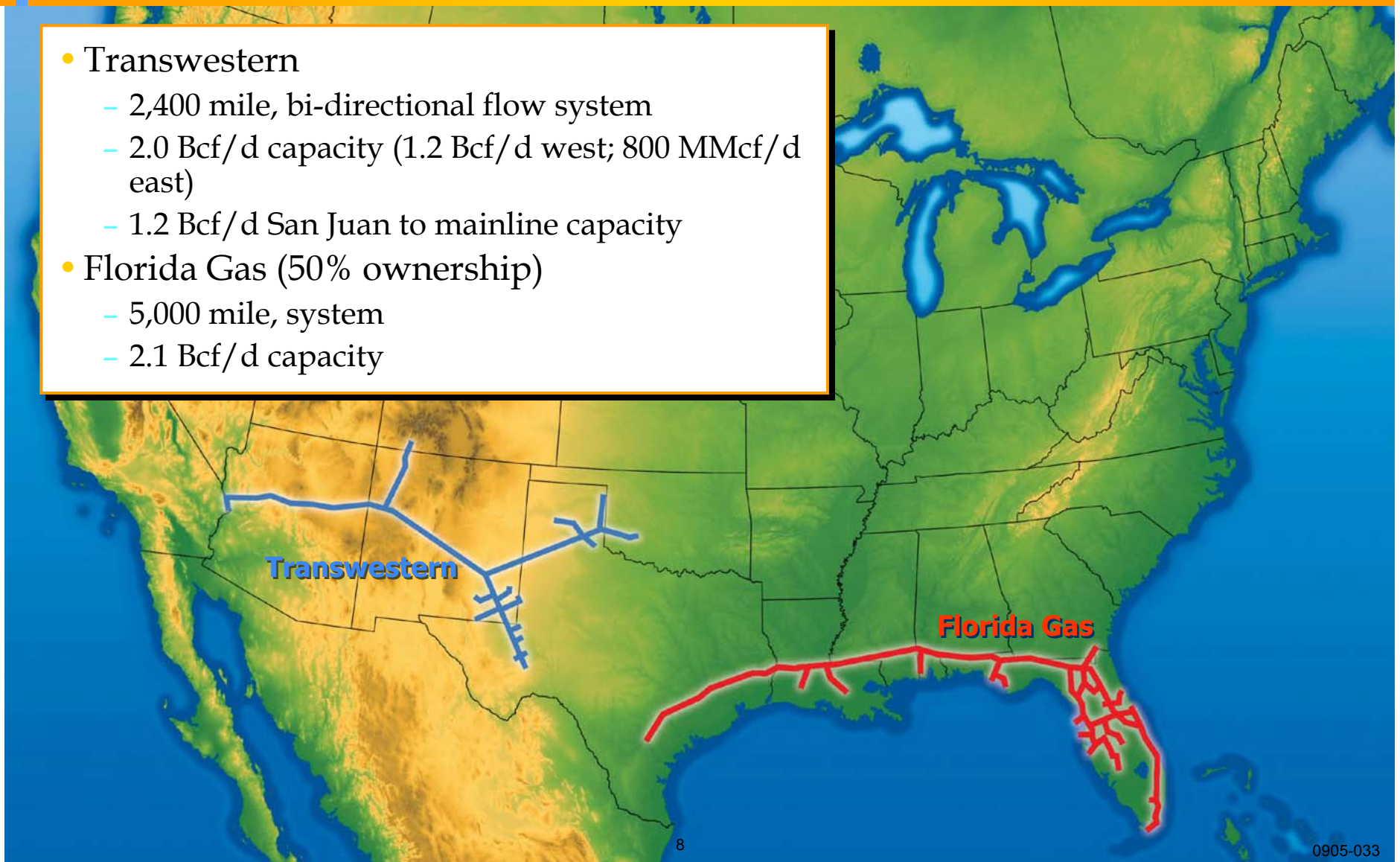
- Panhandle Eastern Pipe Line (PEPL)
 - 6,340 mile, 4-line system
 - 2.8 Bcf/d capacity
- Trunkline Gas (TGC)
 - 3,578 mile, 2-line system
 - 1.5 Bcf/d capacity
- Sea Robin
 - 432 mile offshore system
 - 1.0 Bcf/d capacity
- Trunkline LNG
 - 6.3 Bcf equivalent of storage
 - Sustainable sendout capability of 630 MMcf/d





