Southern Union Company

NYSE: SUG

Calyon Utilities Conference

New York
December 1, 2005

Safe Harbor

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Widespread Asset Base

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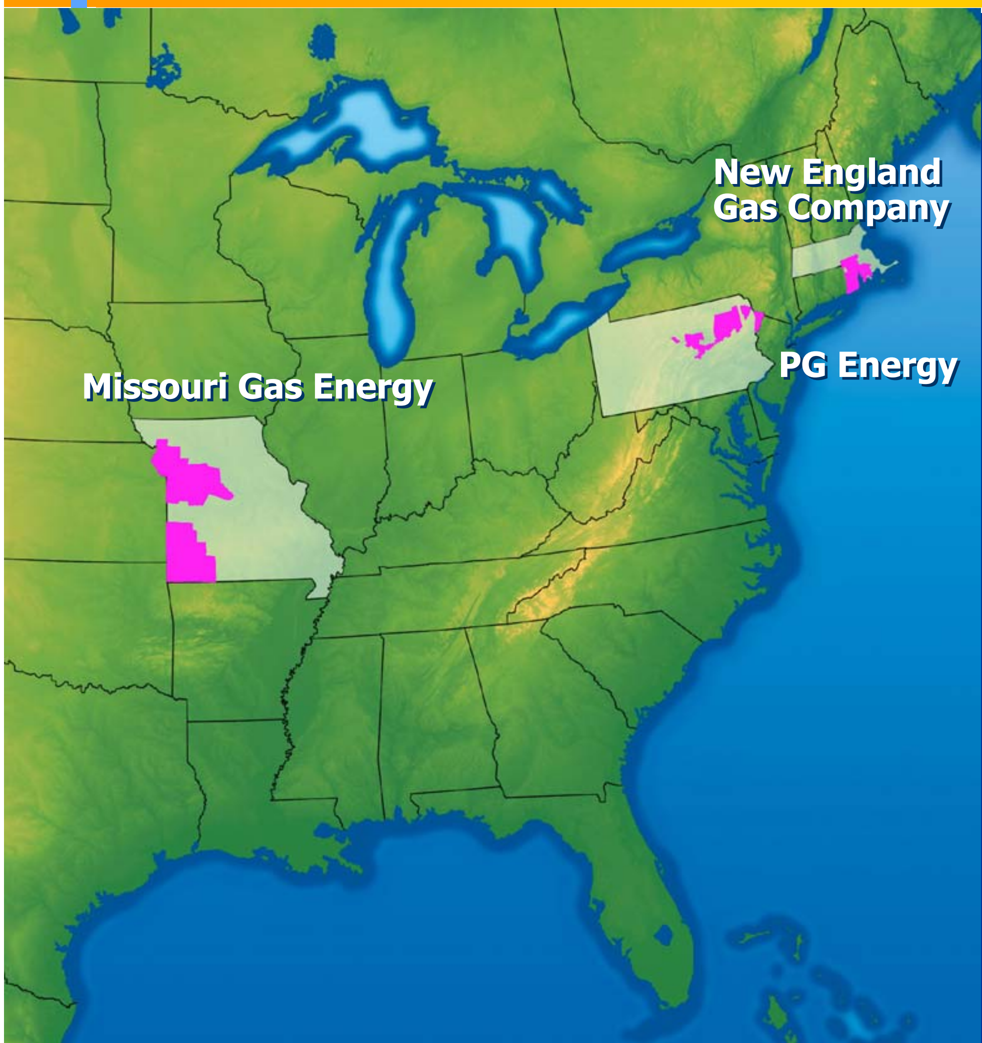
Natural Gas Distribution Assets Overview



- 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
- Evaluating 2006 rate case filings in:
  - Missouri
  - Pennsylvania
  - Massachusetts

Geographic Diversification Unified by Strong Operations

Missouri Gas Energy

- Headquartered in Kansas City, MO
- Serves approximately 500,000 customers
- Serves 34 counties throughout MO
- Regulated by the Missouri Public Service Commission
- MGE received a $22.5 million rate increase effective October 2004
- SUG appealed 10.5% ROE & 29% equity capitalization