CrossCountry Assets

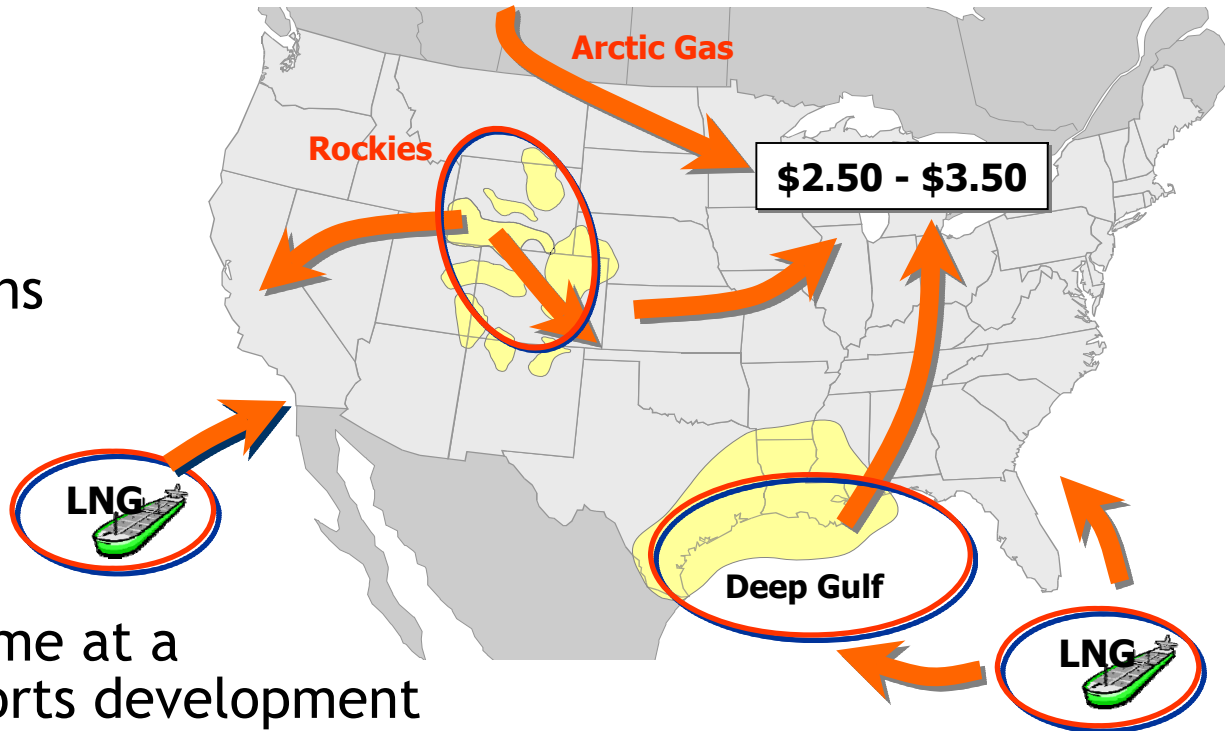
- Transwestern
 - 2,400 mile, bi-directional flow system
 - 2.0 Bcf/d capacity (1.2 Bcf/d west; 800 MMcf/d east)
 - 1.2 Bcf/d San Juan to mainline capacity
- Florida Gas (50% ownership)
 - 5,000 mile, system
 - 2.1 Bcf/d capacity



Nation Needs New Sources of Supply



- Supply tightening
 - Demand growth
 - Traditional basins in decline
- New supply must come from new areas
 - But will only come at a price that supports development
- LNG has opportunity to gain market share



Supply Growth, Optionality & Diversification



- Demonstrated growth in supply availability across all systems
- Significant supply growth potential
- Uniquely positioned to provide customers a diversified supply portfolio



PEPL/TGC/SR Supply Access





TW & FGT Supply Access





Supply Driven Growth Opportunities



LNG Expansion Projects

Overview

- Project costs of approx. \$264 million; \$200 million spent to date, \$64 million remaining
- All expansion capacity and sendout fully contracted to BG through 2023
- Projects to generate approx. \$80 million in annual revenues with a significant portion falling to EBITDA
- Projects will begin contributing to earnings in CY 2005 and will have full-year earnings impact in CY 2007

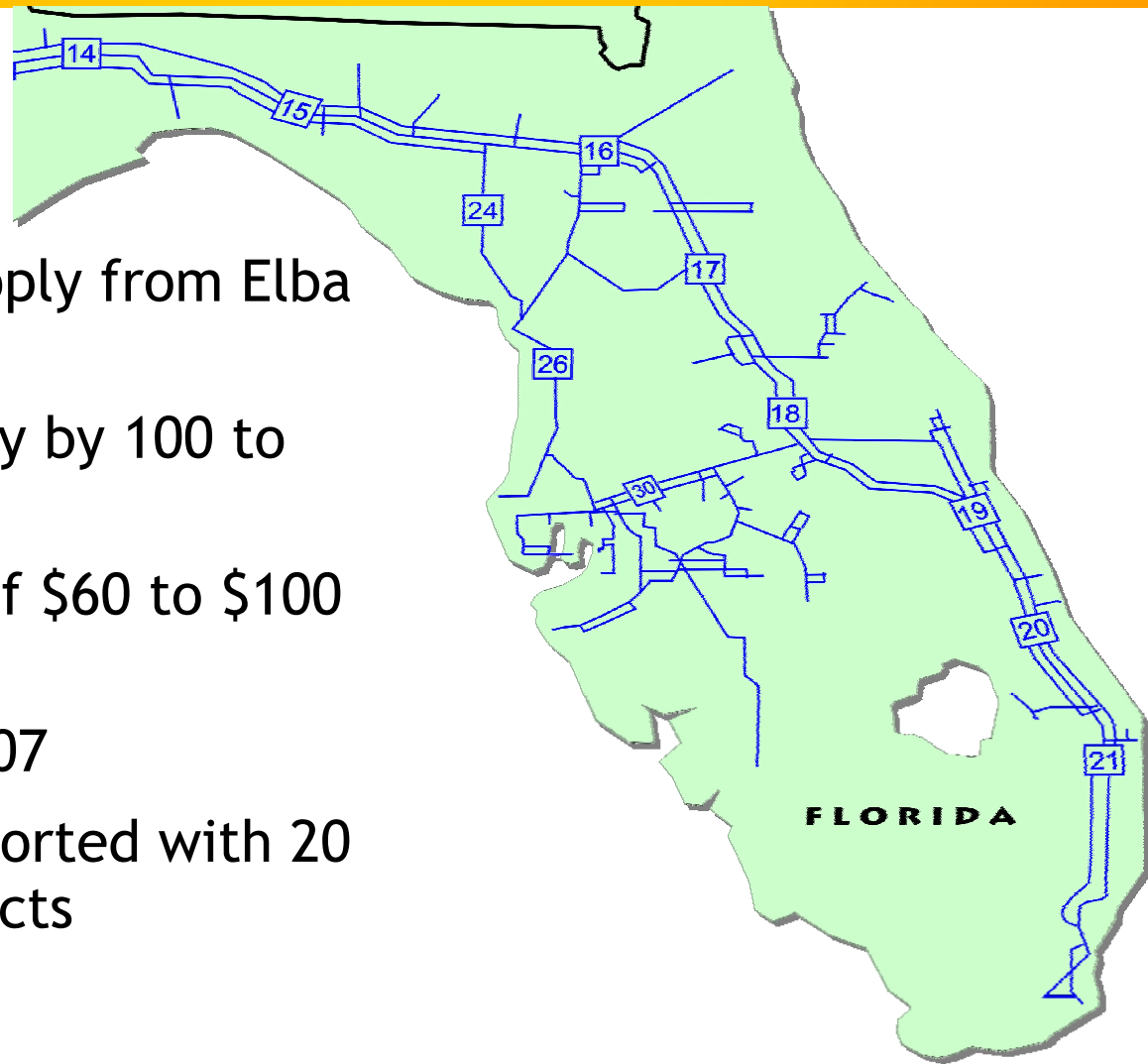
Progress

- Phase I - \$137MM
 - Construction underway
 - Double sendout capacity to 1.2 Bcf/d
 - Increase storage capacity to 9.0 Bcf
 - In service by December 2005
- Phase II - \$77MM
 - FERC approved September 2004
 - Increase sendout capacity to 1.8 Bcf/d, with peak of 2.1 Bcf/d
 - Completion by mid-calendar 2006
- Trunkline Loop - \$50MM
 - FERC approved September 2004
 - Increase takeaway capacity to accommodate expansions
 - Completed July 2005