PG Energy

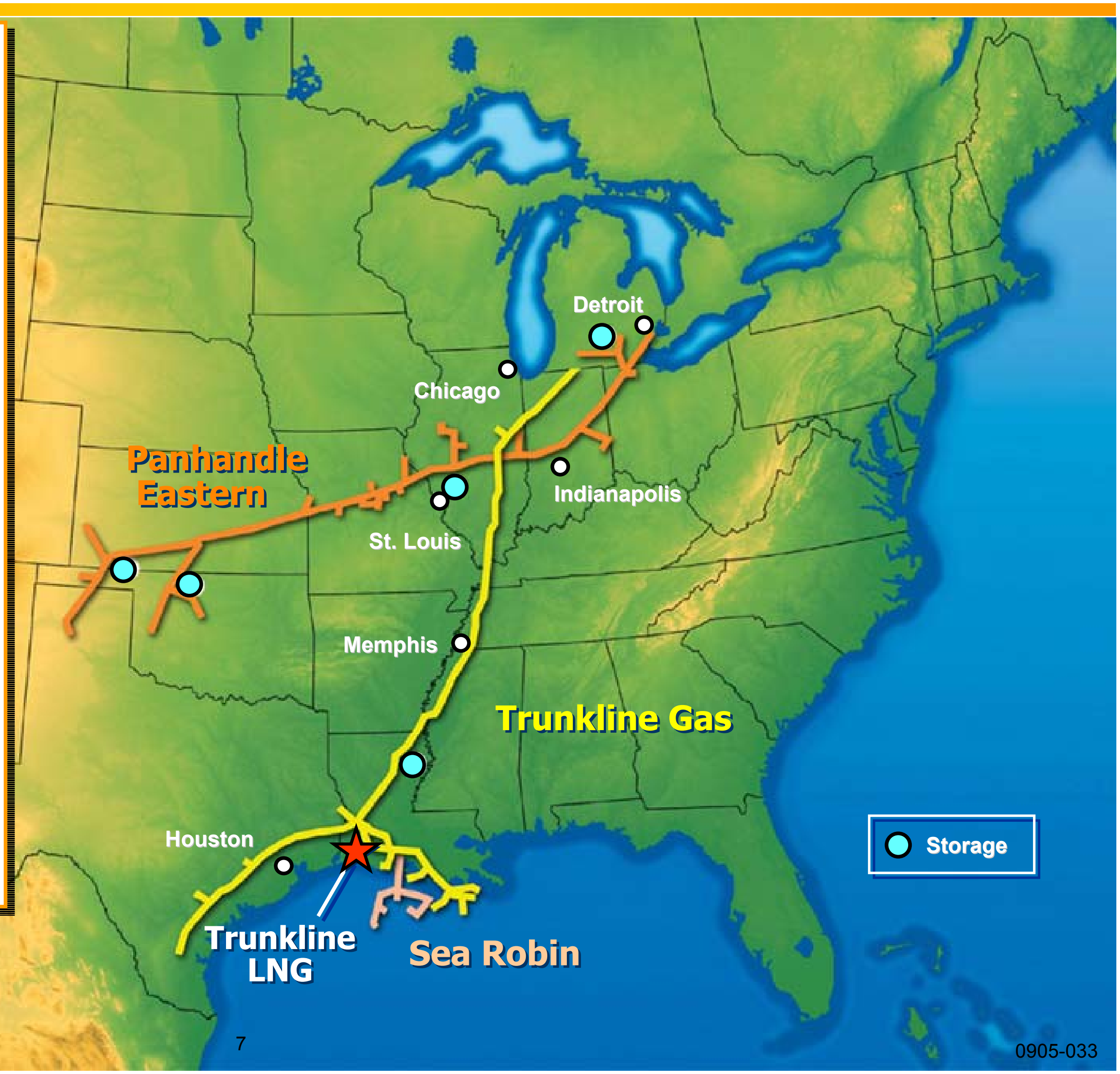
- Headquartered in Wilkes-Barre, PA
- Serves approximately 160,000 customers
- Serves 13 counties in northeastern and central PA
- Regulated by the Pennsylvania Public Utility Commission

New England Gas Co.

- Headquartered in Providence, RI
- Serves approximately 300,000 customers
- Serves the state of Rhode Island and southeastern Massachusetts
- Regulated by the RI Public Utilities Commission and the Massachusetts Department of Telecommunications & Energy