Florida Gas Transmission Expansion Opportunities

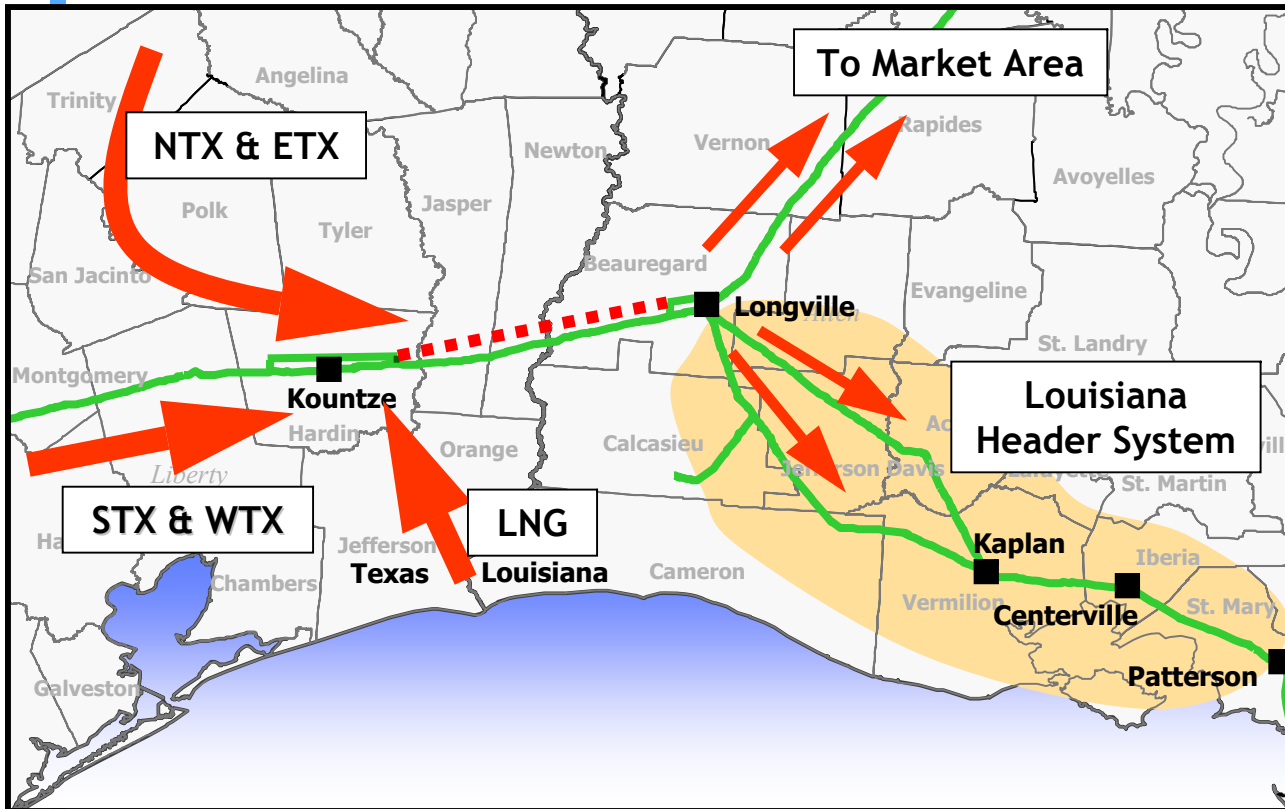


- Phase VII
 - Receive LNG supply from Elba Island
 - Increase capacity by 100 to 160 MMcf/d
 - Projected cost of \$60 to \$100 million
 - In service 3Q 2007
 - Investment supported with 20 year firm contracts
- Bahamas LNG???