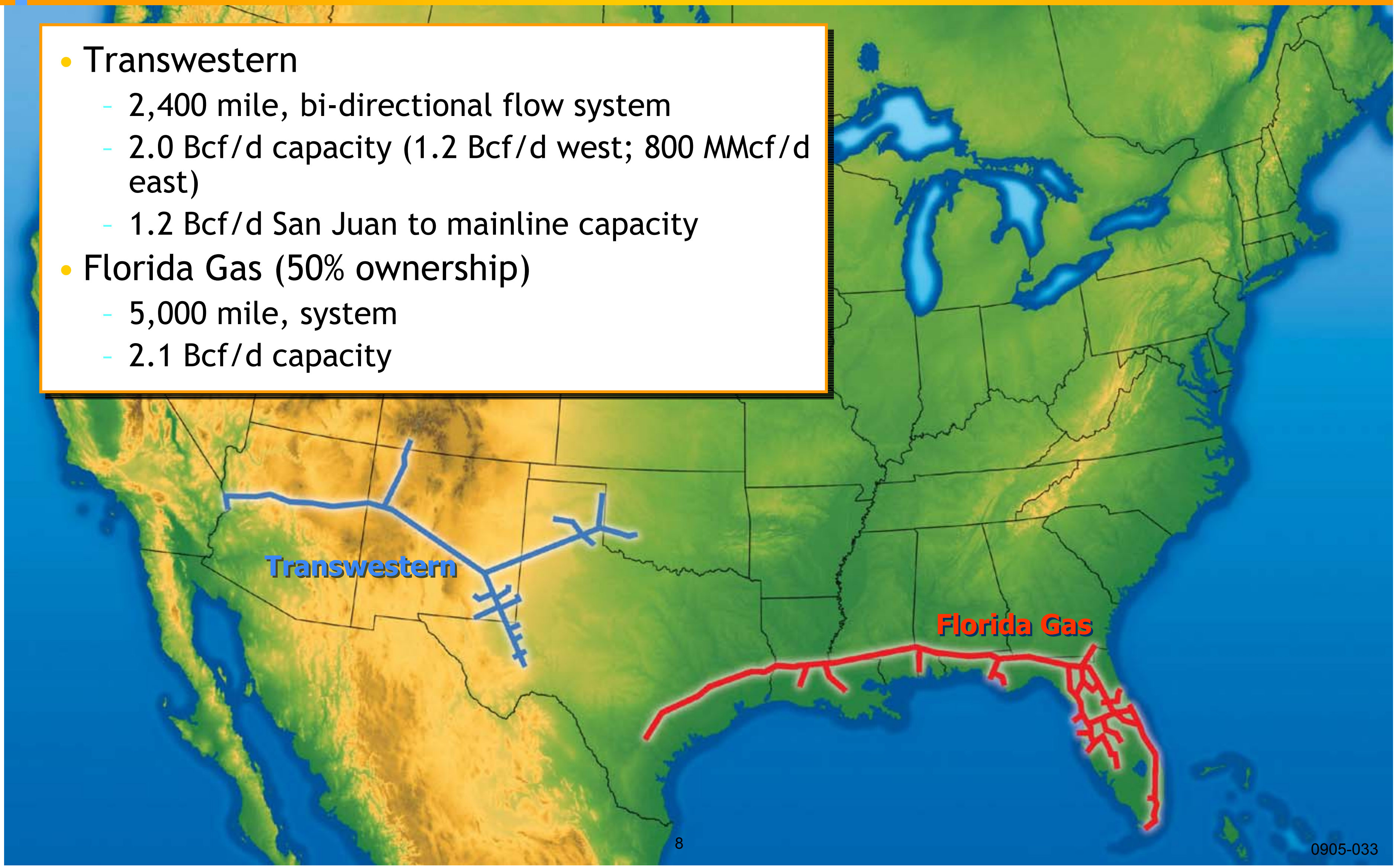
Panhandle Assets

- 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



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Growth Opportunities

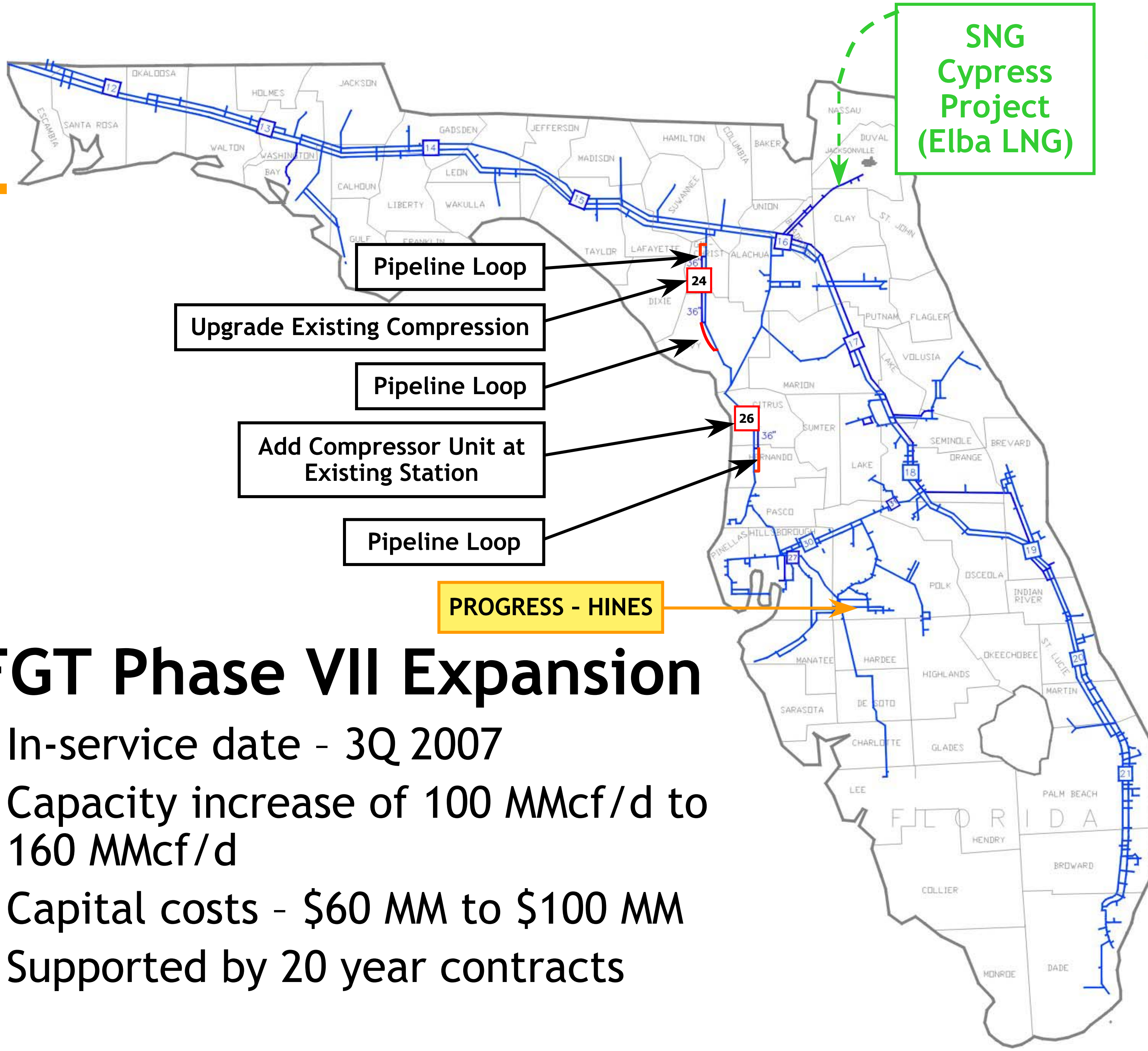
LNG Expansion Projects

Overview

- Project costs of $269 million; $221 million spent to date, $48 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
- Strong earnings contributions in 2006 with full-year earnings impact in 2007

Progress

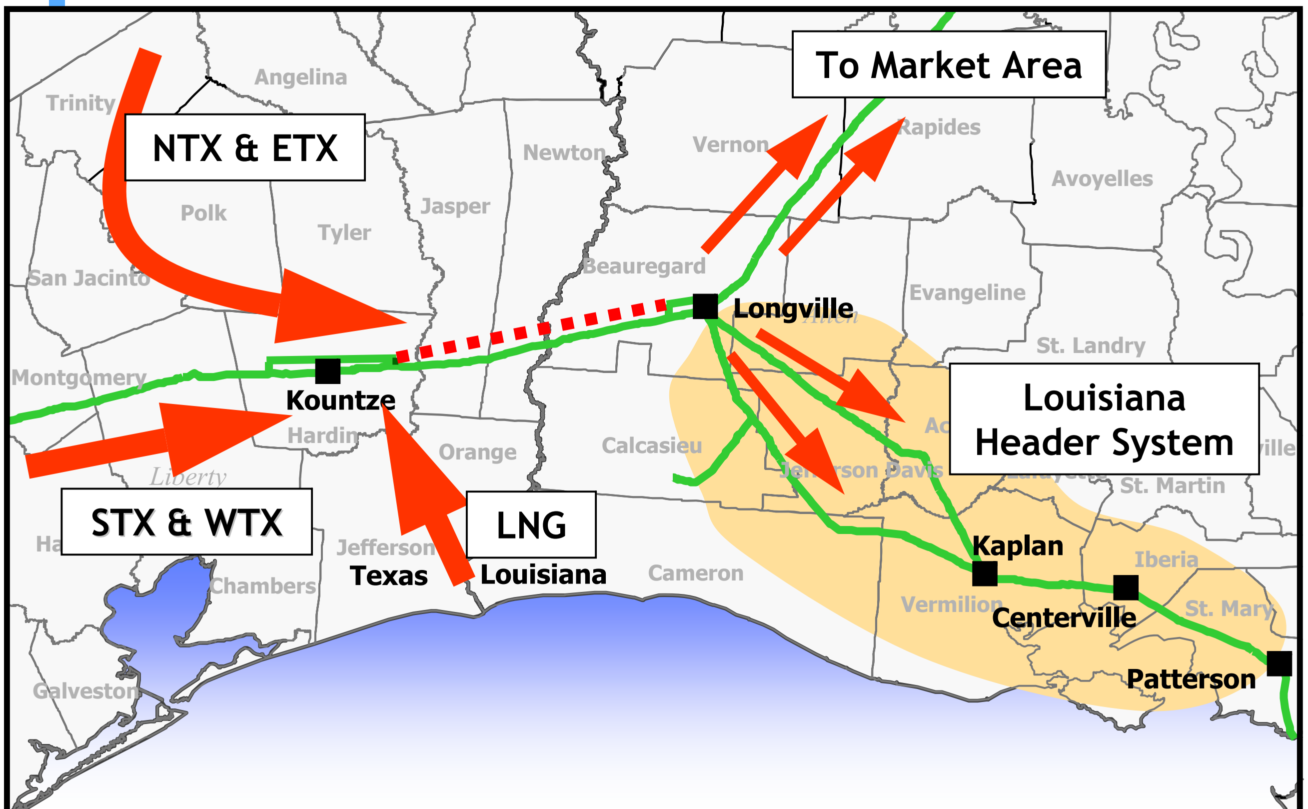
- Phase I - $137MM
  - Construction underway
  - Double sendout capacity to 1.2 Bcf/d
  - Increase storage capacity to 9.0 Bcf
  - Completion 1Q 2006
- Phase II - $82MM
  - FERC approved September 2004
  - Increase sendout capacity to 1.8 Bcf/d, with peak of 2.1 Bcf/d
  - Completion by mid-calendar 2006
- Trunkline Loop - $50MM
  - FERC approved September 2004
  - Increase takeaway capacity to accommodate expansions
  - Completed July 2005