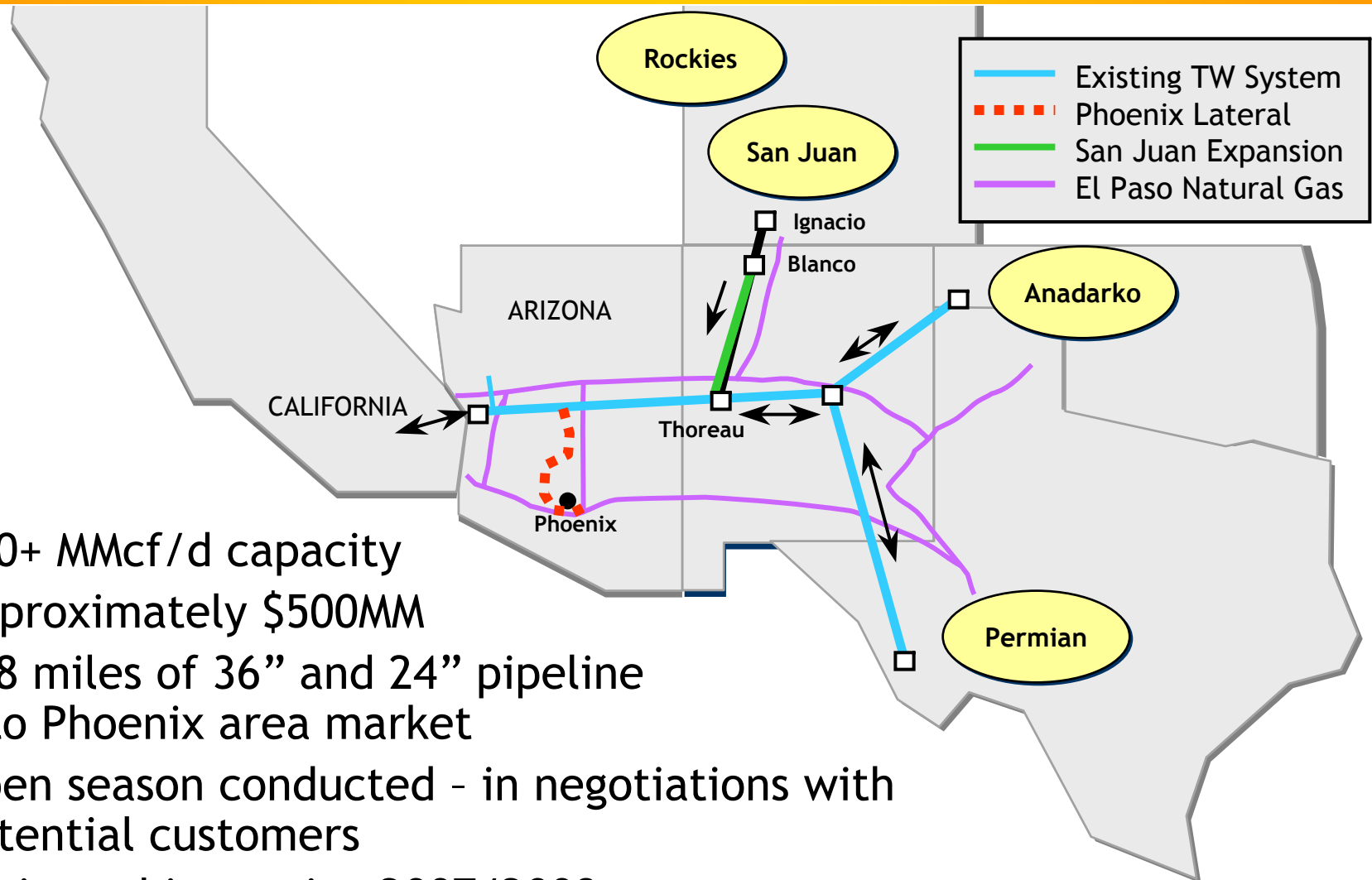
Trunkline Texas Expansion



- Up to 41 miles of 30" pipeline
- Capital cost of \$60MM to \$100MM
- Up to 400 MMcf/d of new capacity
- Access to ETX and NTX supply (short-term) and SETX LNG (long-term)
- Began FERC pre-filing process
- In service mid 2007

The North Texas expansion will allow Trunkline to receive incremental Texas production