FGT Phase VII Expansion

- In-service date – 3Q 2007
- Capacity increase of 100 MMcf/d to 160 MMcf/d
- Capital costs – $60 MM to $100 MM
- Supported by 20 year contracts

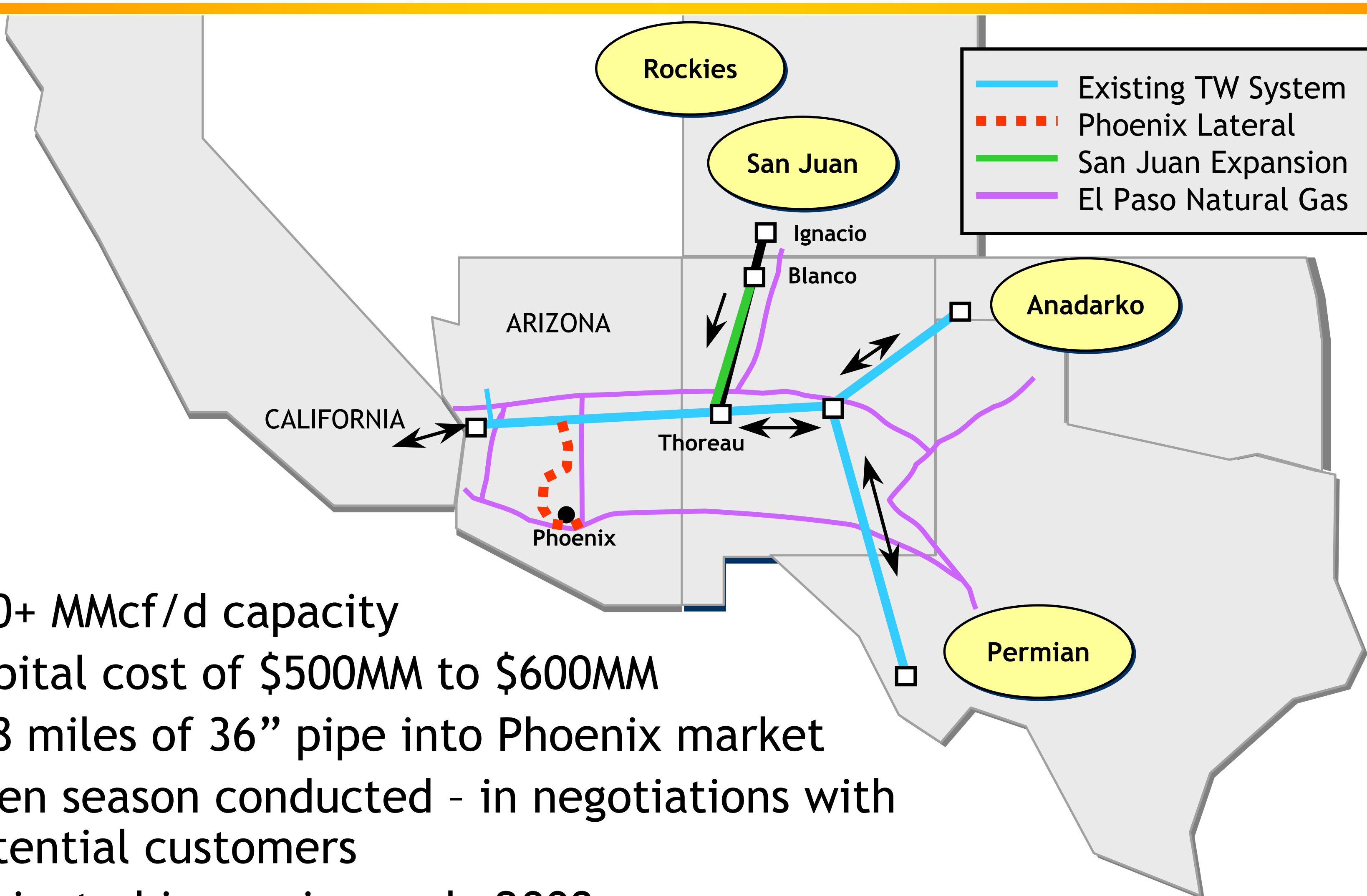
Trunkline Texas Expansion



- Up to 45 miles of 36” pipeline
- Capital cost of $90MM to $110MM
- Up to 600 MMcf/d of new capacity
- Access to ETX and NTX supply (short-term) and SETX LNG (long-term)
- Preparing FERC application
- In service late 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
- Capital cost of $500MM to $600MM
- 258 miles of 36" pipe into Phoenix market
- Open season conducted – in negotiations with potential customers
- Projected in-service early 2008

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Project Summary

Project Name	Capacity	Est. Cost ($MM)	Est. EBITDA ($MM)	In Service	SUG %	Comments
Trunkline LNG Phase I	570 MMcf/d 3 Bcf storage	$137	$35	Early 2006	100%	Under construction
Trunkline LNG Phase II	600 MMcf/d	$82	$20	Mid 2006	100%	Under construction
Trunkline North Texas	600 MMcf/d	$90 - $110	$20 - $30	Late 2007	100%	Customer Negotiations
Florida Gas Phase VII	100 – 160 MMcf/d	$60 - $100	$9 - $16	Mid 2007	25%	Filed with FERC
Transwestern Phoenix Lateral	500 MMcf/d	$500 - $600	$50 - $85	Early 2008	50%	Customer Negotiations
Trunkline LNG IEP	Vaporization & NGL extraction	$250 - $280	$45 - $55	Early 2008	100%	Customer Negotiations

NOTE: Estimated project costs and estimated EBITDA are subject to revision based upon final project specifications.