and Texas Gulf Coast LNG via existing or proposed intrastate pipeline connections.

Transwestern Pipeline Phoenix Lateral



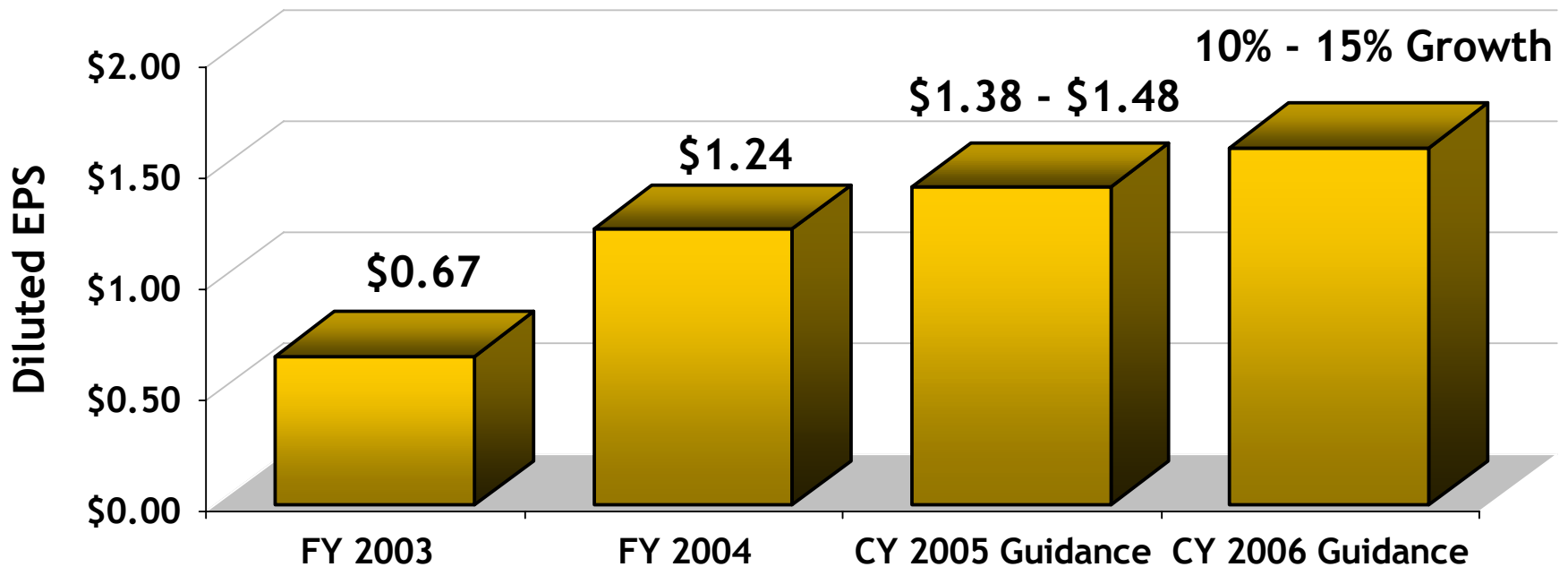
- 500+ MMcf/d capacity
- Approximately \$500MM
- 258 miles of 36" and 24" pipeline into Phoenix area market
- Open season conducted - in negotiations with potential customers
- Projected in-service 2007/2008