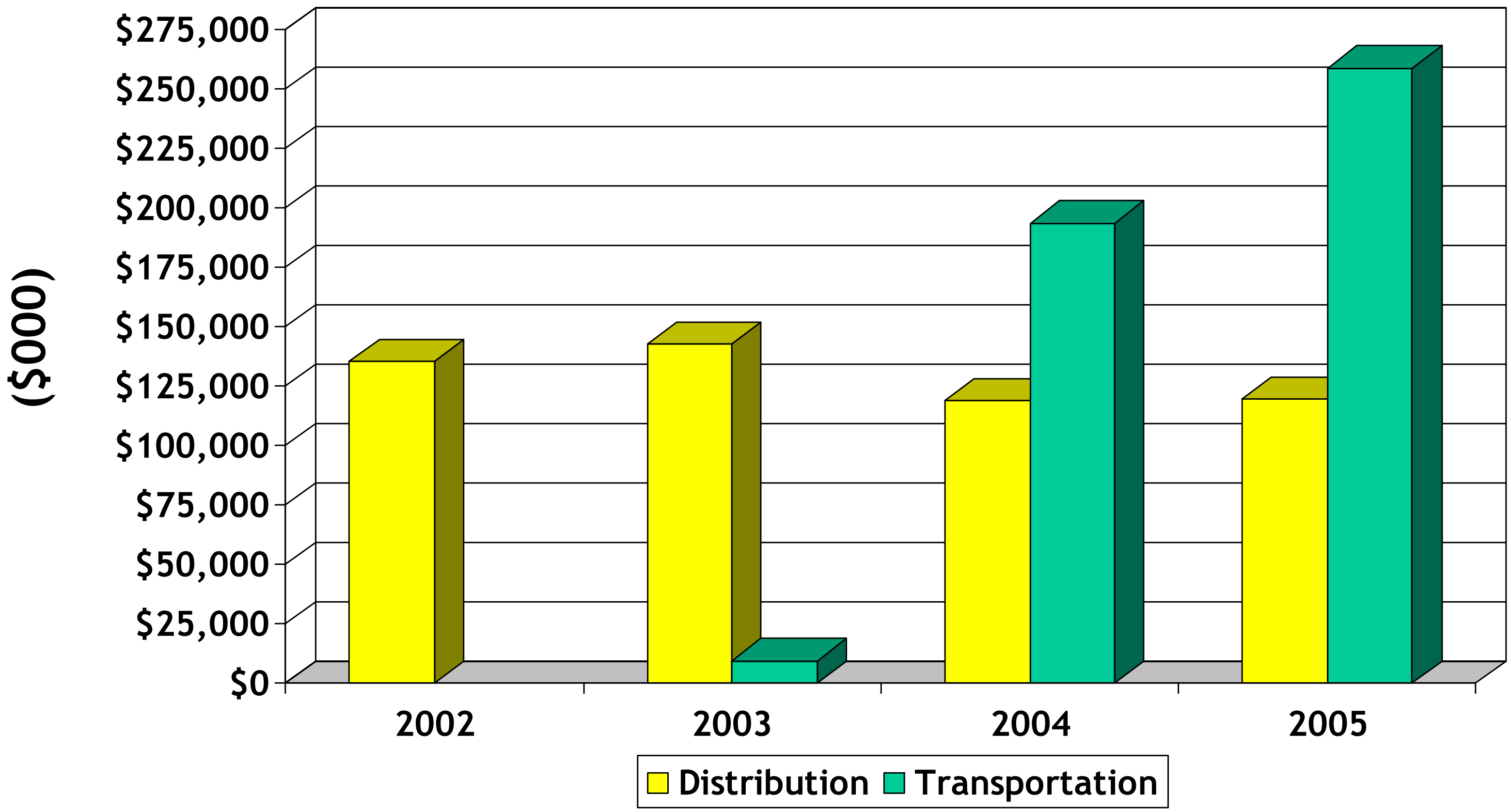
Regulation G Reconciliation

Project Name	Est. EBITDA ($MM) [Non-GAAP measure]	Est. DD&A ($MM)	Est. Operating Income ($MM)
Trunkline LNG Phase I	$35	$7	$28
Trunkline LNG Phase II	$20	$4	$16
Trunkline North Texas	$20 - $30	$1 - $2	$18 - $29
Florida Gas Phase VII	$9 - $16	$2 - $3	$6 - $14
Transwestern Phoenix Lateral	$50 - $85	$17	$33 - $68
Trunkline LNG IEP	$45 - $55	$7	$38 - $48