Financial Highlights



EPS Growth Profile



Note: All current and prior year EPS amounts have been adjusted to reflect the 5% stock dividend paid to shareholders on September 1, 2005.



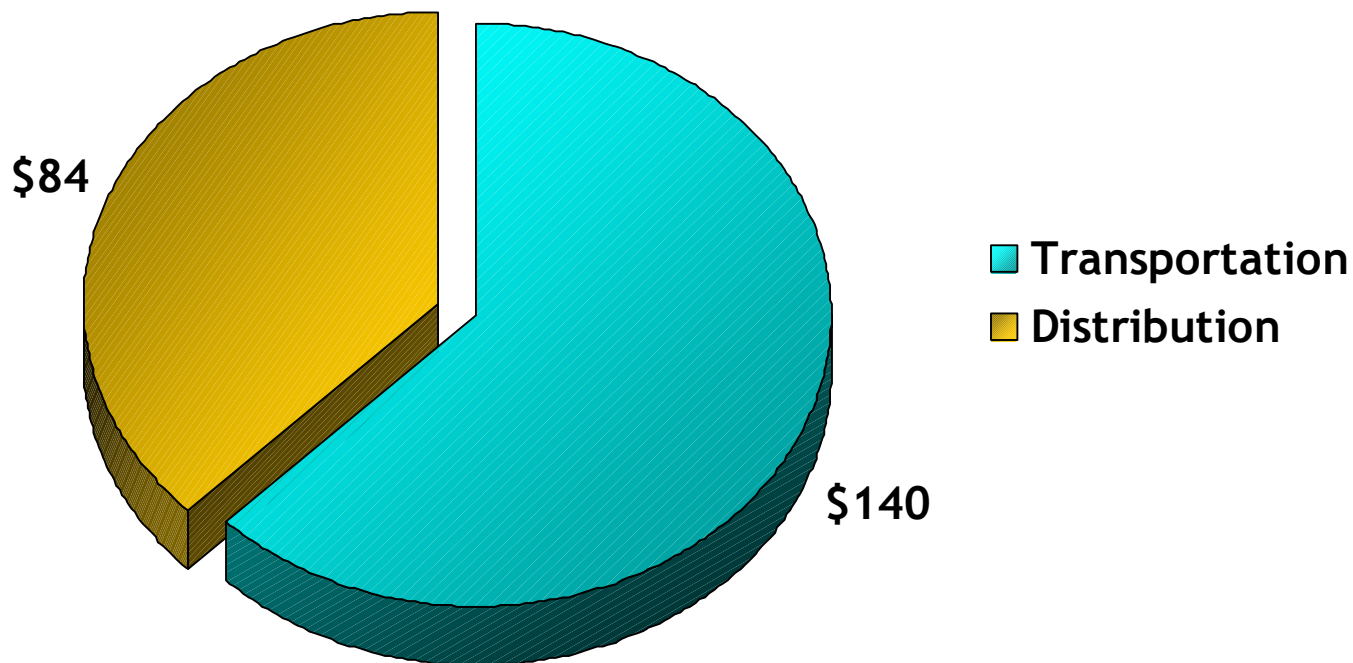
Strong Earnings Potential

- Drivers for Calendar 2005
 - CCE Holdings investment for full year - \$45 MM to \$50 MM after tax
 - \$17.5 MM of synergies split between SUG and CCEH
 - Full year of \$22.5 MM MGE rate case
- Drivers for Calendar 2006
 - LNG expansions
 - Approximately \$63 MM in operating revenue
 - Remainder of synergies
 - Approximately \$7.5 MM
 - Full year San Juan expansion
 - Approximately \$35 MM in operating revenue



Segment EBIT

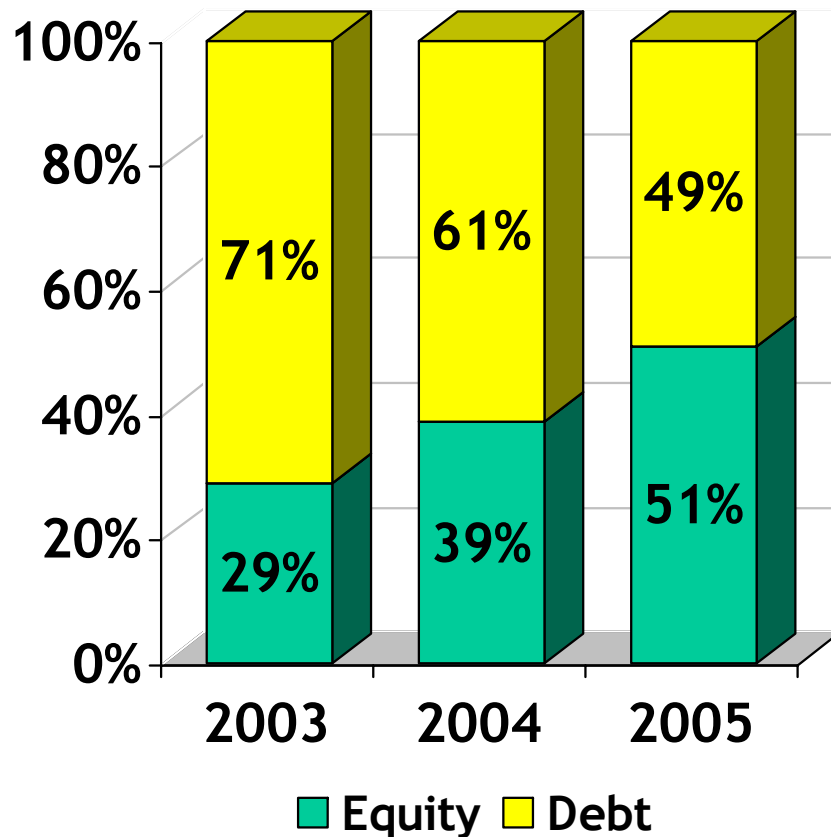
6 Months Ended June 30, 2005
(\$000,000)



Note: EBIT is a non-GAAP measure. Please refer to Southern Union Company's Form 10-Q filed August 9, 2005 with the Securities and Exchange Commission for a reconciliation of EBIT to net income.



Respect for the Balance Sheet



Note: Debt/Cap as of June 30 with 100% equity credit to preferred stock and mandatory equity units.

- Investment grade ratings:
 - BBB (negative outlook) at S&P
 - BBB (stable) at Fitch
 - Baa3 (negative outlook) at Moody's
- Strong internal equity formation



Why Invest in SUG?

- One of the largest pure-play regulated natural gas companies in the United States
 - 18,000 miles of interstate pipelines serving customers from coast to coast/transportation of over 10% of total US consumption
 - Three distribution divisions serving 1 million customers
 - Owns and operates the only LNG receipt terminal on the U.S. Gulf Coast
- Proven acquisition track record
 - Successful integration of five acquisitions since 1999
 - Focus on regulated energy infrastructure assets
- Attractive business profile and earnings and cash flow growth visibility
 - High quality, stable and predictable cash flows
 - Low business risk with nearly 100% of businesses regulated
 - Outstanding low risk growth opportunities