In accordance with Regulation G, the above presentation reconciles estimated EBITDA, a non-GAAP measure, to its most directly comparable GAAP measure - operating income - by subtracting depreciation and amortization.

Financial Highlights

Segment Operating Income



Note: Data shown represents fiscal years ended June 30, 2002 through 2004. 2005 represents trailing twelve months ended September 30, 2005.

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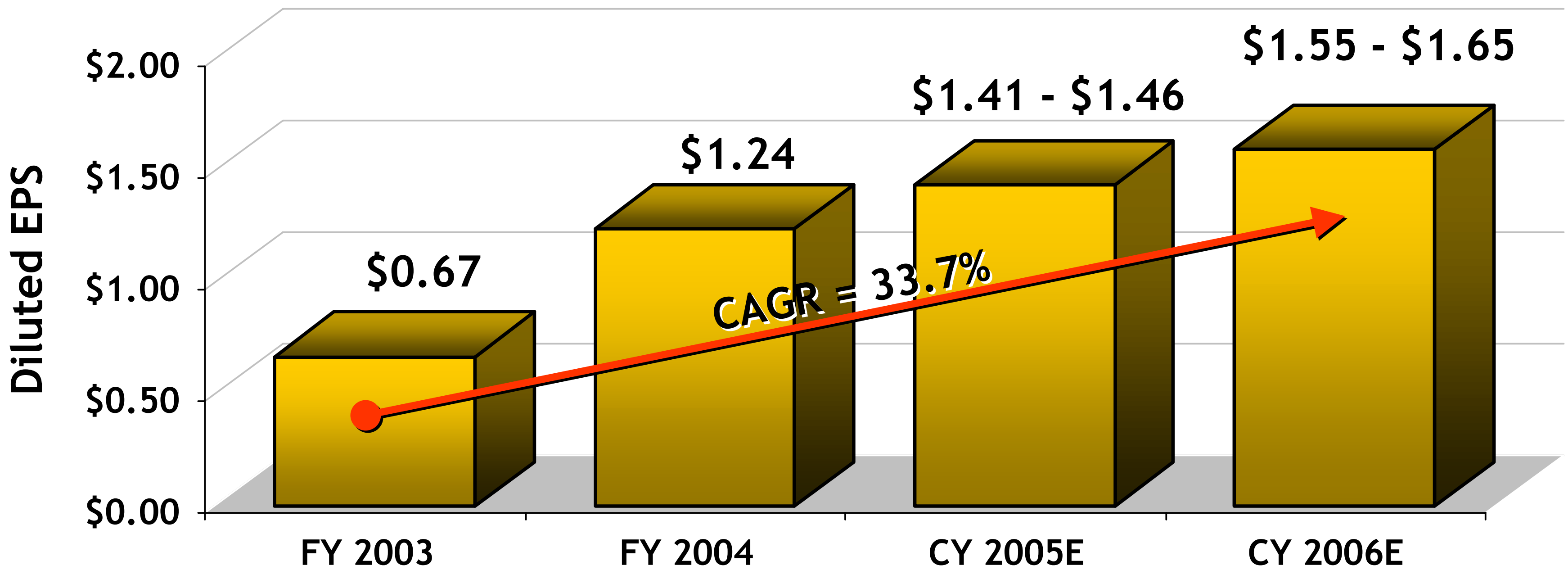
EPS Growth Profile



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

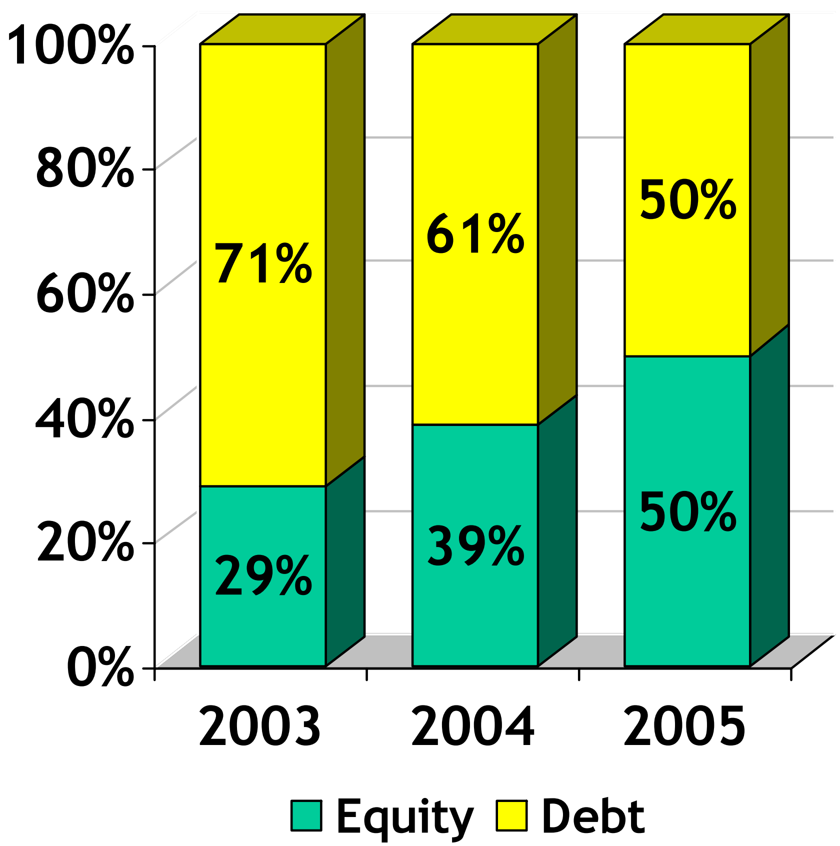
Strong Earnings Potential

- Drivers for Calendar 2005
  - CCE Holdings investment for full year - $45 to $50 million after tax
  - $17.5 million of synergies split between SUG and CCEH
  - Full year of $22.5 million MGE rate case
- Drivers for Calendar 2006
  - LNG expansions
    - Approximately $54 to $57 million of operating revenue
  - Remainder of synergies
    - Approximately $7.5 million
  - Full year San Juan expansion
    - Approximately $35 million in operating revenue

Hurricane Impact

- Expected hurricane impact:
  - $11 to $13 million revenue loss primarily related to delayed LNG expansions and reduced flow on Sea Robin
  - Up to $5 million of additional expense related primarily to repair and replacement of equipment and potential abandonment on Sea Robin
  - Additional capital of $14 to $18 million for repair and replacement of equipment
- TOTAL EPS impact of $.06 to $.10 spread over 2005 AND 2006

Respect for the Balance Sheet



- Investment grade ratings:
  - BBB at S&P
  - BBB at Fitch
  - Baa3 at Moody's
- Strong internal equity formation

Note: Debt/Cap as of June 30, 2003 and 2004 and September 30, 2005. SUG calculation provides 100% equity credit to preferred stock and mandatory equity units.

Dividend Policy

Background:

- 12 consecutive annual 5% stock dividends
- Implemented in 1994 to allow acquisition growth through leverage

Policy review:

- Recommendation to the Board of Directors to change to a $.32 per share annual cash dividend beginning in 2006

Rationale:

- Confidence in future cash flow, capitalization and business outlook
- Add liquidity and reduce volatility by adding incremental buyers

Key take-away:

- STILL A GROWTH STORY

Strategy to Drive Value

- Efficiently manage existing assets
- Optimize the use of leverage
- Use free cash flow to help fund growth
- Continue to integrate business units
- Develop organic growth projects
- Evaluate acquisitions and structural opportunities (MLP’s, etc.)